I&M Exhibit: _____

INDIANA MICHIGAN POWER COMPANY

PRE-FILED VERIFIED DIRECT TESTIMONY

OF

JENIFER L. FISCHER

Cause No. 45933

Content

DIRECT TESTIMONY OF JENIFER L. FISCHER
ON BEHALF OF
INDIANA MICHIGAN POWER COMPANY

I. Introduction of Witness

Q1. Please state your name and business address.

My name is Jenifer L. Fischer and my business address is 1 Riverside Plaza, Columbus, OH 43215.

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

I am employed by American Electric Power Service Corporation (AEPSC) as Manager, Regulated Pricing and Analysis. AEPSC supplies engineering, accounting, planning, advisory, and other services to the subsidiaries of the American Electric Power (AEP) system, one of which is Indiana Michigan Power Company (I&M or the Company).

Q3. What are your responsibilities as Manager, Regulated Pricing and Analysis?

My responsibilities include the oversight and the preparation of cost of service and rate design analyses for the AEP System operating companies, and the oversight and preparation of special contracts and pricing for customers.

Q4. Briefly describe your educational background and professional experience.

I earned a Bachelor of Business Administration degree with a double major in accounting and finance from Mount Vernon Nazarene University in 1993. I have been a Certified Public Accountant since 1999.

I joined AEPSC in 2001 as an Accounting Analyst in Natural Gas Settlements and spent the next seven years in ledger accounting and financial analysis roles in Commercial and Investment Accounting. In 2008, I entered a Finance Rotation Program, completing a one-year rotation in Audit Services and one year in Corporate Planning and Budgeting. I then took a permanent position in Corporate Planning and Budgeting as a Budget Analyst responsible for capital improvement project request review and capital budget analysis. I left Corporate Planning and Budgeting in 2014 as a Senior Budget Analyst for a promotion to Fuel Accounting Supervisor in Utility and Energy Accounting. My responsibilities there included managing month-end accounting close as well as various reporting requirements and regulatory fuel filings.

In 2017, I transferred to the Regulated Pricing and Analysis Department as Regulatory Consultant Staff, where my responsibilities included preparing cost of service studies for regulatory filings and providing regulatory support and analysis for pricing matters associated with AEP electric utility operating companies. I was promoted to Manager in March 2020.

Prior to joining AEPSC, I worked in accounting roles for an insurance company and a retirement center. I also worked in a small public accounting firm where my responsibilities included tax preparation, financial statement compilation, and audits.

Q5. Have you previously testified before any regulatory commissions?

Yes. I have submitted testimony before the Indiana Utility Regulatory Commission (Commission or IURC) on behalf of I&M in Cause No. 45576. I have also submitted testimony before the Public Service Commission of West Virginia and the Virginia State Corporation Commission.

II. Purpose of Testimony

Q6. What is the purpose of your testimony?

The purpose of my testimony is to describe and support:

- Adjustments to the jurisdictional cost of service study;
- A ratemaking adjustment to account for the treatment of I&M's transmission costs;
- The calculation of I&M's required jurisdictional rate relief for each tariff class;
- The rate design supporting I&M's proposed tariffs;
- The rate design and factors for the Company's proposed Phase-in Rate Adjustment;
- A billing comparison of rates; and
- The proposed factors for a future Transmission, Distribution, Storage System Improvement Charge (TDSIC) filing.

Q7. Are you sponsoring any attachments?

Yes, I am sponsoring the following attachments:

- Attachment JLF-1: Transmission Cost and Revenue Adjustment
- Attachment JLF-2: Proposed Customer Class Revenue Allocation
- Attachment JLF-3: Detail of Present and Proposed Revenues[1]
- Attachment JLF-4: Electric Bill Comparison
- Attachment JLF-5: Comparison of Indiana IOU and REMC Residential Fixed Charges
- Attachment JLF-6: Transmission, Distribution, Storage System Improvement Charge (TDSIC) Factors

Q8. Are you sponsoring any workpapers?

Yes, I am sponsoring the following workpapers:

- WP-JLF-1: Reconciliation of the Revenue Differences between Attachments JLF-2 and JLF-3
- WP-JLF-2: Proposed Class Coincident Peak Per kWh Ratios
- WP-JLF-3: Calculation of Proposed Tariff Class Revenue Requirements
- WP-JLF-4: Proposed Basic Rate Tariff Rate Design[2]
- WP-JLF-5: Current Rider Rate Design
- WP-JLF-6: Proposed Rider Rate Design
- WP-JLF-7: Proposed Phase-In Rate Adjustment Factor Rate Design

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[1] Attachment JLF-3 is confidential.

[2] WP-JLF-4 is confidential.

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

Yes, I am sponsoring the following portions of Company workpaper WP-A and corresponding Test Year cost of service adjustments as included in I&M Exhibit A-5:

- WP-A-O&M-8: Cause No. 45846 Adjustment to account for Discretionary Load Management Service (DLMS) credit and transfer of Transmission-related costs from FERC to Retail for IURC approved customer transfer[3]
- WP-A-O&M-9: Adjust fuel expense to align with test year billing determinants

Q10. Were the attachments and workpapers that you sponsor prepared or assembled by you or under your direction?

Yes.

Q11. Please summarize your testimony.

The Company's class cost of service study, supported by Company witness Small, equitably allocates the total Indiana retail jurisdiction cost of service among the customer classes. I&M has appropriately used the results of that study to allocate the proposed revenue increase, based on principles of cost causation and gradualism, to design rates that reflect as nearly as possible the actual costs of service to the customer, reduce subsidies, and move all classes towards earning the class average rate of return.

The Company's proposal to increase the standard residential tariff service charge to $17.50 continues to gradually increase the level of fixed, secondary demand-related costs recovered through the monthly fixed service charge in order to better align collection of these costs with their local, fixed nature. In

[3] WP-A-O&M-8 is confidential.

addition, the Company proposes to consolidate the residential water heating provisions and simplify the design of the residential and small commercial critical peak pricing tariffs.

III. Jurisdictional Cost of Service Adjustments

Q12. Please describe Adjustment O&M-8 to Exhibit A-5.

As a result of the Commission's approval in Cause No. 45846 on March 8, 2023, an I&M customer transferred their service as an I&M wholesale customer served by the City of Auburn to being served as an I&M retail customer effective with the April 2023 billing cycle. Adjustment O&M-8 adjusts Other Electric Revenues and Transmission Operating Expense for the impact of the load transfer on the Test Year PJM Network Integration Transmission Services (NITS), Schedule 12 and Schedule 1A Transmission charges. This adjustment also includes an increase to Customer Service & Info Expense for the DLMS credit this customer will receive.

As a result of this adjustment, the Company's Other Electric Revenues decreased by $1,266,668, Transmission Operating Expense increased $2,183,370 and Customer Service & Info Expense increased $300,000 on a Total Company basis.

In addition to Adjustment O&M-8, an increase in retail revenues is included in Adjustment OR-1 sponsored by Company witness Duncan and the Industrial Power (IP) tariff class Test Year billing determinants are adjusted in Attachment JLF-3 to reflect this customer transfer.

Q13. Please describe Adjustment O&M-9 to Exhibit A-5.

The Company's projected Test Year of calendar 2024 is a leap year comprised of 366 days. Based on the timing of the filing of this Cause, new rates are not expected to be in effect before June 2024 which is after the leap day. For this reason, I adjusted the projected kWh used to develop the Company's Test Year billing determinants shown in Attachment JLF-3 to reflect 365 days by removing one day of forecasted energy usage (kWh). Accordingly, Adjustment O&M-9 removes one day of Test Year fuel expense related to the one-day reduction in the Test Year billing determinants and related operating revenues. As shown in WP-A-O&M-9, the reduction in Test Year MWh is multiplied by the proposed fuel basing point supported by Company witness Sloan to compute a $576,606 reduction in Indiana jurisdictional Test Year fuel expense. The Company followed this same methodology in Cause No. 45235, which also used a projected calendar Test Year that was comprised of 366 days.

IV. Ratemaking Adjustment for Transmission

Q14. Please explain the ratemaking adjustment made to establish the cost of transmission service in basic rates based upon the PJM open access transmission tariff (OATT) costs the Company incurs as a Load Serving Entity (LSE) instead of the embedded cost of transmission.

Following the same methodology established in Cause No. 44075 and reflected in the Company's succeeding basic rate cases, I&M's entire traditional embedded cost of transmission, as well as the revenues the Company receives from PJM as a Transmission Owner, have been excluded from the Company's class cost of service study, as supported by Company witness Small. As a result, these costs and revenues have been removed from the Company's revenue requirement in this proceeding, as shown on Exhibit A-1. The calculations supporting this adjustment are provided in Attachment JLF-1.

The Company's entire traditional embedded cost of transmission includes I&M's transmission investment, I&M's transmission operation and maintenance expense, and all other I&M-specific transmission-related costs. By removing these costs, as well as the Transmission Owner revenues the Company receives from PJM, the rates Indiana customers pay for retail electric service reflect only the transmission service costs that I&M incurs as their LSE.

It is important to note that changes made to the Company's proposed cost of service in this proceeding may result in a change to the amount of the proposed transmission adjustment because this transmission adjustment is based on the transmission cost of service.

V. Revenue Allocation

Q15. What is the starting point of the rate relief allocations and rate design that you are sponsoring?

The tariff class rate relief allocations and rate design supporting I&M's tariffs are based on the Test Year class cost of service study performed by Company witness Small for the forward-looking test period ended December 31, 2024. The Phase-In Rate Adjustment (PRA) factor rate design, which I discuss later in my testimony, was computed separately based on the PRA class cost of service study also presented by Company witness Small.

Q16. Please explain the principles and objectives underlying the Company's proposed revenue allocation among the customer classes.

The Company's overall revenue increase was allocated among the customer classes following certain ratemaking principles to meet several objectives and to support the HEA 1007 Affordability Pillar by establishing rates that are affordable and competitive across residential, commercial and industrial customer classes. First, the revenue allocation on the Company's proposed class cost of service was based on the principle of cost causation to design rates that reflect as nearly as possible the actual costs of service to the customer. Second, the total revenue increase was allocated in a manner that moved all classes to earning the class average rate of return by eliminating the current level of inter-class revenue subsidies. Finally, the principle of gradualism was applied when determining the individual customer class revenue increases. In this case, mitigation was applied such that no class received a revenue decrease or an increase less than 3.2% or greater than 9.35% in total revenue (basic rates + riders). Each of these principles and objectives was applied in the development of the Company's proposed revenue allocation.

Q17. Please explain how the Company performed the subsidy reduction method of revenue allocation.

The first step in the Company's proposed equal percentage subsidy reduction method is to calculate the current subsidy for each class. This is shown on Attachment JLF-2, Page 2, Column (12). The current subsidy is defined as the difference between the equalized revenues (revenues if the class rate of return were set equal to the total retail current rate of return of 4.78%) and current class revenues. For example, the current subsidy for the Residential class (Tariff RS) is $26.7 million, which means that residential revenues would have to be increased by that amount to raise the class rate of return to 4.78%. Conversely, the current subsidy for the General Service class (Tariff GS) is positive $12.3 million, which means that Tariff GS revenues would have to be decreased by that amount to lower the class rate of return to 4.78%.

The second step is to calculate the revenues for each class at the total retail proposed rate of return. This is shown on Attachment JLF-2, Page 3, Column (11). This second step shows what each class would pay if all subsidies were eliminated and each class fully paid its actual costs at the proposed revenue level.

The third step is to exercise the principle of gradualism. It is important to make progress toward eliminating interclass subsidies so that customer class revenues more closely align with their respective class cost of service. At the same time, the amount of such progress should be tempered by considering the rate impacts on the various tariff classes. Rather than eliminate a certain percentage of subsidy in this proceeding, the Company has chosen to first eliminate all subsidies and then apply mitigation to address class impacts. This is accomplished by not adding back (or not deducting) any current subsidy to the class rate increases (or decreases) at the proposed equalized rates of return. This is shown on Attachment JLF-2, Page 3, Column (12) and the mitigation adjustments are provided in Attachment JLF-2, Page 3, Column (14).

The final step is simply to recalculate the results using the increase determined in the third step. This is shown on Attachment JLF-2, Page 4, Columns (6) through (10).

Q18. Please discuss further the mitigation adjustments and other adjustments that you are proposing.

After eliminating all subsidy as described above, adjustments were made to limit tariff class increases in total revenues (basic rates + riders) to between 3.2% and 9.35%.

Also, as shown on Attachment JLF-2, page 4, Column (11), an additional adjustment was made to include a decrease of $8.2 million to reflect the cost of transmission service based upon PJM LSE charges instead of the embedded cost of transmission, as discussed earlier in my testimony.

VI. Rate Design

Q19. Please describe the process used to develop the Company's proposed rates.

In general, the Company's approach is to design rates and rate components that reflect the Company's underlying costs. This includes collecting fixed costs through fixed and/or demand charges and variable costs through energy charges whenever practical.

The rate design process involved a number of steps that varied with each tariff. The cost components developed by Company witness Small in the Test Year class cost of service study and detailed in WP-JLF-3 provided guidance as to the relative amounts of revenue that should be recovered through service charges, energy charges, and demand charges. In general, where sufficient metering data is available, full cost service charges, energy, and demand-type rates were developed for each class by dividing the component-allocated proposed revenues by the Test Year billing units. These initial rates were then compared to the current rates to determine which price changes would need to be moderated to mitigate rate impacts that could cause individual bill impacts that might be considered too severe.

Q20. Please describe the calculations shown on Workpaper WP-JLF-3.

Workpaper WP-JLF-3 provides the functional detail, by tariff class, of the proposed sales revenue requirements, adjusted for Transmission Owner costs and revenues, used to design the Company's proposed basic rates.

VII. Residential Rate Design

Q21. Please describe the Company's current rate design and charges applicable to the residential customer class (Tariff RS).

The current rate design and related charges applicable to Tariff RS consist of a fixed monthly service charge of $14.79 per month and a declining-block volumetric energy rate structure, where the customer's monthly usage above 900 kWh is charged at a lower cents-per-kWh rate than the rate for any energy used up to 900 kWh. The Company's current rates were designed to recover all customer-related costs, plus a portion of the total secondary distribution costs, through the combination of the monthly service charge and the incremental first block volumetric energy charge (increment = first block energy charge – second block energy charge). The remainder of the Company's total residential costs were designed to be recovered through a uniform energy rate across both the first and second blocks. In general, it would be preferable to recover demand-related costs through demand charges. However, the majority of I&M's current residential metering installations do not register customers' peak demands; therefore, a monthly demand charge is not a practicable rate component for the standard residential class at this time.

Q22. Please explain the Company's proposed Tariff RS rates and how they continue the effort to better align the tariff's rate structure with the cost components required to serve the residential class.

I&M's current residential rate structure recovers all customer-related costs but only a portion of demand-related costs in the monthly service charge. In order to continue to improve the alignment of the Company's cost of service with the revenues recovered from its residential customers, I&M proposes to increase the standard residential tariff service charge from the current level of $14.79 per month to $17.50 per month. The Company maintained the current design of the rates to recover all customer-related costs, plus a portion of the total secondary distribution costs, through the combination of the monthly service charge and an increment in the first block volumetric energy charge. The remainder of the Company's total residential costs were designed to be recovered through a charge for all kWh.

Q23. How does the Company's current Tariff RS fixed monthly service charge compare to those of other Indiana electric providers?

Attachment JLF-5 provides a comparison of monthly residential service charges among Indiana Investor Owned Utilities (IOUs) and Rural Electric Membership Cooperatives (REMCs).[4] I&M's current $14.79 residential monthly service charge falls on the lower end of this comparison that reflects residential monthly service charges ranging from $10.54 to as high as $57.68 per month and a median charge of $32.75.

While comparisons between I&M's proposed rates and those of other Indiana electric providers give context for the current state of residential fixed charges in Indiana, they do not consider the overall rate design of the electric provider or

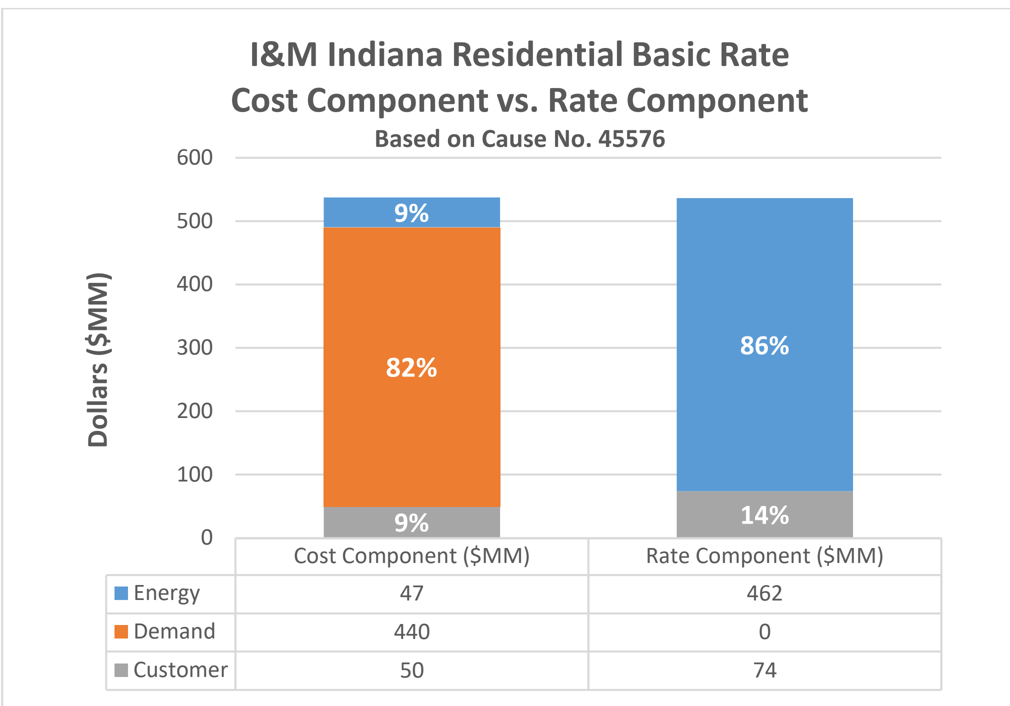
[4] The charges in Attachment JLF-5 are as of July 14, 2023.

the potential for these providers to modify their respective fixed charges over time.

Q24. Please explain the Company's costs required to serve its residential customers relative to the current rate structures designed to recover those costs.

Figure JLF-1 provides the Company's residential basic rate cost components, broken down by the energy, demand, and customer cost classifications resulting from Cause 45576.[5] In addition, the figure provides the associated residential basic rate revenue breakdown under the Company's rate structure from Cause 45576.

Figure JLF-1.



[5] Compliance rates from Cause No. 45576, before removal of Utility Receipts Tax in 30 Day Filing No. 50508.

As shown in the cost breakdown column, approximately 82% of I&M's costs required to serve the residential class are fixed, demand-related costs, as classified by cost of service. Energy and customer-classified costs account for approximately 9% and 9% of total costs, respectively. In contrast, the basic rate component column illustrates that under the residential rate structure, approximately 86% of total residential costs are recovered through volumetric energy charges, while approximately 14% of customer costs are recovered through the fixed monthly service charge. Note that the first block increment, as described above, while still a volumetric energy charge, collects 3.9% of total residential costs.

Q25. What conclusions can be drawn from *Figure JLF-1*?

Figure JLF-1 illustrates that there continues to be a clear mismatch between I&M's current cost components and the current rate components associated with serving the residential customer class. The Commission authorized I&M's existing customer charge and two-block rate structure in Cause No. 45235:

> *. . . Cost recovery design alignment with cost causation principles sends efficient price signals to customers, allowing customers to make informed decisions regarding their consumption of the service being provided. The Commission finds I&M's proposed increase in the monthly customer charge is reasonable and consistent with effectuating gradual changes in Petitioner's rate structures. Generally, the Commission prefers gradual changes in rate structures.*
>
> *With respect to I&M's declining-block rate structure, the record shows I&M's proposal is more cost-justified than collecting demand-related costs through a flat volumetric energy charge. Petitioner's Ex. 21 at p. 24. I&M's proposal to recover all customer-related costs, plus the total secondary distribution costs, through the combination of the monthly service charge and first block volumetric energy charge is a reasonable step towards a better alignment between the*

> *collection of these costs with the local, fixed nature of the costs; consequently, the Commission finds I&M's proposed residential rates are reasonable, just, non-discriminatory, and should be approved. We further find this structure does not violate principles of gradualism, noting gradualism "is best considered in the context of the entire customer bill and not discrete charges within the bill." IPL, Cause No. 44576, p.72.*[6]

In the spirit of compromise, considering the totality of the Settlement Agreement, the Company maintained the residential fixed charge at $15 in the last basic rate case, Cause No. 45576. *Figure JLF-1* shows that the result of Cause No. 45576 was fixed cost recovery of 14% of basic rate revenues, a 1% increase compared to 13% from Cause No. 45235, the Company's previous basic rate case. The Company's collection of revenues is still largely recovered through volumetric charges and the rate structure still does not fully align with the predominately fixed cost of providing electric service to residential customers. To reflect cost of service, the rate structure for a residential customer should recover energy costs through an energy charge, customer costs through a fixed monthly service charge and demand costs through a demand charge. A rate design that includes a demand component better reflects cost causation than today's rate design, which relies heavily upon a volumetric energy charge to recover a disproportionate amount of fixed costs. However, as discussed above, the majority of I&M's residential customers are not currently demand-metered; therefore, demand-related costs cannot be recovered through demand charges today.

[6] Cause No. 45235 Order dated March 11, 2020, p. 96.

Q26. Please further describe the disconnect between today's Tariff RS rate structure relative to the cost components required to serve the residential customer class.

Today's Tariff RS rate structure continues to present several challenges for both customers and the Company alike. First, given the weather-sensitive nature of residential customer energy usage, residential customers' monthly bills are subject to greater volatility when a disproportionate amount of fixed costs are included in the volumetric energy charge. Consequently, there is a potential for the Company to over- or under-collect its fixed costs when actual weather presents extreme temperature deviations from the estimated Test Year weather assumptions.

Second, today's Tariff RS rate design, although slightly improved after Cause No. 45576, still does not send price signals that effectively reflect the underlying nature of the costs incurred to serve the Company's residential customers. This can create problems when a customer makes investments to reduce their energy usage and expects equal and offsetting reductions in the costs required for service. For example, the current Tariff RS rate design that recovers the vast majority of fixed costs through volumetric charges, incorrectly signals to customers that for every kWh saved by energy efficiency, 86% of the Company's costs (which are collected on a per kWh basis) will be avoided. However, the actual savings to I&M and its customers fall significantly short, resulting in costs being shifted to all other customers. The fixed costs of I&M's poles, conductors, transformers, etc. still exist, even though the current rate design signals to customers that those costs can be avoided through purchases aimed at reducing energy usage. Thus, an improper price signal sent through rate design can lead to inefficient decisions by customers.

Third, because Tariff RS's rate design continues to recover a disparate amount of fixed costs through volumetric energy charges, it has the potential to introduce intra-class subsidies paid by high-energy users to low-energy users.

For example, a customer residing in a home with inadequate insulation or weatherization will likely use a greater amount of energy and may subsidize a customer in a similarly sized home with effective weatherization measures which allows a lower amount of energy usage. Similarly, residential customers with seasonal or vacation homes who may only register normal usage during a few months of the year receive a subsidy from customers who use average or above average levels of energy, when a disproportionately high level of fixed costs are embedded in the volumetric energy charge.

Q27. Why is it reasonable to continue to recover a portion of distribution fixed costs through the combination of the proposed monthly service charge and the first block energy charge?

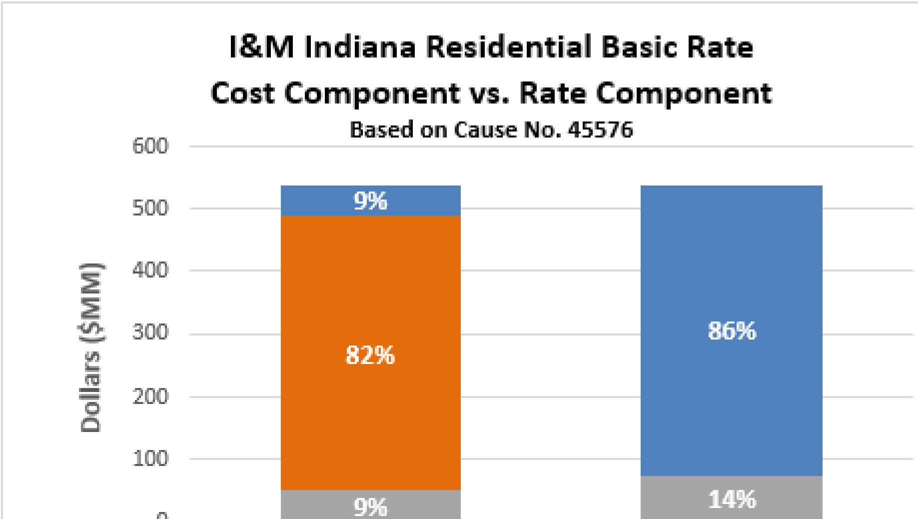
By designing the residential monthly service charge and first block energy charge to recover all secondary distribution costs along with customer-related costs, the Company has better aligned the collection of those costs with the local, fixed nature of those costs. Secondary distribution costs, such as the poles, wires, and transformers seen in neighborhoods, represent those costs closest to the customer and those costs that are required to connect the customer to the higher voltage grid. Secondary distribution fixed costs would ideally be recovered from residential customers through demand charges, as they are typically collected from commercial and industrial customers. However, until demand metering is in place for all residential customers, collection of these costs through a combination of a monthly service charge and first block energy charge is more reasonable than through an all-kWh energy charge.

Q28. How do I&M's proposed residential class cost components compare to the Company's proposed Tariff RS rate components?

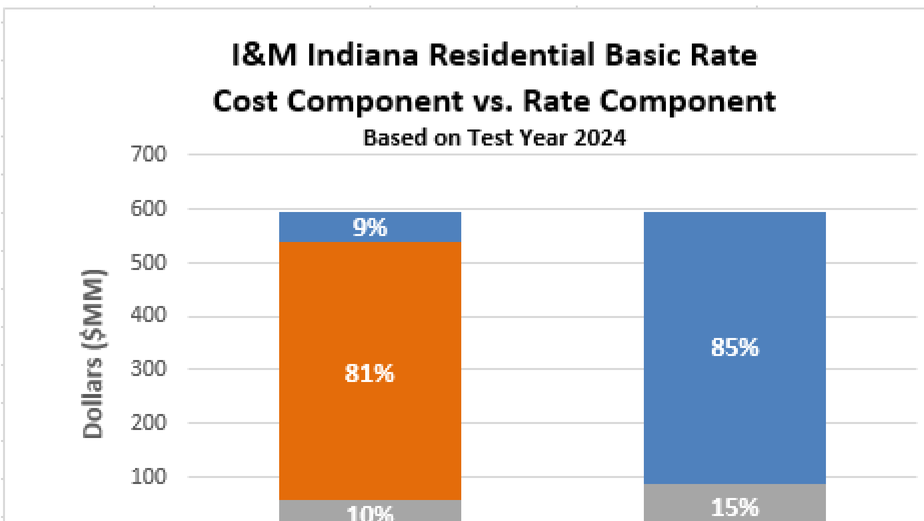
Figure JLF-2 compares the Company's proposed residential basic rate cost components to the proposed Tariff RS rate components. This figure also illustrates that the proposed cost component proportions are similar to the Company's currently authorized residential cost components presented in *Figure JLF-1*.

In terms of rate components, *Figure JLF-2* shows a slight increase in the proportion of demand-related costs to be recovered in the proposed monthly service charge, versus the amount of demand-related costs recovered in the current monthly service charge. The remainder of all proposed demand- and energy-related costs (85%) are recovered in the volumetric energy charges. Note that the proposed first block increment, as described above, while still a volumetric energy charge, collects 3.4% of total residential costs (a 0.5% decrease from current rates) due to the proposed increase in the monthly service charge.

Figure JLF-2.



	Cost Component ($MM)	Rate Component ($MM)
Energy	47	462
Demand	440	0
Customer	50	74



	Cost Component ($MM)	Rate Component ($MM)
Energy	56	506
Demand	481	0
Customer	58	89

The comparison in *Figure JLF-2* above shows that the proposed rate component, which includes the proposed increase to the monthly service charge and decrease to the first block increment, results in a slight increase in fixed cost recovery compared to the Company's rate components authorized in Cause No. 45576.

Q29. Does the Company's proposed Tariff RS rate design provide benefits to residential customers?

Yes. By recovering a more proportionate amount of fixed demand-related costs in the fixed monthly service charge and first block of the volumetric energy charge, the Company's proposed rate design sends more accurate price signals to residential customers than under the current rate structure. A result of the Company's proposal is to provide a volumetric energy rate to customers that more closely reflects the actual energy cost component. Thus, the proposed rate design allows customers to make more informed decisions regarding the benefits of their energy usage relative to the true cost of their usage. The Commission has previously recognized these to be important considerations.[7] The combination of lower volumetric energy charges, declining block rates, and increased customer charges, that the Company is proposing in this case, provides greater month-to-month bill stability for residential customers that are sensitive to weather extremes and reduces volatility by making the bill less reliant on volumetric charges.

Q30. Does the Company's residential rate design adhere to the principle of gradualism?

Yes. As discussed above, I&M's proposed residential rate design provides a gradual increase in the level of fixed, secondary demand-related costs

[7] Cause No. 45235 Order dated March 11, 2020, p. 96.

recovered through the monthly fixed service charge, while continuing to recover all energy- and the remaining fixed demand-related costs through the volumetric energy charge. This continues the movement to better align collection of these costs with the local, fixed nature of the costs.[8] Importantly, it should be recognized that the percentage increase in the monthly service charge relates only to one component of the customer's entire bill and should not be confused as equating to an overall increase in the entire bill. As previously recognized by the Commission, "gradualism is best considered in the context of the entire customer bill and not discrete charges within the bill."[9]

Q31. Has the Company considered the affordability of its residential rate design on low income customers?

Yes. A common misconception is that low income customers use significantly less energy than average or above average income customers. Under this premise, a rate design that collects more fixed costs through fixed charges or through declining block energy charges would disadvantage low income customers, as compared to one that collects a higher level of fixed costs through uniform volumetric charges. However, low income does not necessarily equate to low energy consumption among residential customers. The Commission has referred to the fact that many low income customers use more than the residential average at page 72 of its Order in AES Indiana's basic rate case, Cause No. 44576, when it noted:

> *While switching to an inclining block rate structure may benefit low income/low energy users, it would harm a substantial number of low income/high energy users. Many low-income customers use more than the residential average amount.*

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[8] *Id*.

[9] *Indianapolis Power & Light Co.*, Cause No. 44576 (IURC March 16, 2016), p. 72.

Like other residential customers, low income customers are weather-sensitive energy customers. Some may need to keep their homes warmer in the winter or cooler in the summer because of medical or other needs. Therefore, collecting a disproportionate amount of fixed costs through volumetric charges can expose these customers to more severe bill impacts during periods of weather extremes. The Company's proposal to increase the monthly service charge lessens these impacts on such customers.

VIII. Other Rate Design Topics

Q32. Please describe the basic rate design proposal shown on WP-JLF-4.

WP-JLF-4 provides the Company's proposed basic rate design computations based on the proposed sales revenues contained in WP-JLF-3.

Q33. Please describe the rider factor computations for current rider rate designs shown on WP-JLF-5.

WP-JLF-5 provides the rider factor computations for each of the Company's existing riders during the Test Year under the current rider rate designs. The rider revenue requirements for all existing riders other than the Demand-Side Management / Energy Efficiency Program Cost Rider (DSM/EE), are based on the costs contained in the Company's financial forecast and are supported by Company witness Gruca. The DSM/EE factors reflect the Company's most recent approved DSM Plan, Cause No. 45701. The resulting factors are used to compute the current revenues in Attachment JLF-3, Detail of Present and Proposed Revenues.

Q34. Please describe the rider factor computations for proposed rider rate designs shown on WP-JLF-6.

WP-JLF-6 provides the proposed rate designs for riders in effect during the Test Year and the resulting rider factors for the OSS & PJM Cost Rider (OSS/PJM Rider), Environmental Cost Rider, Resource Adequacy Rider, Solar Power Rider and DSM Rider based on the proposed rider revenue requirements supported by Company witness Gruca. The Company maintained the unified rider factor computation for Tariffs GS and LGS that was approved in Cause No. 45576. The resulting factors for these riders are used to compute the total proposed revenues in Attachment JLF-3, Detail of Present and Proposed Revenues schedule; however, as explained by Company witness Seger-Lawson and as reflected in I&M's proposed tariff sheets, I&M will update rider factors pursuant to the Commission's order in this basic rate case.

Q35. Please explain any rate design changes for the Company's proposal to remove Residential water heater Tariffs 012, 013 and 014 and move existing customers to the Load Management Water-Heating Provision, Tariff 011.

To reflect the Company's proposal discussed in Company witness Cooper's testimony, I adjusted the residential first block energy, second block energy and storage water heating billing determinants to reflect movement of the proposed billing determinants of those customers on Tariffs 012, 013 and 014 to the structure of Tariff 011.

Q36. Please explain the rate design for the Company's proposed changes to the Residential and General Service Critical Peak Pricing tariffs (RS-CPP and GS-CPP).

As discussed by Company witness Cooper, the Company is proposing to revise the existing rate structure of the current RS-CPP and GS-CPP tariffs to simplify the tariff for ease of explanation and understanding by potential customers. The current structure includes winter and summer rates as well as blocking of summer rates into low, medium and high-cost hours. The proposed rate structure has been simplified to three rates that include a monthly service charge, critical peak hours energy charge and an "all other hours" energy charge. This proposed rate design is included in WP-JLF-4.

Q37. Please describe the calculations shown on Attachment JLF-6.

Attachment JLF-6 provides the Company's proposed firm load customer class revenue allocation factors that I&M would propose in a future Transmission, Distribution, Storage System Improvement Charge (TDSIC) proceeding following this basic rate case.

IX. Rate Design of Phase-In Rate Adjustment

Q38. Please provide an overview of the rate design associated with I&M's proposed Phase-In Rate Adjustment (PRA) factors.

As explained by Company witness Duncan, I&M's proposed Phase-In Rate Adjustment reflects a rate credit to adjust for forecasted plant additions during the Test Year and their related depreciation and amortization. The proposed Phase-In Rate Adjustment rate design is consistent with I&M's current Phase-In Rate Adjustment. WP-JLF-7 provides the PRA factor rate design.

X. Comparative Billing Analysis

Q39. Have you prepared a comparison of billing under forecast current and proposed rates?

Yes, Attachment JLF-4 presents a comparison of bills at a range of usage levels under present and proposed rate structures at the end of the Test Year for each of the major tariff classes. The current rates on Attachment JLF-4 reflect I&M's basic rates as of August 4, 2023 and the Company's existing riders as presented in WP-JLF-5. The proposed rates on Attachment JLF-4 reflect the Company's proposed end of Test Year basic rates and the effect of the rider changes proposed in this case as presented in WP-JLF-6.

Q40. Please explain the effect of I&M's proposed Phase-In Rate Adjustment on a residential customer during the Test Year.

Figure JLF-3 illustrates the effect of the Company's Phase-In Rate Adjustment on a residential customer that uses 1,000 kWh per month. A total monthly bill impact in dollars and cumulative percentage increase is shown for each of the three distinct periods under the Company's proposal. The first period is prior to the assumed June 2024 effective date of new rates, the second period is starting with the effective date of new rates through the end of 2024, and the third period is upon revision/expiration of the Phase-In Rate Adjustment in January 2025.

Figure JLF-3.

	Phase-In Rate Adjustment Bill Impact		
Residential at 1,000 kWh-month	Prior to June 2024	June 2024	Jan 2025
Total Bill ($)	$ 162.16	$ 172.88	$ 176.99
Cumulative Increase ($)		$ 10.72	$ 14.83
Cumulative Increase (%)		6.6%	9.1%

Q41. Does this conclude your pre-filed verified direct testimony?

Yes.

VERIFICATION

I, Jenifer L. Fischer, Manager, Regulated Pricing and Analysis, of American Electric Power Service Corporation, affirm under penalties of perjury that the foregoing representations are true and correct to the best of my knowledge, information, and belief.

Date: 08/08/2023

Jenifer L. Fischer

Jenifer L. Fischer

Test Year Transmission Owner (TO) Cost and Revenue Calculation 1/

1. Remove Embedded Cost of Service - Transmission (BulkTran + SubTran)

Total Rate Base	$1,019,477,787	
Proposed Rate of Return	6.47%	2/
Income Requirement	$65,981,199	
Total Expense	$87,897,788	
Incremental Taxes	$7,184,376	

Embedded COS TO Revenue Requirement	$161,063,364

2. Remove PJM and Other TO Revenues - Transmission (BulkTran + SubTran)

Total Other Revenues	$152,825,504
TO Cost & Revenue Adjustment	($8,237,860)

1/ Source: WP-MSS-4, unless noted otherwise
2/ Source: Attachment JLF-2, = Proposed Operating Income/Proposed Rate Base

Indiana Michigan Power Company
Proposed Revenue Allocation
Twelve Months Ending December 31, 2024

Current Class (1)	Adjusted COS Current Revenue (2)	Continuing Rider Revenue (3)	Total Revenue (4) = (2) + (3)	Current ROR % (5)	Current ROR Index (6)	Proposed Basic Rate Increase (7) = (8) - (2)	Proposed Basic Rate Revenue (8)	Rider Revenue (9)	Total Revenue (10) = (8) + (9)	% Increase (11) = (10) / (4)	Proposed ROR % (12)	Proposed ROR Index (13)
RS	539,225,575	151,306,714	690,532,289	4.02	84	56,353,515	595,579,090	159,517,968	755,097,058	9.35%	5.55	86
RS	539,225,575	151,306,714	690,532,289	4.02	84	56,353,515	595,579,090	159,517,968	755,097,058	9.35%	5.55	86
GS Sec	153,091,563	51,998,261	205,089,824	6.19	130	7,888,927	160,980,490	50,855,187	211,835,677	3.29%	7.35	114
GS Pri	3,111,738	1,540,093	4,651,831	6.81	142	37,310	3,149,048	1,505,393	4,654,441	0.06%	7.35	114
GS Sub	15,158	2,071	17,229	26.10	546	(7,380)	7,779	2,029	9,808	-43.08%	7.35	114
GS Tran	158,869	442,686	601,555	6.92	145	696	159,564	432,482	592,046	-1.58%	7.35	114
GS	156,377,327	53,983,111	210,360,438	6.20	130	7,919,554	164,296,881	52,795,091	217,091,972	3.20%	7.35	114
LGS Sec	246,220,545	74,099,329	320,319,874	4.72	99	30,583,345	276,803,890	72,513,249	349,317,138	9.05%	7.08	109
LGS Pri	16,229,002	5,307,803	21,536,805	3.81	80	2,864,658	19,093,660	5,193,447	24,287,107	12.77%	7.08	109
LGS Sub	0	0	0	0.00	0	0	0	0	0	0.00%	0.00	0
LGS Tran	29,757	15,674	45,431	-1.33	(28)	15,441	45,198	15,325	60,523	33.22%	7.08	109
LGS	262,479,304	79,422,806	341,902,110	4.66	97	33,463,444	295,942,748	77,722,020	373,664,769	9.29%	7.08	109
IP Sec	38,042,002	11,656,717	49,698,719	6.26	131	2,263,384	40,305,386	10,701,354	51,006,740	2.63%	7.77	120
IP Pri	131,643,102	44,472,676	176,115,778	5.50	115	12,576,096	144,219,197	40,818,853	185,038,050	5.07%	7.77	120
IP Sub	44,099,292	16,118,596	60,217,888	7.33	153	(478,874)	43,620,418	14,766,962	58,387,379	-3.04%	7.77	120
IP Tran	37,565,510	11,445,650	49,011,160	6.93	145	551,503	38,117,013	13,215,756	51,332,769	4.74%	7.77	120
IP	251,349,906	83,693,639	335,043,545	6.08	127	14,912,108	266,262,014	79,502,925	345,764,938	3.20%	7.77	120
MS	2,611,543	810,126	3,421,669	3.97	83	243,621	2,855,164	886,431	3,741,595	9.35%	5.34	83
WSS Sec	5,636,554	1,745,479	7,382,033	4.88	102	477,180	6,113,734	1,739,589	7,853,323	6.38%	6.47	100
WSS Pri	3,462,931	1,204,687	4,667,618	3.92	82	470,413	3,933,344	1,200,342	5,133,686	9.99%	6.47	100
WSS Sub	636,864	280,127	916,991	3.63	76	91,508	728,373	279,161	1,007,534	9.87%	6.47	100
WSS	9,736,349	3,230,293	12,966,642	4.46	93	1,039,101	10,775,451	3,219,092	13,994,543	7.93%	6.47	100
IS	156,212	27,053	183,265	3.60	75	30,657	186,869	13,531	200,400	9.35%	5.81	90
EHG	565,983	180,757	746,740	3.40	71	57,975	623,958	192,602	816,560	9.35%	4.68	72
OL	5,777,686	23,064	5,800,750	6.22	130	158,722	5,936,408	49,966	5,986,374	3.20%	6.58	102
SL	4,744,712	201,782	4,946,494	5.37	112	420,040	5,164,752	244,239	5,408,991	9.35%	6.40	99
Subtotal	1,233,024,597	372,879,345	1,605,903,942	4.78	100	114,598,737	1,347,623,335	374,143,865	1,721,767,200	7.21%	6.47	100
Interruptible	95,716,524	9,371,365	105,087,889			1,301,218	97,017,742	8,583,113	105,600,854	0.49%		
Total Basic Rates	1,328,741,121					115,899,955	1,444,641,076				6.49	
Riders	382,250,710	382,250,710				476,268	382,726,978	382,726,978				
Total	1,710,991,831		1,710,991,831			116,376,223	1,827,368,055		1,827,368,055	6.80%		

Indiana Michigan Power Company
Proposed Revenue Allocation
Twelve Months Ending December 31, 2024

					Current Equalized Rate of Return						
Current Class (1)	**Current Revenue** (2)	**Rate Base** (3)	**Current Income** (4)	**Current ROR %** (5)	**Percent Increase** (6)	**Revenue Increase** (7)	**Income Increase** (8)	**Income** (9)	**ROR %** (10)	**Sales Revenue** (11)	**Current Subsidy** (12)=(2)-(11)
RS	539,225,575	2,619,286,553	105,183,129	4.02	4.95	26,711,772	19,975,899	125,159,028	4.78	565,937,347	(26,711,772)
RS	539,225,575	2,619,286,553	105,183,129	4.02	4.95	26,711,772	19,975,899	125,159,028	4.78	565,937,347	(26,711,772)
GS Sec	153,091,563	638,152,929	39,472,290	6.19	-7.84	(12,006,752)	(8,979,025)	30,493,265 *	4.78	141,084,811	12,006,752
GS Pri	3,111,738	11,723,174	798,118	6.81	-10.23	(318,176)	(237,942)	560,176	4.78	2,793,562	318,176
GS Sub	15,158	28,752	7,503	26.10	-54.07	(8,196)	(6,129)	1,374	4.78	6,962	8,196
GS Tran	158,869	481,756	33,320	6.92	-8.67	(13,773)	(10,300)	23,020	4.78	145,096	13,773
GS	156,377,327	650,386,610	40,311,231	6.20	-7.90	(12,346,897)	(9,233,396)	31,077,835	4.78	144,030,430	12,346,897
LGS Sec	246,220,545	1,065,405,069	50,264,311	4.72	0.35	861,978	644,614	50,908,925	4.78	247,082,523	(861,978)
LGS Pri	16,229,002	70,776,335	2,697,131	3.81	5.64	915,740	684,819	3,381,950	4.78	17,144,742	(915,740)
LGS Sub	0	0	0	0.00	0.00	0	0	0	0.00	0	0
LGS Tran	29,757	141,850	(1,880)	-1.33	38.91	11,578	8,658	6,778	4.78	41,335	(11,578)
LGS	262,479,304	1,136,323,254	52,959,562	4.66	0.68	1,789,295	1,338,091	54,297,653 *	4.78	264,268,599	(1,789,295)
IP Sec	38,042,002	147,001,526	9,207,053	6.26	-7.67	(2,918,822)	(2,182,786)	7,024,267	4.78	35,123,180	2,918,822
IP Pri	131,643,102	502,313,412	27,602,199	5.50	-3.66	(4,813,705)	(3,599,839)	24,002,360	4.78	126,829,397	4,813,705
IP Sub	44,099,292	146,216,691	10,716,474	7.33	-11.31	(4,987,366)	(3,729,709)	6,986,765	4.78	39,111,926	4,987,366
IP Tran	37,565,510	101,726,302	7,053,058	6.93	-7.80	(2,931,417)	(2,192,206)	4,860,852	4.78	34,634,093	2,931,417
IP	251,349,906	897,257,932	54,578,784	6.08	-6.23	(15,651,311)	(11,704,540)	42,874,244	4.78	235,698,595	15,651,311
MS	2,611,543	12,250,095	486,601	3.97	5.06	132,052	98,753	585,354	4.78	2,743,595	(132,052)
WSS Sec	5,636,554	23,726,947	1,157,231	4.88	-0.56	(31,385)	(23,471)	1,133,760	4.78	5,605,169	31,385
WSS Pri	3,462,931	14,370,222	562,849	3.92	4.78	165,561	123,812	686,661	4.78	3,628,492	(165,561)
WSS Sub	636,864	2,574,513	93,478	3.63	6.20	39,503	29,542	123,020	4.78	676,367	(39,503)
WSS	9,736,349	40,671,682	1,813,559	4.46	1.78	173,679	129,882	1,943,441	4.78	9,910,028	(173,679)
IS	156,212	1,035,199	37,261	3.60	10.45	16,321	12,205	49,466	4.78	172,533	(16,321)
EHG	565,983	2,855,743	97,119	3.40	9.29	52,604	39,339	136,458	4.78	618,587	(52,604)
OL	5,777,686	32,970,285	2,049,783	6.22	-10.98	(634,291)	(474,343)	1,575,440	4.78	5,143,395	634,291
SL	4,744,712	30,668,764	1,647,355	5.37	-5.13	(243,224)	(181,890)	1,465,465	4.78	4,501,488	243,224
Total	1,233,024,597	5,423,706,117	259,164,384	4.78	0.00	0	(0)	259,164,384	4.78	1,233,024,597	0

Gross Rev Conversion Factor: 1.3372

Indiana Michigan Power Company
Proposed Revenue Allocation
Twelve Months Ending December 31, 2024

					Proposed Equalized Rate of Return						Retain 0% of	Total Bill Increase	9.35% Ceiling	
													3.20% Floor	
Current Class	Current Revenue	Rate Base	Current Income	Current ROR %	Percent Increase	Revenue Increase	Income Increase	Proposed Income	ROR %	Sales Revenue	Current Subsidy	Before Mitigation	Mitigation	Proposed Increase
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)=(7)+(12)+(14)
RS	539,225,575	2,619,286,553	105,183,129	4.02	15.96	86,033,616	64,338,630	169,521,759	6.47	625,259,191	0			
RS	539,225,575	2,619,286,553	105,183,129	4.02	15.96	86,033,616	64,338,630	169,521,759	6.47	625,259,191	0	96,785,895	(32,221,126)	53,812,490
GS Sec	153,091,563	638,152,929	39,472,290	6.19	1.60	2,446,194 *	1,829,340	41,301,630 *	6.47	155,537,757	0			
GS Pri	3,111,738	11,723,174	798,118	6.81	-1.69	(52,668)	(39,387)	758,731	6.47	3,059,070	0			
GS Sub	15,158	28,752	7,503	26.10	-49.77	(7,545)	(5,642)	1,861	6.47	7,613	0			
GS Tran	158,869	481,756	33,320	6.92	-1.80	(2,861)	(2,140)	31,180	6.47	156,008	0			
GS	156,377,327	650,386,610	40,311,231	6.20	1.52	2,383,120	1,782,171	42,093,402	6.47	158,760,447	0	(938,262)	7,669,796	10,052,916
LGS Sec	246,220,545	1,065,405,069	50,264,311	4.72	10.15	24,991,369	18,689,328	68,953,639 *	6.47	271,211,914	0			
LGS Pri	16,229,002	70,776,335	2,697,131	3.81	15.52	2,518,689	1,883,555	4,580,686	6.47	18,747,691	0			
LGS Sub	0	0	0	0.00	0.00	0	0	0	0.00	0	0			
LGS Tran	29,757	141,850	(1,880)	-1.33	49.71	14,791	11,061	9,181	6.47	44,548	0			
LGS	262,479,304	1,136,323,254	52,959,562	4.66	10.49	27,524,849 *	20,583,944	73,543,506	6.47	290,004,153	0	22,525,314	9,237,345	36,762,194
IP Sec	38,042,002	147,001,526	9,207,053	6.26	1.08	410,482	306,972	9,514,025	6.47	38,452,484	0			
IP Pri	131,643,102	502,313,412	27,602,199	5.50	4.99	6,562,735	4,907,819	32,510,018	6.47	138,205,837	0			
IP Sub	44,099,292	146,216,691	10,716,474	7.33	-3.80	(1,675,837)	(1,253,244)	9,463,230	6.47	42,423,455	0			
IP Tran	37,565,510	101,726,302	7,053,058	6.93	-1.67	(627,510)	(469,272)	6,583,786	6.47	36,938,000	0			
IP	251,349,906	897,257,932	54,578,784	6.08	1.86	4,669,870	3,492,275	58,071,059 *	6.47	256,019,776	0	(4,835,928)	15,557,322	20,227,192
MS	2,611,543	12,250,095	486,601	3.97	15.68	409,493	306,232	792,833	6.47	3,021,036	0	506,181	(186,255)	223,238
WSS Sec	5,636,554	23,726,947	1,157,231	4.88	8.98	505,985	378,391	1,535,622	6.47	6,142,539	0			
WSS Pri	3,462,931	14,370,222	562,849	3.92	14.18	491,019	367,200	930,049	6.47	3,953,950	0			
WSS Sub	636,864	2,574,513	93,478	3.63	15.36	97,810	73,146	166,624	6.47	734,674	0			
WSS	9,736,349	40,671,682	1,813,559	4.46	11.24	1,094,814	818,736	2,632,295	6.47	10,831,163	0	1,027,900		1,094,814
IS	156,212	1,035,199	37,261	3.60	25.46	39,766	29,738	66,999	6.47	195,978	0	26,326	(9,191)	30,575
EHG	565,983	2,855,743	97,119	3.40	20.72	117,280	87,706	184,825	6.47	683,263	0	138,324	(68,503)	48,777
OL	5,777,686	32,970,285	2,049,783	6.22	1.95	112,424	84,073	2,133,856	6.47	5,890,110	0	136,598	49,026	161,450
SL	4,744,712	30,668,764	1,647,355	5.37	9.51	451,365	337,545	1,984,900	6.47	5,196,077	0	490,911	(28,413)	422,952
Total	1,233,024,597	5,423,706,117	259,164,384	4.78	9.96	122,836,597	91,861,050	351,025,434	6.47	1,355,861,194	0	115,863,258	0	122,836,597
						122,836,597		351,025,434						

Gross Rev Conversion Factor:	1.3372
Jurisdictional Revenue Deficiency* (A-1):	124,137,815
*(Before TO Cost Revenue Adjustment)	
Less Juris IRP (Att. JLF-2 P.1)	(1,301,218)
	122,836,597

Indiana Michigan Power Company
Proposed Revenue Allocation
Twelve Months Ending December 31, 2024

					Proposed Revenue Allocation							
Current Class (1)	**Current Revenue** (2)	**Rate Base** (3)	**Current Income** (4)	**Current ROR %** (5)	**Percent Increase** (6)	**Revenue Increase** (7)	**Income Increase** (8)	**Income** (9)	**Proposed Revenue** (10)	**Adjust for TO Cost/Revenue** (11)	**Adj. Proposed Revenue** (12)	**ROR %** (13)
RS	539,225,575	2,619,286,553	105,183,129	4.02	9.98	53,812,490	40,242,664	145,425,793	593,038,065	2,541,025	595,579,090	5.55
GS	156,377,327	650,386,610	40,311,231	6.20	6.43	10,052,916	7,517,885	47,829,116	166,430,243	(2,133,362)	164,296,881	7.35
LGS	262,479,304	1,136,323,254	52,959,562	4.66	14.01	36,762,194	27,491,919	80,451,481	299,241,498	(3,298,750)	295,942,748	7.08
IP	251,349,906	897,257,932	54,578,784	6.08	8.05	20,227,192	15,126,527	69,705,311	271,577,097	(5,315,083)	266,262,014	7.77
MS	2,611,543	12,250,095	486,601	3.97	8.55	223,238	166,945	653,546	2,834,782	20,383	2,855,164	5.34
WSS	9,736,349	40,671,682	1,813,559	4.46	11.24	1,094,814	818,736	2,632,295	10,831,163	(55,713)	10,775,451	6.47
IS	156,212	1,035,199	37,261	3.60	19.57	30,575	22,865	60,126	186,787	82	186,869	5.81
EHG	565,983	2,855,743	97,119	3.40	8.62	48,777	36,477	133,596	614,760	9,198	623,958	4.68
OL	5,777,686	32,970,285	2,049,783	6.22	2.79	161,450	120,737	2,170,520	5,939,136	(2,728)	5,936,408	6.58
SL	4,744,712	30,668,764	1,647,355	5.37	8.91	422,952	316,296	1,963,651	5,167,663	(2,912)	5,164,752	6.40
Total	1,233,024,597	5,423,706,117	259,164,384	4.78	9.96	122,836,597	91,861,051	351,025,435	1,355,861,194	(8,237,860)	1,347,623,335	6.47

Gross Rev Conversion Factor: 1.3372

Attachment JLF-3 – Detail of Present and Proposed Revenues

CONFIDENTIAL

Not Reproduced Herein

Indiana Michigan Power Company - Indiana
Electric Bill Comparison

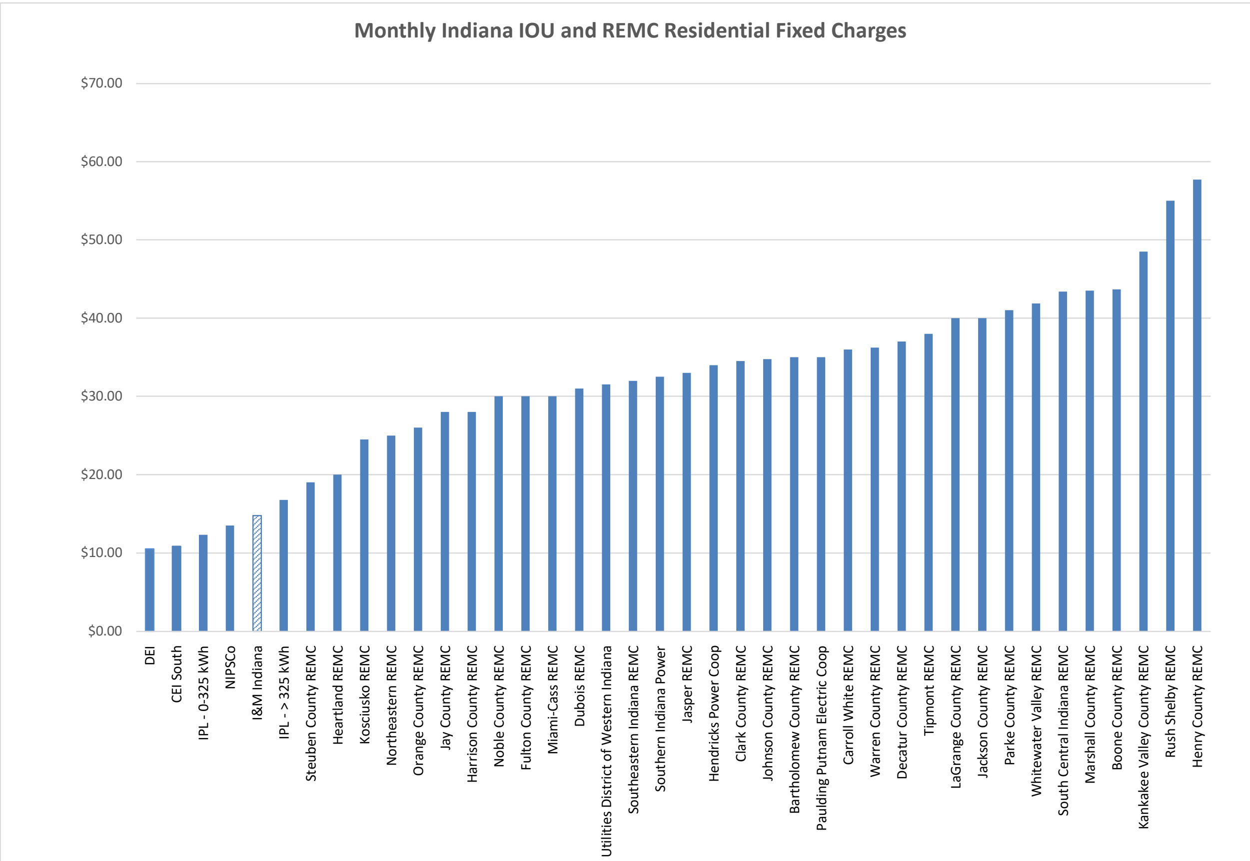
Line No.	Tariff	Demand	Metered Energy	Current Bill	Proposed Bill	Bill Increase	% Change
	RS						
1	Block 1 - up to 900 kWh	--	250	$51.79	$57.53	$5.74	11.1%
2	Block 2 - all other kWh	--	500	$88.81	$97.59	$8.78	9.9%
3		--	750	$125.81	$137.62	$11.81	9.4%
4		--	1,000	$162.16	$176.99	$14.83	9.1%
5		--	2,000	$303.59	$330.53	$26.94	8.9%
6		--	4,000	$586.41	$637.62	$51.21	8.7%
	RS-D						
7		3 kW	250	$55.68	$61.22	$5.54	9.9%
8		3 kW	500	$89.16	$97.11	$7.95	8.9%
9		4 kW	750	$124.43	$135.60	$11.17	9.0%
10		5 kW	1,000	$159.72	$174.09	$14.37	9.0%
11		6 kW	2,000	$295.42	$320.22	$24.80	8.4%
12		8 kW	4,000	$566.78	$612.49	$45.71	8.1%
	RS-OPES						
13	On-Peak=30%	--	250	$49.57	$52.52	$2.95	6.0%
14	Off-Peak=70%	--	500	$82.39	$87.55	$5.16	6.3%
15		--	750	$115.19	$122.56	$7.37	6.4%
16		--	1,000	$148.00	$157.58	$9.58	6.5%
17		--	2,000	$279.27	$297.65	$18.38	6.6%
18		--	4,000	$541.75	$577.81	$36.06	6.7%
	RS-TOD						
19	On-Peak 30%	--	500	$82.39	$87.55	$5.16	6.3%
20	Off-Peak 70%	--	1,000	$148.00	$157.58	$9.58	6.5%
21		--	2,000	$279.27	$297.65	$18.38	6.6%
22		--	3,000	$410.51	$437.73	$27.22	6.6%
23		--	4,000	$541.75	$577.81	$36.06	6.7%
24		--	5,000	$673.02	$717.90	$44.88	6.7%
	RS-TOD2						
25	On-Peak 5%	--	500	$88.04	$95.57	$7.53	8.6%
26	Off-Peak 95%	--	1,000	$159.31	$173.63	$14.32	9.0%
27		--	2,000	$301.88	$329.76	$27.88	9.2%
28		--	3,000	$444.44	$485.88	$41.44	9.3%
29		--	4,000	$586.99	$642.02	$55.03	9.4%
30		--	5,000	$729.56	$798.16	$68.60	9.4%
	GS-SEC <10 kW						
31	Block 1 - up to 4,500 kWh	3 kW	250	$59.71	$64.26	$4.55	7.6%
32	Block 2 - over 4,500 kWh	3 kW	500	$94.77	$99.49	$4.72	5.0%
33		5 kW	1,000	$164.89	$170.00	$5.11	3.1%
34		7 kW	2,500	$375.24	$381.49	$6.25	1.7%
35		9 kW	5,000	$705.81	$714.23	$8.43	1.2%
	GS-TOD2						
36	On-Peak 5%	--	1,000	$163.47	$171.30	$7.83	4.8%
37	Off-Peak 95%	--	2,500	$371.69	$384.73	$13.04	3.5%
38		--	5,000	$718.72	$740.48	$21.76	3.0%
39		--	7,500	$1,065.76	$1,096.20	$30.44	2.9%
	GS-OUSP						
40	Optional Unmetered	--	100	$23.04	$25.34	$2.30	10.0%
41	Service Provision	--	250	$43.12	$46.10	$2.98	6.9%
42		--	500	$76.59	$80.67	$4.08	5.3%
43		--	1,000	$143.52	$149.86	$6.34	4.4%
44		--	2,000	$277.36	$288.23	$10.87	3.9%
	GS-SEC						
45	Block 1 - up to 4,500 kWh	10 kW	2,000	$305.11	$311.00	$5.89	1.9%
46	Block 2 - over 4,500 kWh	10 kW	3,000	$445.35	$451.99	$6.64	1.5%
47		10 kW	4,000	$585.56	$592.99	$7.43	1.3%
48		10 kW	5,000	$705.81	$714.23	$8.43	1.2%
49		100 kW	20,000	$3,295.56	$3,390.63	$95.08	2.9%
50		100 kW	25,000	$3,796.74	$3,897.96	$101.23	2.7%
51		100 kW	30,000	$4,297.92	$4,405.28	$107.36	2.5%
52		500 kW	100,000	$16,142.04	$16,638.63	$496.59	3.1%

Indiana Michigan Power Company - Indiana
Electric Bill Comparison

Line No.	Tariff	Demand	Metered Energy	Current Bill	Proposed Bill	Bill Increase	% Change
	GS-TOD-SEC						
53	On-Peak 40%	--	100	$37.12	$42.01	$4.89	13.2%
54	Off-Peak 60%	--	250	$55.82	$61.53	$5.71	10.2%
55		--	500	$86.98	$94.04	$7.06	8.1%
56		--	1,000	$149.31	$159.10	$9.79	6.6%
57		--	2,000	$273.96	$289.18	$15.22	5.6%
58		--	4,000	$523.27	$549.35	$26.08	5.0%
	GS-LM-TOD						
59	On-Peak 30%	--	500	$83.51	$89.67	$6.16	7.4%
60	Off-Peak 70%	--	1,000	$142.38	$150.36	$7.98	5.6%
61		--	2,000	$260.10	$271.71	$11.61	4.5%
62		--	2,500	$318.97	$332.39	$13.42	4.2%
63		--	3,000	$377.82	$393.07	$15.25	4.0%
64		--	4,000	$495.53	$514.43	$18.90	3.8%
65		--	5,000	$613.26	$635.80	$22.54	3.7%
	GS-PRI						
66	Block 1 - up to 4,500 kWh/ Block 2 - over 4,500 kWh	300 kW	60,000	$9,094.53	$9,273.10	$178.57	2.0%
	GS-SUB						
67	Block 1 - up to 4,500 kWh/ Block 2 - over 4,500 kWh	100 kW	40,000	$4,546.44	$4,428.10	-$118.34	-2.6%
	GS-TRAN						
68	Block 1 - up to 4,500 kWh/ Block 2 - over 4,500 kWh	200 kW	60,000	$7,110.86	$6,906.60	-$204.26	-2.9%
	LGS-SEC						
69	Block 1 - First 300 kWh per kW	100 kW	35,000	$4,342.50	$4,761.33	$418.83	9.6%
70	Block 2 - Over 300 kWh per kW	100 kW	40,000	$4,535.19	$4,930.60	$395.41	8.7%
71		100 kW	50,000	$4,920.55	$5,269.15	$348.60	7.1%
72		100 kW	60,000	$5,305.91	$5,607.70	$301.79	5.7%
73		500 kW	175,000	$21,612.45	$23,688.60	$2,076.15	9.6%
74		500 kW	200,000	$22,575.86	$24,534.97	$1,959.11	8.7%
75		500 kW	250,000	$24,502.66	$26,227.72	$1,725.06	7.0%
76		500 kW	300,000	$26,429.46	$27,920.47	$1,491.01	5.6%
	LGS-PRI						
77	Block 1 - First 300 kWh per kW	500 kW	175,000	$19,904.36	$21,656.21	$1,751.85	8.8%
78	Block 2 - Over 300 kWh per kW	500 kW	200,000	$20,830.02	$22,466.83	$1,636.81	7.9%
79		500 kW	250,000	$22,681.32	$24,088.08	$1,406.76	6.2%
80		500 kW	300,000	$24,532.62	$25,709.33	$1,176.71	4.8%
	LGS-SUB						
81	Block 1 - First 300 kWh per kW	900 kW	150,000	$20,223.78	$21,140.94	$917.16	4.5%
82	Block 2 - Over 300 kWh per kW	900 kW	250,000	$28,013.38	$29,560.44	$1,547.06	5.5%
83		900 kW	350,000	$32,495.78	$33,859.14	$1,363.36	4.2%
84		900 kW	450,000	$36,151.38	$37,127.64	$976.26	2.7%
	LGS-TRAN						
85	Block 1 - First 300 kWh per kW	900 kW	150,000	$20,147.28	$21,047.94	$900.66	4.5%
86	Block 2 - Over 300 kWh per kW	900 kW	250,000	$27,885.88	$29,405.44	$1,519.56	5.4%
87		900 kW	350,000	$32,346.08	$33,670.94	$1,324.86	4.1%
88		900 kW	450,000	$35,986.68	$36,913.44	$926.76	2.6%
	LGS-LM-TOD						
89	On-Peak 30%	--	15,000	$1,790.49	$1,849.36	$58.87	3.3%
90	Off-Peak 70%	--	25,000	$2,967.72	$3,062.92	$95.20	3.2%
91		--	35,000	$4,144.95	$4,276.48	$131.53	3.2%
	LGS-TOD-SEC						
92	On-Peak 45%	50 kW	20,000	$2,399.47	$2,497.37	$97.90	4.1%
93	Off-Peak 55%	100 kW	50,000	$5,548.35	$5,733.40	$185.05	3.3%
94		100 kW	60,000	$6,322.41	$6,501.06	$178.65	2.8%
	LGS-TOD-PRI						
95	On-Peak 40%	400 kW	150,000	$16,236.08	$17,105.85	$869.77	5.4%
96	Off-Peak 60%	400 kW	200,000	$19,754.68	$20,691.80	$937.12	4.7%
97		400 kW	250,000	$23,273.28	$24,277.75	$1,004.47	4.3%

Indiana Michigan Power Company - Indiana
Electric Bill Comparison

Line No.	Tariff	Demand	Metered Energy	Current Bill	Proposed Bill	Bill Increase	% Change
	IP-SEC						
98	Block 1 - 1st 410 kWh/kVA	1,000 kW	250,000	$42,091.83	$42,623.00	$531.17	1.3%
99	Block 2 - all other kWh	1,000 kW	350,000	$48,052.23	$48,594.20	$541.97	1.1%
100		1,500 kW	550,000	$73,492.03	$74,294.10	$802.07	1.1%
101		1,500 kW	650,000	$77,921.88	$78,705.35	$783.47	1.0%
102		1,500 kW	750,000	$79,509.28	$80,219.55	$710.27	0.9%
	IP-PRI						
103	Block 1 - 1st 410 kWh/kVA	3,000 kW	1,000,000	$129,958.71	$131,717.00	$1,758.29	1.4%
104	Block 2 - all other kWh	3,000 kW	1,500,000	$147,048.71	$148,736.00	$1,687.29	1.1%
105		3,000 kW	2,000,000	$154,800.71	$156,072.00	$1,271.29	0.8%
	IP-SUB						
106	Block 1 - 1st 410 kWh/kVA	7,500 kW	2,000,000	$268,914.71	$271,001.50	$2,086.79	0.8%
107	Block 2 - all other kWh	7,500 kW	3,000,000	$322,608.71	$326,313.50	$3,704.79	1.1%
108		7,500 kW	4,000,000	$340,847.46	$343,876.25	$3,028.79	0.9%
	IP-TRAN						
109		7,500 kW	3,000,000	$310,106.21	$314,193.50	$4,087.29	1.3%
110		7,500 kW	4,000,000	$327,979.96	$331,469.50	$3,489.54	1.1%
111		10,000 kW	6,000,000	$447,418.71	$451,469.00	$4,050.29	0.9%
	MS						
112	Block 1 - up to 4,500 kWh	40 kW	8,000	$1,228.21	$1,345.75	$117.54	9.6%
113	Block 2 - all other kWh	40 kW	10,000	$1,436.87	$1,562.03	$125.16	8.7%
114		40 kW	12,000	$1,645.53	$1,778.31	$132.78	8.1%
	WSS-SEC						
115	Block 1 - First 300 kWh/kW	50 kW	15,000	$1,538.34	$1,666.31	$127.97	8.3%
116	Block 2 - all other kWh	50 kW	17,500	$1,784.49	$1,932.91	$148.42	8.3%
117		50 kW	20,000	$2,030.63	$2,199.52	$168.89	8.3%
	WSS-PRI						
118	Block 1 - First 300 kWh/kW	750 kW	250,000	$22,803.83	$24,280.75	$1,476.92	6.5%
119	Block 2 - all other kWh	750 kW	300,000	$27,246.23	$29,013.55	$1,767.32	6.5%
120		750 kW	400,000	$36,131.03	$38,479.15	$2,348.12	6.5%
	WSS-SUB						
121	Block 1 - First 300 kWh/kW	750 kW	250,000	$19,568.08	$19,695.00	$126.92	0.6%
122	Block 2 - all other kWh	750 kW	300,000	$23,366.48	$23,513.80	$147.32	0.6%
123		750 kW	400,000	$30,963.28	$31,151.40	$188.12	0.6%
	WSS-TOD-SEC						
124	On-Peak 30%	--	100,000	$9,476.97	$9,994.65	$517.68	5.5%
125	Off-Peak 70%	--	200,000	$18,923.37	$19,953.30	$1,029.93	5.4%
	IS						
126		--	1,000	$195.73	$213.83	$18.10	9.2%
127		--	2,500	$489.34	$534.57	$45.23	9.2%
128		--	4,000	$782.92	$855.29	$72.37	9.2%
	EHG						
129		25 kW	3,500	$610.19	$676.08	$65.89	10.8%
130		25 kW	4,000	$645.68	$708.68	$63.00	9.8%
131		25 kW	4,500	$681.18	$741.28	$60.10	8.8%



IOU/REMC	Monthly Residential Fixed Charge
Duke Energy Indiana (DEI)	$10.54
CenterPoint Energy Indiana South (CEI South)	$10.84
IPL - 0-325 kWh	$12.31
NIPSCo	$13.50
I&M Indiana (1/)	$14.79
IPL - > 325 kWh	$16.75
Steuben County REMC	$19.00
Heartland REMC	$20.00
Kosciusko REMC	$24.50
Northeastern REMC	$25.00
Orange County REMC	$26.00
Jay County REMC	$28.00
Harrison County REMC	$28.00
Noble County REMC	$30.00
Fulton County REMC	$30.00
Miami-Cass REMC	$30.00
Dubois REMC	$31.00
Utilities District of Western Indiana	$31.55
Southeastern Indiana REMC	$32.00
Southern Indiana Power	$32.50
Jasper REMC	$33.00
Hendricks Power Coop	$34.00
Clark County REMC	$34.50
Johnson County REMC	$34.75
Bartholomew County REMC	$35.00
Paulding Putnam Electric Coop	$35.00
Carroll White REMC	$36.00
Warren County REMC	$36.25
Decatur County REMC	$37.00
Tipmont REMC	$38.00
LaGrange County REMC	$40.00
Jackson County REMC	$40.00
Parke County REMC	$41.00
Whitewater Valley REMC	$41.87
South Central Indiana REMC	$43.38
Marshall County REMC	$43.50
Boone County REMC	$43.66
Kankakee Valley County REMC	$48.50
Rush Shelby REMC	$55.00
Henry County REMC	$57.68
Median	$32.75

1/ Included for comparison purposes

Indiana Michigan Power Company
State of Indiana
Distribution Allocator - Base Rate Revenue Requirement

Tariff (1)		*Base Revenue (2)	% of Total (3)	Transmission Customer Adjustment (4)	Base Rate Revenue Requirement Adjusted for Transmission Customers (5) = (2) + (4)	% of Total / Distribution Allocator (6)
Residential	$	595,579,632	44.195%		$595,579,632	47.277%
OL Total (090 - 120)	$	5,936,387	0.441%		$5,936,387	0.471%
GS Secondary	$	160,857,098	11.936%		$160,857,098	12.769%
GS Primary	$	3,269,613	0.243%		$3,269,613	0.260%
GS Subtransmission	$	15,921	0.001%	($15,921)	$0	0.000%
GS Transmission	$	156,510	0.012%	($156,510)	$0	0.000%
LGS Secondary	$	277,700,675	20.607%		$277,700,675	22.044%
LGS Primary	$	18,205,554	1.351%		$18,205,554	1.445%
LGS Transmission	$	33,957	0.003%	($33,957)	$0	0.000%
IP Secondary	$	39,864,548	2.958%		$39,864,548	3.164%
IP Primary	$	139,411,085	10.345%		$139,411,085	11.066%
IP Subtransmission	$	46,878,618	3.479%	($46,878,618)	$0	0.000%
IP Transmission	$	40,107,664	2.976%	($40,107,664)	$0	0.000%
SL	$	5,164,561	0.383%		$5,164,561	0.410%
WSS Secondary	$	6,264,143	0.465%		$6,264,143	0.497%
WSS Primary	$	3,860,198	0.286%		$3,860,198	0.306%
WSS Subtransmission	$	651,107	0.048%	($651,107)	$0	0.000%
IS	$	186,866	0.014%		$186,866	0.015%
EHG	$	623,978	0.046%		$623,978	0.050%
MS	$	2,855,083	0.212%		$2,855,083	0.227%
Total		$1,347,623,197	100%	($87,843,776)	$1,259,779,421	100%

* I&M Indiana Proforma Firm Revenues from Attachment JLF-3

Indiana Michigan Power Company
State of Indiana
Transmission Allocator - Base Rate Revenue Requirement

Tariff (1)	*Base Revenue (2)	% of Total / Transmission Allocator (3)
Residential	$595,579,632	44.195%
OL Total (090 - 120)	$5,936,387	0.441%
GS Secondary	$160,857,098	11.936%
GS Primary	$3,269,613	0.243%
GS Subtransmission	$15,921	0.001%
GS Transmission	$156,510	0.012%
LGS Secondary	$277,700,675	20.607%
LGS Primary	$18,205,554	1.351%
LGS Subtransmission	$33,957	0.003%
IP Secondary	$39,864,548	2.958%
IP Primary	$139,411,085	10.345%
IP Subtransmission	$46,878,618	3.479%
IP Transmission	$40,107,664	2.976%
SL	$5,164,561	0.383%
WSS Secondary	$6,264,143	0.465%
WSS Primary	$3,860,198	0.286%
WSS Subtransmission	$651,107	0.048%
IS	$186,866	0.014%
EHG	$623,978	0.046%
MS	$2,855,083	0.212%
Total	$1,347,623,197	100%

* I&M Indiana Proforma Firm Revenues from Attachment JLF-3