

FILED
July 31, 2023
INDIANA UTILITY
REGULATORY COMMISSION

I&M Exhibit: _____

IURC
PETITIONER'S 7
EXHIBIT NO. 703-23
DATE REPORTER

OFFICIAL
EXHIBITS

INDIANA MICHIGAN POWER COMPANY

38702 FAC-91

PRE-FILED VERIFIED DIRECT TESTIMONY

OF

SHELLI A. SLOAN

**DIRECT TESTIMONY OF SHELLI A. SLOAN
ON BEHALF OF
INDIANA MICHIGAN POWER COMPANY**

Q1. Please state your name and business address.

My name is Shelli A. Sloan. My business address is 1 Riverside Plaza,
Columbus, Ohio 43215.

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

I am employed by American Electric Power Service Corporation (AEPSC) as
Director Financial Support and Special Projects in Corporate Planning and
Budgeting. AEPSC supplies engineering, financing, accounting, and planning
and advisory services to the subsidiaries of the American Electric Power (AEP)
System, one of which is Indiana Michigan Power Company (I&M or Company).

**Q3. Briefly describe your educational background and professional
experience.**

I earned a Bachelor of Science in Business Administration Degree from The
Ohio State University and a Master of Business Administration from Ashland
University in 2002. I was hired by AEPSC in 1998 into the Information
Technology organization where I performed multiple roles in the Resource
Management group and the Project Management Office. In 2009 I joined
Regulatory Services as a Regulatory Consultant supporting fuel filings for all
AEP operating companies.

From 2012 through 2017, I was a Regulatory Case Manager, overseeing large
and complex regulatory filings for multiple AEP operating companies. In 2018, I
was promoted to the position of Director Case Support and Special Projects
where I lead a team responsible for Integrated Resource Plan filings,

1 Renewable acquisition filings, and witness support in all AEP jurisdictions. I
2 moved into my current role in 2021.

3 **Q4. What are your responsibilities as Director Financial Support and Special**
4 **Projects?**

5 As Director of Financial Support and Special projects, I am responsible for
6 directing the support of certain regulatory activities within the forecasting group,
7 overseeing and compiling the preparation of earnings materials and projections,
8 managing the overall flow of the financial forecast process, and leading various
9 special projects involving the Finance organization. I assist in the preparation of
10 financial forecasts in conjunction with operating company personnel, variance
11 analyses, regulatory filings, and other ad hoc analysis for the AEP Operating
12 Companies. In this role, I assist in the preparation and review of short- and long-
13 term forecasts for I&M.

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

15 Yes. On behalf of I&M, I have filed testimony before the Indiana Utility
16 Regulatory Commission in Cause Nos. 38702 FAC 87 – 90 and direct testimony
17 in Cause No. 45576. I have also provided testimony before the Michigan Public
18 Service Commission on behalf of I&M in power supply cost recovery
19 proceedings. In addition, I have testified and/or submitted testimony before the
20 Public Service Commission of West Virginia on behalf of Appalachian Power
21 Company (APCO) and Wheeling Power Company and before the Virginia State
22 Corporation Commission on behalf of APCO in fuel factor proceedings.

23 **Q6. Are you sponsoring any attachments?**

24 Yes. I am sponsoring Attachment 1-B, Schedule 2, which identifies the
25 components of the forecast monthly total Company fuel cost and the net energy
26 requirements for the months of November 2023 through April 2024.

1 **Q7. Were the exhibits, attachment and workpapers that you sponsor prepared**
2 **by you or under your direction?**

3 Yes.

4 **Q8. What is the purpose of your testimony?**

5 The purpose of my testimony is to present the forecast of I&M's monthly net
6 energy requirements for November 2023 through April 2024 and to describe the
7 methodologies employed to derive I&M's estimated power supply cost.

8 **Q9. Please generally describe the methodologies and assumptions used in the**
9 **development of I&M's forecasted fuel costs and net energy requirements**
10 **for the period November 2023 through April 2024.**

11 The projected costs consist of Federal Energy Regulatory Commission (FERC)
12 Account 151 fossil and Account 518 nuclear fuel costs, as well as the allowable
13 portion of purchased power, calculated in a manner typically called the FERC
14 Net Energy Cost (NEC) method or Net Energy for Load.

15 In addition, the total cost of wind purchases and the associated energy are
16 included, consistent with the Commission Orders in Cause Nos. 43328, 43750,
17 44034, and 44362. The components of the net energy requirements and costs
18 are shown on Attachment 1-B, Schedule 2. To the extent that I&M incurs costs
19 to supply energy to non-affiliates, those costs are removed from I&M's net
20 energy costs.

21 **Q10. Please describe how the cost of fossil fuel consumed was calculated.**

22 The cost of fossil fuel consumed is based on the generation forecast for I&M's
23 fossil generating unit, Rockport Unit 1, and the projection of fossil fuel deliveries
24 and costs as supported by Company witness Dial.

1 The cost of fossil fuel consumed for Rockport Unit 1 is equal to the number of
2 tons of coal consumed times the average unit cost of coal in fuel inventory
3 (\$/ton), Account 151.

4 For the forecast period, the cost of fuel consumed was developed on a monthly
5 basis. The average cost of coal is defined as the weighted average cost of coal
6 in inventory at the beginning of the month, plus the projected cost of fuel
7 delivered during the month. The tons of coal consumed were calculated by the
8 PLEXOS® production cost simulation model.

9 **Q11. Please describe how the projection of nuclear fuel expense was**
10 **developed.**

11 Nuclear fuel expense is forecasted for each unit of the Donald C. Cook Nuclear
12 Plant. The projections of nuclear generation and nuclear fuel expense, which
13 consist of a base fuel component and post April 7, 1983 spent nuclear fuel
14 disposal costs, are supported by Company witness Steinmetz.

15 **Q12. What costs are reflected under the heading of "Purchases"?**

16 Purchases reflect the costs and energy associated with purchases from AEP
17 Generating Company (AEG), purchases from the Ohio Valley Electric
18 Corporation (OVEC), wind purchases and other system purchases.

19 **Q13. Please describe the AEG and OVEC purchases.**

20 The AEG Purchases represent I&M's purchase from Rockport Unit 1 of 660 MW.

21 The OVEC Purchases reflect I&M's share of the anticipated OVEC generation
22 and associated costs in accordance with Inter-Company Power Agreement with
23 OVEC.

24 The non-fuel costs of the AEG and OVEC purchases are excluded, since those
25 costs are recovered in base rates and the Resource Adequacy Rider factor.

1 Therefore, only the fuel costs of the AEG and OVEC purchases are included in
2 the fuel factor calculation.

3 **Q14. Please describe Wind Purchases.**

4 Pursuant to the IURC Orders in Cause Nos. 43328, 43750, 44034 and 44362,
5 all costs associated with I&M's wind power purchases are shown as a separate
6 line item for easy identification. I&M's wind power purchases include the Fowler
7 Ridge I and II wind farms, Wildcat wind farm, and Headwaters wind farm.

8 **Q15. What are Other System Purchases?**

9 Other System Purchases are I&M's energy purchases from the PJM market it
10 occasionally makes from non-affiliated suppliers to meet its total load.

11 **Q16. Please explain Purchases for Off-System Sales Excluding AEG Purchases.**

12 Purchases for Off-System Sales Excluding AEG are the portions of OVEC
13 Purchases and Other System Purchases that are assigned to I&M's energy
14 sales into the PJM market.

15 **Q17. Do Purchases for Off-System Sales Excluding AEG and the associated**
16 **Other System Purchases and OVEC Purchases have any effect on the Net**
17 **Energy Cost for I&M?**

18 No. The Purchases for Off-System Sales Excluding AEG removes the cost of
19 Other System Purchases and OVEC Purchases that are assigned to sales to
20 non-affiliated companies from I&M's Net Energy Cost.

21 **Q18. Please describe Generation for Off-System Sales.**

22 Generation for Off-System Sales represents the amount of energy and
23 associated Account 151 fuel costs from I&M's generating units that are assigned
24 to I&M's energy sales into the PJM market.

1 **Q19. What are the projected November 2023 through April 2024 total fuel costs**
2 **and net energy requirements?**

3 Total Company fuel costs computed on an Indiana basis are estimated to be
4 \$160.9 M or 14.64 mills per kWh before consideration of any line losses, based
5 on a net energy requirement of 10,985 GWh.

6 **Q20. Are I&M's projections of fuel and purchased power costs for the months of**
7 **November 2023 through April 2024 fair and reasonable?**

8 Yes. The cost projections were developed based on the historical performance
9 of the generating units and any scheduled maintenance outages and take into
10 consideration the purchase of power when it is more economical to do so.

11 Offsetting these costs are the deliveries for I&M's off-system sales. This is the
12 methodology I&M traditionally has used in Indiana fuel cost adjustment filings –
13 a methodology the Commission has found to be reasonable.

14 **Q21. Does this conclude your pre-filed verified direct testimony?**

15 Yes.

VERIFICATION

I, Shelli A. Sloan, Director of Financial Support and Special Projects 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:

July 31, 2023

Shelli A. Sloan

Shelli A. Sloan