

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

VERIFIED PETITION OF INDIANA MICHIGAN)
POWER COMPANY ("I&M"), AN INDIANA)
CORPORATION, REQUESTING: (1) COMMISSION)
APPROVAL OF I&M'S TENTH ONGOING)
REVIEW PROGRESS REPORT RELATING TO) CAUSE NO. 44182 LCM 10
THE LIFE CYCLE MANAGEMENT PROJECT AT)
THE D.C. COOK NUCLEAR PLANT; (2)) APPROVED:
AUTHORITY TO ADJUST ITS RETAIL ELECTRIC)
RATES THROUGH ITS LIFE CYCLE)
MANAGEMENT RIDER TO REFLECT LIFE)
CYCLE MANAGEMENT PROJECT COSTS)

SUBMISSION OF PROPOSED ORDER

Petitioner Indiana Michigan Power Company, by counsel, hereby submits for the Commission's consideration and use the Proposed Order attached hereto.

Respectfully submitted,



Kay E. Pashos


Counsel for Indiana Michigan Power Company

Kay E. Pashos, Atty. No. 11644-49
Mark R. Alson, Atty. No. 27724-64
Ice Miller LLP
One American Square, Suite 2900
Indianapolis, IN 46282-0200
317-236-2208 (Pashos Telephone)
317-236-2263 (Alson Telephone)
317-592-4676 (Pashos Facsimile)
kay.pashos@icemiller.com
mark.alson@icemiller.com

CERTIFICATE OF SERVICE

The undersigned, one of the attorneys for Indiana Michigan Power Company, hereby certifies that the foregoing was served via Electronic Mail this 8th day of January 2021, to the following:

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



Kay E. Pashos

Kay E. Pashos, Atty. No. 11644-49
Mark R. Alson, Atty. No. 27724-64
Ice Miller LLP
One American Square, Suite 2900
Indianapolis, IN 46282-0200
317-236-2208 (Pashos Telephone)
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PETITIONER’S PROPOSED FORM OF ORDER

Presiding Officers:

David E. Ziegner, Commissioner

Loraine L. Seyfried, Chief Administrative Law Judge

On September 18, 2020, Indiana Michigan Power Company (“Petitioner,” “Company,” or “I&M”) filed its Verified Petition with the Indiana Utility Regulatory Commission (“Commission”) initiating this Cause. Also, on September 18, 2020, I&M prefiled the majority of its redacted (non-confidential) case-in-chief testimony and attachments, consisting of the direct testimony and attachments of: Q. Shane Lies, Site Vice President at the D.C. Cook Nuclear Plant; Michael R. Whitmore, Regulatory Consultant Staff in the Regulatory Services Department; and John W. Morgan, a Regulatory Consultant in the Regulated Pricing and Analysis Department for American Electric Power Service Corporation (which provides services to subsidiaries of American Electric Power Company, Inc. (“AEP”), including I&M). On October 8, 2020, I&M prefiled testimony from the Independent Monitor, John J. Purcell, Executive Director of E3 Consulting® LLC (“E3”).

On September 21, 2020, I&M filed a Motion for Protection and Nondisclosure of Confidential and Proprietary Information. By Docket Entry issued on November 16, 2020, the Commission determined that the Confidential Information should be held as confidential by the Commission on a preliminary basis. Subsequently, on November 18 and December 30, 2020, I&M filed its confidential case-in-chief testimony and attachments.

On December 4, 2020, the OUCC prefiled the public and confidential versions of the direct testimony of Anthony A. Alvarez and the direct testimony of Michael D. Eckert. On December 29, 2020, the OUCC submitted a notice of corrections to its prefiled testimony. On December 22, 2020, I&M filed the rebuttal testimony of Q. Shane Lies.

Pursuant to notice given and published as required by law, the Commission held an evidentiary hearing at 9:30 a.m. on January 4, 2020, via WebEx. Petitioner and the OUCC appeared and participated in the hearing. At the hearing, the prefiled testimony and attachments of I&M witnesses Lies, Whitmore, and Morgan were admitted into evidence. The testimony and attachments of Independent Monitor Purcell were also admitted into evidence, as were the prefiled testimony and attachments of OUCC witnesses Alvarez and Eckert. The parties waived all cross-examination, and the Commission had no questions for any of the witnesses. No members of the public appeared or participated at the hearing.

Having considered the evidence presented and the applicable law, the Commission finds:

1. Notice and Jurisdiction. Notice of the hearing in this case was given and published by the Commission as required by law. Petitioner is a public utility as that term is defined in Ind. Code § 8-1-2-1(a), and is an eligible business as that term is defined in Ind. Code § 8-1-8.8-6. The D.C. Cook Nuclear Plant (the “Cook Plant”) is undergoing a Life Cycle Management Project (the “LCM Project”) and is a “nuclear energy production or generating facility” within the meaning of Ind. Code § 8-1-8.8-8.5; and the LCM Project is a “clean coal and energy project” within the meaning of Ind. Code § 8-1-8.8-2.

I&M seeks relief pursuant to Ind. Code ch. 8-1-8.8, Ind. Code §§ 8-1-2-23, -42, -10, -12, -14, and Ind. Code §§ 5-14-3-4 and 8-1-2-29. Therefore, the Commission has jurisdiction over I&M and the subject matter of this proceeding.

2. Petitioner’s Characteristics. I&M is a wholly-owned subsidiary of AEP. I&M is a corporation organized and existing under the laws of the State of Indiana, with its principal offices at Indiana Michigan Power Center, Fort Wayne, Indiana. I&M is engaged in, among other things, rendering electric utility service in the States of Indiana and Michigan. I&M owns, operates, manages and controls plant and equipment within the States of Indiana and Michigan that are in service and used and useful in the generation, transmission, distribution and furnishing of such service to the public, including the Cook Plant.

3. Background and Relief Requested. On July 17, 2013, the Commission issued an Order in Cause No. 44182 (the “LCM Order”) finding that I&M’s LCM Project, the associated cost estimate (with the exception of the approximately \$23 million in incremental upsizing costs), and the proposed implementation schedule, are reasonable and necessary. The Commission approved the LCM Project for purposes of receiving financial incentives authorized under Ind. Code ch. 8-1-8.8 (including pre- and post-in-service financing costs, incremental depreciation and property tax expenses, and LCM study and analysis costs).

The Commission also approved the Company’s proposed LCM Rider rate adjustment mechanism, finding that the form of the Company’s proposed LCM Rider complied with the requirements of Ind. Code § 8-1-8.8-12. However, at the time of the LCM Order, the Commission declined to approve I&M’s initial LCM Rider rates. The Commission ordered I&M to collaborate with the OUCC and other parties to develop the appropriate schedules and an audit package to be utilized in the LCM Rider proceedings and to file updated LCM Rider rates for Commission approval.

In this tenth LCM Rider Proceeding (“LCM 10”), I&M seeks approval of its Tenth Ongoing Review Progress Report for the LCM Project; approval of its proposed LCM 10 Rider rates; authority to increase its authorized net operating income for Fuel Adjustment Clause earnings test purposes, to reflect LCM Project earnings; confidential treatment for certain confidential and proprietary information submitted in this Cause; and other relief as may be appropriate.

With respect to the LCM Rider, I&M specifically requested that the Commission authorize it to adjust its retail electric rates, via the LCM Rider and consistent with the LCM Order, to (a) reconcile I&M’s actual pre- and post-in-service financing costs incurred with respect to the LCM Project, from July 1, 2019 through June 30, 2020; (b) reflect I&M’s forecasted post-in-service financing costs to be incurred with respect to the LCM Project, for the period January 1, 2021 through December 31, 2021; (c) reconcile I&M’s actual post-in-service incremental depreciation and property tax costs and expenses, incurred with respect to the LCM Project, from July 1, 2019 through June 30, 2020; (d) reflect I&M’s forecasted post-in-service incremental depreciation and property tax costs and expenses, to be incurred with respect to the LCM Project, for the period January 1, 2021 through December 31, 2021; (e) reflect associated study, analysis, and development costs related to the LCM Project, as approved in the LCM Order; and (f) reflect I&M’s costs incurred for the independent monitor.

I&M proposes that its LCM 10 Rider rates (1) be implemented effective for bills rendered with the first full billing month following a Commission Order in this proceeding, and (2) remain in effect until replaced by different LCM Rider factors that are approved in a subsequent filing or until such rate adjustment is reflected in new base rates and charges. I&M further proposes that deferred amounts be amortized on a straight-line basis beginning in January 2021 (or the first full month following a Commission Order) through approximately December 2021.

4. Ongoing Progress of the LCM Project.

A. Petitioner’s Case-in-Chief Evidence. I&M presented the testimony of Q. Shane Lies, Site Vice President at the D.C. Cook Nuclear Plant, as well as the testimony of John J. Purcell with E3, the Independent Monitor, concerning the LCM Semi-Annual Progress Report.

Mr. Lies testified that, as Site Vice President, he is responsible for providing overall management and oversight of the Operations, Radiation Protection, Chemistry, Maintenance, Work Control, Outage Management, Environmental, Safety and Human Performance, Regulatory Affairs, Training, Performance Improvement, Security, Information Technology, Procedures, Emergency Preparedness, and Work Force Planning at the Cook Plant. [Pet. Ex. 1, at p. 2]

Mr. Lies testified that, as of June 30, 2020, seventy-five (75) sub-projects had been completed and placed in service. Mr. Lies further testified that six (6) additional sub-projects were scheduled to be completed in 2020. Mr. Lies testified that actual expenditures through June 30, 2020, totaled approximately \$1.041 billion for completed and in-progress sub-projects. The Project is expected to be completed at or below the approved Project cost estimate of \$1.145 billion.¹ The

¹ This figure is the revised overall LCM Project cost estimate excluding upsizing costs, as approved in 44182 LCM 1.

total capital forecast for the LCM Project for the LCM Rider period from July 1, 2020, through December 31, 2021, is \$35.8 million. Mr. Lies discussed the most recent Company approvals for use of Management Reserve Funds and noted that \$146.881 million in Management Reserve dollars had been approved for use as of the date of the filing of his testimony. [Pet. Ex. 1, at pp. 4-7]

Mr. Lies next discussed changes in the LCM Project schedule – specifically, seven schedule changes since the filing of the Company’s LCM 9 Interim Report. He then discussed the status of deferred and inactive sub-projects. He explained that the number of deferred sub-projects remains at zero, and that there are currently thirty-two inactive sub-projects, all but two of which were identified in prior proceedings and the LCM 9 Interim Report. [Pet. Ex. 1, at pp. 7-8]

Mr. Lies stated that there are no significant challenges or scope changes currently being experienced by the LCM Project, and there have been no LCM sub-projects merged since those previously identified in past filings. [Pet. Ex. 1, at p. 9]

Mr. Lies explained that LCM Project changes are tracked. Changes in project scope, schedule, or cost are facilitated through completion of a Project Change Request Form (“PCRF”). A PCRF must be completed when at least one of the following conditions apply: (1) scope is added or excluded from the original baseline charter; (2) the change requires additional funding from the LCM Project Management Reserve; or (3) the schedule change impacts a milestone or causes a re-baseline. Only approved changes may be implemented. I&M maintains a log of all PCRFs. [Pet. Ex. 1, at pp. 9-10]

Mr. Lies testified that no major contracts have been entered into since the prior LCM filing. Mr. Lies concluded his testimony by reiterating that I&M is on track to complete the Project on budget, with all projects installed by the end of 2022. [Pet. Ex. 1, at pp. 10-11]

Mr. Purcell described E3’s role as the Independent Monitor for the LCM Project. E3, serving as I&M’s, the Commission’s, and the Michigan Public Service Commission’s (“MPSC”) Independent Monitor, conducts a multi-task Independent Monitor review that focuses on the cost and scheduling aspects of the Project to evaluate and explain any differences that may arise between the budget and the actual costs incurred for the Project related to the following:

1. Additions or changes in Project contracts/Project scope;
2. Delays and/or suspensions of work;
3. Labor rates;
4. Labor productivity;
5. Commodity material costs;
6. Contractor Performance; and
7. Any other changes that impact the costs of the LCM Project.

[Pet. Ex. 4, at pp. 7-8]

Mr. Purcell explained that as an Independent Monitor, one of E3’s major roles is to prepare a LCM Project Semi-Annual Progress Report (“SAPR”) describing the status of the cost and schedule for the Project. The Independent Monitor Agreement also requires E3 to participate in

regulatory proceedings, communicate regularly, and provide oral and written reports as required by I&M. Mr. Purcell noted that some of his roles with respect to LCM Project oversight include: writing the SAPRs and weekly project management reports; participating in the monthly progress meetings and touring the Cook Plant to observe first-hand the progress that has occurred; coordinating other E3 personnel reviews and activities relative to the LCM Project; asking discerning questions during the monthly progress meetings; providing written and oral reports as requested; presenting testimony; monitoring the Project's cost and schedule; and reviewing, understanding, and commenting on the justification for all PCRFS, Cost Variance Report ("CVRs"), and other documents which are used to manage changes to the scope and cost of each LCM sub-project. [Pet. Ex. 4, at pp. 8-9]

Mr. Purcell sponsored and described the August 2020 SAPR that E3 prepared, which includes E3's analysis of the current status and observations of the actual construction during the January 1 through June 30, 2020 period. Mr. Purcell testified that E3 has had access to sufficient information to support its responsibilities as Independent Monitor, and noted that whenever E3 desired additional information on any specific issue, E3 requested this information from I&M and it was provided in sufficient detail and in a timely manner to meet the needs of E3's inquiry. [Pet. Ex. 4, at pp. 10-11]

A summary of Mr. Purcell's major conclusions and findings as the Independent Monitor, is as follows:

1. Based on the cost details and causes identified by the Company's LCM Team, the 75 completed sub-projects installed at 40.17 percent over their \$716.7 million Original Budget were well managed, their cost variances were justified, and the cost variances on the 53 CVRs received were clearly documented and justified. Ten completed sub-projects did not require CVRs because their actual costs were within 10 percent of their Original Budgets, they were combined with other sub-projects, or no funds were spent on them.
2. There last four major sub-projects are in progress with 26.66 percent of the \$120.3 million LCM Original Budget spent through June 30, 2020. The costs for the remaining four major sub-projects in progress are under their LCM Original Budget amount.
3. The six minor sub-projects in progress had an actual cost through June 2020 of \$4.33 million, or 34.51 percent of the \$12.55 million LCM Original Budget.
4. E3 is of the opinion that inactivating 32 sub-projects with a total LCM Original Budget of \$99.27 million reflects sound judgment. Further review by the LCM Project management team determined they may no longer be needed to achieve the goals of the LCM Project; this is another indicator of strong managerial control of Project costs.
5. The total sub-project costs through June 2020 were \$1.041 billion, representing 89.06 percent of the \$1,168.8 million LCM Original Budget. On this basis, E3 concludes that the Project is 89.06 percent complete.
6. It is important to note that the LCM 10 Forecast shows the current, projected overall LCM Project cost to be \$1,095,723,000.
7. E3's review of the cost information that is available for each of the LCM sub-projects revealed that the costs are well documented and include all of the necessary details.
8. E3 concluded that the LCM scheduling and cost management processes reflect the level of detail and management attention expected in the nuclear industry.

9. E3 is of the opinion that the schedule is realistic, achievable, and reflects sound scheduling practices as required in the nuclear industry.
10. E3 is of the opinion that I&M's system of using PCRFs, EPRG, Change Control Board, and Project Review Board to control Project costs is sound.
11. E3 has reviewed a total of 477 PCRFs and examined all of them with respect to schedule changes and found that the reasons for project changes were justified and based on sound planning practices.
12. The planning and scheduling process integration with cost expenditures, particularly with Earned Value Reports ("EVRs"), has been implemented by the LCM Team to improve the process and provide better oversight of the Project's progress versus cost and schedule. E3 and I&M agreed that EVRs will no longer be prepared or presented in future LCM Proceedings because the active sub-projects represent a small portion of the total LCM major sub-projects.
13. I&M rescheduled the installation of three of the remaining four major sub-projects in response to COVID-19 challenges, extending the LCM schedule from Spring 2021 to Fall 2022. In E3's opinion, these steps demonstrate plant management's focus on reducing overall costs and reducing outage schedule risk by limiting the staffing levels during the pandemic.

[Pet. Ex. 4, at pp. 11-14]

B. OUCC's Case-in-Chief Evidence. Anthony A. Alvarez, a Utility Analyst for the OUCC, testified on behalf of the OUCC with respect to the ongoing review of the LCM Project. In his testimony, Mr. Alvarez reviewed the LCM sub-projects with respect to status and costs.

With respect to sub-project status, Mr. Alvarez testified that I&M has completed 75 sub-projects as of June 30, 2020. He also testified that I&M has inactivated two additional sub-projects, for a total of 32 inactive sub-projects. He noted that these inactivated projects, along with previously merged projects, provide I&M with additional funding sources for other sub-projects. He also noted that, due to the COVID pandemic, I&M has extended the LCM Project schedule to November 2022. [Public's Ex. 1, at pp. 4-6]

With respect to sub-project costs, Mr. Alvarez testified that, with the completion of these 75 sub-projects, I&M spent 40.17% over the total original budgets of such 75 sub-projects. He added that the eight additional sub-projects I&M completed in the LCM 10 period exceeded the budget by 9.89%. Mr. Alvarez also noted that the costs of completed sub-projects continue to increase after they are placed in service, for two or three years. [Public's Ex. 1, at pp. 7-8]

Similar to his testimony in the LCM 8 and LCM 9 cases, Mr. Alvarez testified that he viewed I&M's performance as below expectation because it completed fewer sub-projects at a greater cost to its ratepayers. He stated that I&M absorbs savings from other, inactive sub-projects and draws from Management Reserve. [Public's Ex. 1, at pp. 8-9]

Based on his review, Mr. Alvarez concluded that even if I&M completes the LCM Project at or below the approved cost estimate of \$1.145 billion, it does not mean the LCM Project was

well managed because I&M's customers will end up paying more for fewer projects. [Public's Ex. 1, at pp. 9, 15]

C. **I&M's Rebuttal Evidence.** I&M witness Lies responded to OUCC witness Alvarez's testimony. With regard to Mr. Alvarez's concern that 72.65 percent of the LCM Project accounts for 96 percent of the project budget, Mr. Lies testified that this comparison incorrectly assumes that each sub-project is equal in magnitude, cost, and complexity, but that is not the case. He noted that because some sub-projects were always planned to cost more than others, Mr. Alvarez's comparison between the number of sub-projects and the costs of sub-projects is not meaningful. [Pet. Ex. 6, at pp. 2-3]

Mr. Lies next addressed Mr. Alvarez's concerns that the eight sub-projects I&M completed in the LCM 10 period more than doubled its original budget for those projects. Mr. Lies emphasized that I&M is on track to complete the Project within the approved budget of \$1.145 billion. He noted that there was a small increase in the Project cost estimate between the LCM 9 filing and the LCM 10 filing -- an increase of approximately 1.2 percent, which was fully explained in I&M's testimony, reviewed and found acceptable by the Independent Monitor, and is consistent with prudent project management. [Pet. Ex. 6, at p. 3]

Mr. Lies also responded to Mr. Alvarez's opinion that I&M's performance with respect to the LCM Project is "below expectations and will continue to deteriorate" because customers will "continue paying more for these completed sub-projects than originally planned." He emphasized that the LCM Project was approved as a single comprehensive project, not a series of sub-projects. Specifically, the overall objective of the LCM Project is to complete the sub-projects necessary to extend the life of the Cook Plant through the 20-year license extension, and operate it safely and reliably for the benefit of customers. Further, he testified that I&M has managed the LCM Project as a single project with just one objective and, accordingly, has merged projects and discontinued projects where feasible and in the best interests of its customers. He noted that I&M is currently on track to deliver all the benefits of the LCM Project to customers within the approved timeline and budget. In Mr. Lies' view, this is not below expectations but rather meets or exceeds expectations. [Pet. Ex. 6, at pp. 2, 4]

With regard to Mr. Alvarez's expressed concerns about I&M's management of the LCM Project, Mr. Lies testified the Commission has consistently approved I&M's review reports and found that I&M is prudently managing the project. He noted that the Independent Monitor has also monitored the management of the Project and has concluded that I&M's management of the Project is reasonable. [Pet. Ex. 6, at pp. 7, 4-5]

Mr. Lies also discussed the importance of flexibility related to management of the LCM Project. He noted that flexibility allows I&M to continue its rigorous management of the Project by ensuring it is implementing the most cost-effective and comprehensive solutions. He emphasized that I&M has been very transparent and forthright in all aspects of the Project, including justifications for why some sub-projects have been pushed out or are no longer necessary to achieve the Project's objective of enabling the Cook Plant to continue to operate in its extended license life span in a safe and reliable manner. He stated that the flexibility to reprioritize, change scope, shift sub-projects between years, defer sub-projects, inactivate sub-projects, and move costs between sub-projects is necessary to ensure the best cost benefit of the Project. He emphasized

that project management of the LCM Project is dynamic, and I&M needs to have the flexibility to manage the LCM Project in a manner that will allow the Company to achieve the Project's objectives. [Pet. Ex. 6, at pp.5-6]

Mr. Lies concluded his testimony by explaining that I&M determines what is the most prudent course of action for the LCM Project and its customers. This not only reduces costs, it also eliminates unnecessary risks to the Plant. He emphasized that I&M will continue to manage the Project and individual sub-projects properly and consistent with recognized project management processes. I&M's performance will continue to be reviewed by the Independent Monitor and its findings will be reported to the Commission. I&M will also continue to interact with the OUCC openly and transparently so that the OUCC can likewise monitor I&M's management of the Project. [Pet. Ex. 6, at pp. 6-7]

5. Ratemaking and Accounting Issues.

A. Petitioner's Case-in-Chief Evidence. I&M presented testimony of Michael R. Whitmore and John W. Morgan in support of its proposed LCM 10 Rider rates and charges.

Mr. Whitmore testified concerning the LCM 10 revenue requirements, providing an overview of the ratemaking relief I&M is seeking in this Cause and total LCM 10 revenue requirements, specifically supporting the LCM 10 Rider revenue requirement for calendar year 2021 (the "forecast period") and the reconciliation of actual revenues and costs incurred during the period July 1, 2019 through June 30, 2020 ("the reconciliation period"). Mr. Whitmore's testimony demonstrated that, net of the reconciliation period revenue requirement, Petitioner's proposed LCM 10 Rider revenue requirement for the forecast period is (\$319,096). Mr. Whitmore's testimony stated that I&M is requesting to include in the LCM Rider a \$1,737,551 over-recovery of LCM costs during the Reconciliation Period. Mr. Whitmore's testimony also addressed how the final order in Petitioner's most recent base rate case (Cause No. 45235) impacts the LCM 10 Rider rates. [Pet. Ex. 2, at pp. 2-4; Attachment 1, at p. 14]

Mr. Whitmore's testimony explained the components of the Indiana jurisdictional revenue requirement, consisting of depreciation, property tax, financing, and independent monitoring expenses, to the extent not reflected in base rates. He explained that, as a result of the final order in Cause No. 45235, LCM Project costs placed in service before January 1, 2020, and reflected in the cost of service approved in Cause No. 45235, were removed from the LCM Rider and included in base rates in March 2020. Additionally, LCM Project costs expected to be placed in service before January 1, 2021, that will be reflected in base rates in the Company's Phase II rates in Cause No. 45235, were removed from LCM 10 revenue requirements. Finally, composite depreciation rates, Petitioner's weighted average cost of capital, and the jurisdictional demand factor used to allocate LCM Project costs to retail customers were updated consistent with the order in Cause No. 45235. [Pet. Ex. 2, at pp. 3-6]

Mr. Morgan testified with respect to the Company's calculation of the LCM Rider ("LCMR") and explained the methodology for updating the LCMR annually. Mr. Morgan also testified concerning the resulting rate impacts on I&M's Indiana retail customers. [Pet. Ex. 3, at p. 2]

Mr. Morgan explained how the proposed LCMR rates were calculated. He testified that the jurisdictional LCM Rider costs are allocated to customer classes based upon the demand and energy allocation methods approved by the Commission in Cause No. 45235, which included the tariff class CP-per-kWh ratio method for determining the demand allocation. He noted that all costs in this filing are demand related. Consistent with the rate design methodologies established in Cause No. 45235, once the costs are allocated to each tariff class, an energy rate is calculated using the forecast 2021 billing energy for that class. In addition, demand charges are calculated for the Large General Service and Industrial Power tariff classes based upon the projected class billing demand for the projected period of calendar year 2021. Mr. Morgan testified that an average residential customer using 1,000 kWh of electricity per month would see a monthly rate decrease of \$0.05 or 0.0%. [Pet. Ex. 3, at pp. 2-4]

B. OUCC's Case-in-Chief Evidence. Michael D. Eckert, Assistant Director of the Electric Division for the OUCC, testified on behalf of the OUCC concerning ratemaking issues in this proceeding. Mr. Eckert explained that he performed a detailed review of I&M's calculations and supporting documentation for its LCM 10 Rider. Mr. Eckert testified that I&M proposed and filed a reconciliation mechanism in this proceeding, and incurred actual incremental costs less than amounts collected in LCM Rider revenue, resulting in a variance of (\$319,096). The Company will credit its customers this variance over a twelve-month period (approximately January 1, 2021 through December 31, 2021). He stated that I&M used a 9.70% return on equity ("ROE") in its weighted cost of capital as required by the order in Cause No. 45235. Mr. Eckert also testified that he reviewed a May 2020 bill to ensure that I&M correctly implemented the LCM 9 Rider rates. [Public's Ex. 2, at pp. 1-5]

Mr. Eckert confirmed that I&M does not seek approval for LCM Project cost increases in the current proceeding, and that I&M has included a completion schedule. Mr. Eckert further confirmed that I&M has engaged an Independent Monitor for the LCM Project and that costs associated with such Independent Monitor are included in the LCM Rider rate calculation. Mr. Eckert stated that I&M is continuing to file its LCM Rider annually (with Independent Monitor reports filed every six months) as directed by the Commission in the LCM 5 case. Mr. Eckert concluded his testimony by stating that I&M's LCM 10 filing has been prepared in accordance with the Commission's Orders in Cause Nos. 44182, 44182 LCM 5, and 45235, and the proposed change to the LCM Rider factor complies with the Rider approved by the Commission. [Public's Ex. 2, at pp. 6-8]

6. Commission Discussion and Findings.

A. Ongoing Review Progress Report. The LCM Order approved an ongoing review process for the LCM Project. The Commission noted its expectation that any transparency and auditability issues could be addressed through cooperation, collaboration, and the use of both ongoing review proceedings and an independent third-party monitor. I&M was directed to provide specific LCM Project information to the Commission and parties at six-month intervals in ongoing review reports. The Commission's goal in approving this process was to remain apprised of changes and events to allow for proactive action if necessary due to any major changes or problems. LCM Order at 62.

In this proceeding, I&M filed its Tenth Ongoing Review Progress Report proceeding related to the LCM Project. Mr. Lies submitted several attachments and data related to sub-project updates as required by the Commission in the LCM Order. The third-party Independent Monitor presented testimony that I&M is being cooperative in providing the information it needs to make its assessments, and that I&M's Project Team appears to have strong managerial control over all aspects of the LCM Project. The Independent Monitor also provided an overall briefing on the LCM Project and an update on sub-project cost variances. Specifically, the Independent Monitor testified that the sub-projects were well managed and that any cost variances were justified and were clearly documented.

The OUCC raised one concern in this proceeding -- a concern that, on a sub-project basis, the LCM Project was costing customers more than originally estimated. With regard to the OUCC's concern about costs, we note that I&M has presented evidence that it continues to expect the LCM Project to be completed within its original approved estimated cost. I&M's customers should expect to receive a safe and reliable life extension of the Cook Plant, and I&M continues to indicate that it is on track to deliver this. Moreover, the evidence from both I&M and the Independent Monitor demonstrates that I&M is prudently managing the Project. While we appreciate the OUCC's close monitoring of this Project, we conclude that the LM Project objective is being achieved within the approved LCM Project cost estimate.

Accordingly, based on the evidence presented, including the information provided by Mr. Lies and the third-party Independent Monitor, and taking into consideration the OUCC's testimony and concerns, we find that the Company has adequately satisfied the information reporting requirements to the Commission for purposes of these review proceedings as specified in the LCM Order. Accordingly, we approve I&M's Tenth Ongoing Review Progress Report.

B. Approval of LCM 10 Rider Rates. I&M's proposed rate adjustment factors were presented in Mr. Morgan's testimony, Attachments JWM-1 and JWM-2, and were explained and supported by Company witnesses Whitmore and Morgan. The evidence presented by the Company shows that the proposed rate adjustment factors were calculated in accordance with the LCM Order and accurately reflect actual costs from the reconciliation period, expected costs for the forecast period, and a reconciliation of actual costs with actual collected revenues. The OUCC agreed that the proposed rate adjustment factors were calculated in compliance with the applicable Commission Orders. Based on the evidence presented, we find that I&M's proposed LCM 10 Rider rates are reasonable and should be approved. As a condition of this approval, I&M shall reconcile its forecasted costs to actual costs in future LCM rate adjustment proceedings, as contemplated by the LCM Rider and Ind. Code ch. 8-1-8.8.

7. Petitioner's Request for Confidential Treatment. On September 21, 2020, I&M filed a Motion for Protection of Confidential and Proprietary Information ("Motion"), supported by affidavits. The affidavits set forth facts demonstrating the information to be submitted ("Confidential Information") constitutes a trade secret and the steps taken by I&M to protect the Confidential Information from disclosure. On November 16, 2020, the Presiding Officers issued a Docket Entry granting confidential treatment to the Confidential Information on a preliminary basis. Having reviewed the information, we find that the Confidential Information constitutes a

trade secrets and should continue to be afforded confidential treatment by the Commission and exempted from public disclosure pursuant to Ind. Code §§ 8-1-2-29 and 5-14-3-4(a)(4).

IT IS THEREFORE ORDERED BY THE INDIANA UTILITY REGULATORY COMMISSION that:

1. Petitioner's Tenth Ongoing Review Progress Report is approved.
2. Petitioner is authorized to charge its proposed LCM 10 Rider rates, using the factors shown on Petitioner's Exhibit 3, Attachments JWM-1 and JWM-2, until such rates are adjusted in a future LCM Rider proceeding. Prior to implementing the authorized rate adjustment, Petitioner shall file the applicable rate schedules under this Cause for approval by the Commission's Energy Division.
3. The confidential information presented in this proceeding is found to be confidential and trade secret, exempted from public access, and will continue to be held as confidential by the Commission.
4. Petitioner is authorized to adjust its authorized net operating income for purposes of the fuel adjustment clause earnings test to reflect LCM Project earnings.
5. This Order shall be effective on and after the date of its approval.

HUSTON, FREEMAN, KREVDA, OBER, AND ZIEGNER CONCUR

APPROVED:

**I hereby certify that the above is a true
and correct copy of the Order as approved.**

**Mary M. Becerra
Secretary to the Commission**