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**INDIANA UTILITY
REGULATORY COMMISSION**

I&M Exhibit: _____

Cause No. 45576

INDIANA MICHIGAN POWER COMPANY

PRE-FILED VERIFIED DIRECT TESTIMONY

OF

STEPHEN HORNYAK

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**DIRECT TESTIMONY OF STEPHEN HORNYAK
ON BEHALF OF
INDIANA MICHIGAN POWER COMPANY**

I. Introduction of Witness

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

2 My name is Stephen Hornyak and my business address is 1 Riverside Plaza,
3 Columbus, OH 43215.

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

5 I am employed by American Electric Power Service Corporation (AEPSC) as a
6 Regulatory Consultant Principal in the Regulated Pricing and Analysis
7 Department. AEPSC supplies engineering, accounting, planning, advisory, and
8 other services to the subsidiaries of the American Electric Power (AEP) system,
9 one of which is Indiana Michigan Power Company (I&M or the Company).

10 **Q3. What are your responsibilities as Regulatory Consultant Principal?**

11 My responsibilities include preparation of cost-of-service studies, rate design
12 and tariff provisions for the AEP operating companies, as well as other projects
13 related to regulatory issues and proceedings, individual customer requests, and
14 general rate matters.

15 **Q4. Briefly describe your educational background and professional
16 experience.**

17 I received a Bachelor of Arts degree in Industrial Management from Capital
18 University in 1992. I attended the Advanced Regulatory Studies Program at
19 Michigan State University in 2015. In September 2000, I joined AEPSC as an
20 Information Technology Software Developer in Columbus, Ohio. In September

1 2007, I joined the Commercial Operations Financial Analysis group as a
2 Commercial Analyst. In 2011, this group merged with Regulatory Services,
3 where I served as a Regulatory Consultant in the Contracts and Analysis
4 Department. I accepted my current position of Regulatory Consultant Principal in
5 the Regulated Pricing and Analysis Department in February 2018.

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

7 Yes. I have submitted testimony before the Indiana Utility Regulatory
8 Commission (Commission) on behalf of I&M in the following cases:

- 9 • Cause No. 43774 – PJM 9 & 10
- 10 • Cause No. 44871 – ECR 3 & 4
- 11 • Cause No. 43827 – DSM 9

12 **Q6. Please summarize your testimony.**

13 My testimony describes the class cost-of-service allocation study for the Test
14 Year and presents the resulting class-by-class rates of return.

15 The cost allocation methods used to prepare the study meet the criteria
16 identified in my testimony and assign costs based on Commission approved
17 cost causations approaches. The class cost-of-service study equitably allocates
18 costs among the customer classes based on contributions to demand and
19 energy levels and number of customers.

20 Company witness Fischer explains that the results of the study help guide the
21 allocation of the proposed changes in sales revenue to each customer class.

II. Purpose of Testimony

1 **Q7. What is the purpose of your testimony?**

2 The purpose of my testimony is to support and describe the development of the
3 Company's class cost-of-service study, which allocates the total Indiana retail
4 jurisdiction rate base, revenues, and expenses to each rate schedule.

5 The cost allocation methodology used in the class cost-of-service study assigns
6 costs among the customer classes in a fair and equitable manner based on
7 principles of cost causation. Customers who cause costs to be incurred are
8 allocated such costs in the Company's class cost-of-service study.

9 **Q8. What is the test period used to prepare the class cost-of-service study in**
10 **this proceeding?**

11 The test period used to develop the class cost-of-service study in this
12 proceeding is the twelve-month period ending December 31, 2022 (Test Year).

13 **Q9. Are you sponsoring any attachments?**

14 Yes, I am sponsoring the following attachment:

- 15
 - Attachment SH-1: Test Year Class Cost-of-Service Study

16 **Q10. Are you sponsoring any workpapers?**

17 Yes, I am sponsoring the following workpapers:

- 18
 - WP-SH-1: Class Cost-of Service Study- Proposed Equalized Rate of

19 Return (ROR)

 - WP-SH-2: Class Cost-of Service Study- Allocation Factors

20

 - WP-SH-3: Class Cost-of Service Study- Allocators

21

- 1 • WP-SH-4: Class Cost-of Service Study- Test Year Transmission and
- 2 Subtransmission
- 3 • WP-SH-5: Class Cost-of-Service Study Inputs
- 4 • WP-SH-6: Customer and Demand Allocation Factors
- 5 • WP-SH-7: Revenue Allocation Factors
- 6 • WP-SH-8: Revenue Allocation String
- 7 • WP-SH-9: Number of Customers- Allocation Factors
- 8 • WP-SH-10: Coincident Peak Demands at Time of Generation,
- 9 Transmission, Subtransmission and Distribution System Peaks
- 10 • WP-SH-11: Class Peak Data
- 11 • WP-SH-12: Allocation of Account 903
- 12 • WP-SH-13: Meter Reading Expense- Account 902
- 13 • WP-SH-14: Calculation of Meter Allocator
- 14 • WP-SH-15: Calculation of FORT Allocator and Calculation of CUST_451
- 15 Allocator
- 16 • WP-SH-16: Account 364- Poles, Account 365- Overhead Conductors,
- 17 Account 367- Underground Conductors and Account 368- Transformers
- 18 • WP-SH-17: Class Cost-of Service Study- Phase-In
- 19 • WP-SH-18: Proposed Equalized ROR- Phase-In
- 20 • WP-SH-19: Class Cost-of Service Study- Allocation Factors- Phase-In
- 21 • WP-SH-20: Class Cost-of Service Study- Allocators- Phase-In

22 **Q11. Were the workpapers and attachment that you sponsor prepared by you or**
23 **under your direction or supervision?**

24 Yes.

III. Overview of Class Cost-of-Service Studies

1 **Q12. Briefly describe the nature and purpose of a cost-of-service study.**

2 Cost studies are utilized to determine the revenue requirement for the services
3 offered by the utility and to determine the costs that different classes of
4 customers cause costs to be incurred on the utility system.

5 A cost-of-service study is a basic analytical tool used in traditional utility rate
6 design. When all of the jurisdictional costs are allocated to the various customer
7 classes, the result is a fully allocated class cost study that is a guide in
8 establishing rates based on costs.

9 **Q13. Please describe how you prepared the class cost-of-service study.**

10 Attachment SH-1 was used to prepare the class cost-of-service study. This
11 spreadsheet permits the analyst to use two types of allocation factors – those
12 which are generated externally and input to the program and those which are
13 developed internally as a result of the allocation process.

14 An example of an external allocation factor would be the total number of
15 secondary customers served at distribution level (DIST_SERV). An example of
16 an internal factor would be the rate base gross utility plant electric plant in
17 service distribution allocation factor (RB_GUP_EPIS_D).

18 **Q14. What is the source of the data used in a cost-of-service study?**

19 A jurisdictional allocation of rate base, revenue, and expenses was prepared for
20 the forecasted Test Year by Company witness Duncan. The Indiana retail rate
21 base and expense components and revenues were then assigned to the various
22 customer classes using the standard three-step process to assign costs:
23 functionalization, classification, and allocation.

1 **Q15. Please describe the functionalization process.**

2 Once the relevant data is gathered, the costs are then separated by major
3 electric system functions. Typically, functions in an electric utility are:

- 4 • *Production and Purchased Power Costs* - includes the costs associated
5 with power generation and power purchases and their delivery to the bulk
6 transmission system.
- 7 • *Transmission Costs* - consists of costs associated with the high voltage
8 system utilized for the transmission of power to and from interconnected
9 utilities to the load centers of the utility's system.
- 10 • *Distribution Costs* - includes the distribution system that connects the
11 transmission system and the ultimate customer.
- 12 • *Customer Service Costs* - includes the costs associated with providing
13 meter reading, billing and collection, and customer information and
14 services.
- 15 • *Administrative and General (A&G) Costs* - comprised of administrative
16 costs that may not be directly assignable to other cost functions. These
17 costs include such items as salaries, insurance, and administrative costs.

18 **Q16. Please describe the classification process.**

19 The second step is to separate the functionalized costs into the following
20 classifications:

- 21 • Demand costs (costs that vary with the demand or kW/kVa imposed by
22 the customer).
- 23 • Energy costs (costs that vary with the number of kilowatt hours used by
24 the customer).
- 25 • Customer costs (costs that are directly related to the number of
26 customers served).

1 *Figure SH-1* shows the typical classifications used in cost-of-service studies:

Figure SH-1. Cost Classification

<u>Function</u>	<u>Classification</u>
Production	Demand, Energy
Transmission	Demand
Distribution	Demand, Customer
Customer Service	Customer
Administrative & General	Demand, Customer, Energy

2 Production plant costs, such as depreciation and return on investment, are
3 considered to be demand-related costs because costs of this nature are
4 incurred regardless of the amount of energy consumed or the number of
5 customers served. Some production costs, such as fuel costs and certain
6 production operation and maintenance (O&M) expenses, are energy-related
7 because they vary with the quantity of electricity produced.

8 Transmission costs are classified as demand-related costs because they are
9 fixed costs, do not vary with energy usage, and do not directly change with the
10 number of customers utilizing the transmission system.

11 Generally, the distribution system costs are affected either by the instantaneous
12 peak demand imposed on the distribution facilities or by the number of
13 customers served. Demand-related distribution costs typically vary with the size
14 of the electrical load served, while customer-related distribution costs vary
15 based on the number of customers receiving the service.

16 Customer service costs are primarily related to the number of customers. The
17 classification process provides a basis on which to allocate different categories
18 of costs (demand, energy, or customer costs) to the Company's classes.

1 **Q17. Please describe the allocation process.**

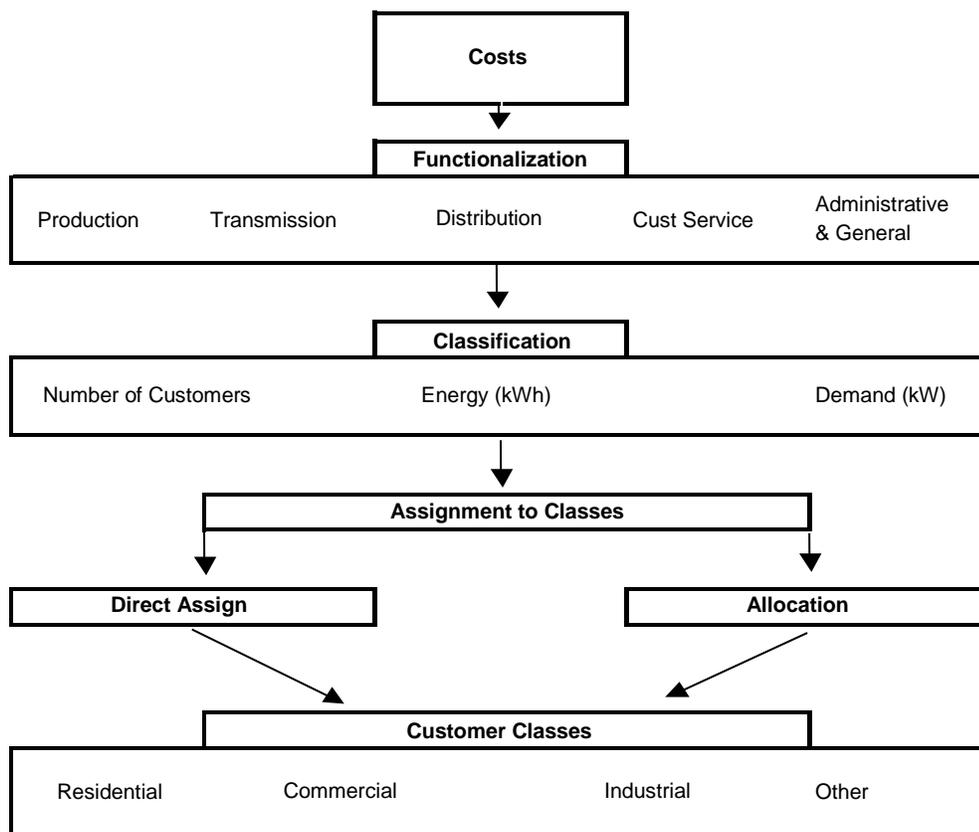
2 The third and final step is to allocate these costs among the classes of
3 customers based on how the costs are incurred for each class. Customer
4 classes are determined and grouped according to the nature of service
5 provided, voltage level, and the load usage characteristics. In general, the five
6 principal customer classes are residential, commercial, industrial, outdoor
7 lighting, and street lighting.

8 The allocation process involves dividing the functionalized and classified costs
9 among the customer classes. The objective in this process is to determine a
10 reasonable, appropriate, and understandable method to assign the costs. Some
11 costs are directly assignable to a single class, or even a single customer. For
12 instance, the equipment used wholly for public street and highway lighting are
13 directly assigned to the street lighting class.

14 Most costs, however, are attributable to more than one customer class. These
15 are joint costs and must be allocated to customers by an allocation methodology
16 that is based on the manner in which the costs are caused by the different
17 customers. The joint costs are incurred based on the capacity demanded, the
18 energy used, or the number of customers.

1 *Figure SH-2* illustrates how costs are allocated to customer classes.

Figure SH-2. Example of Cost Allocation



2 In *Figure SH-2*, costs are functionalized into production, transmission,
 3 distribution, customer service, and A&G. Some of these costs can be directly
 4 assigned to a customer class as mentioned previously. The remaining joint
 5 costs are incurred based on the number of customers, the energy used, or by
 6 the capacity demanded.

7 In many instances, the classification process will lead to an allocation
 8 methodology. For example, costs associated with the customer call center will
 9 vary with the number of customers, so those costs associated with maintaining

1 and staffing the customer call center are allocated to the classes based on a
2 weighted number of customers.

3 A weighted number of customers allocation factor is developed by multiplying
4 the number of customers in each class by a factor representing the difference in
5 cost associated with providing that service to different types of customers.

6 Similarly, the cost of fuel varies by the number of kilowatt hours consumed and,
7 therefore, is allocated based on the proportion of total energy used by a
8 customer class.

9 When this process is completed and all of the costs are allocated to the
10 customer classes, the result is a fully allocated cost-of-service study that
11 establishes cost responsibility and the Test Year rate of return earned from each
12 class, making it possible to determine the rates each class of customer should
13 pay based on costs that are just and reasonable.

14 **Q18. What criteria must be established to ensure that the allocation of costs to**
15 **the customers is appropriate?**

16 Generally, the following criteria should be used to determine the
17 appropriateness of an allocation method:

- 18 • The method should match customer benefit from the use of the system
19 with the appropriate cost responsibility for the system.
- 20 • The method should reflect the planning and operating characteristics of
21 the utility's system.
- 22 • The method should recognize customer class characteristics such as
23 energy usage, peak demand on the system, diversity characteristics,
24 number of customers, etc.
- 25 • The method should produce stable results on a year-to-year basis.

1 **Q19. Does the allocation method employed by the Company meet these**
2 **objectives?**

3 Yes, it does. The allocation methodology utilized in the Company's cost-of-
4 service study was chosen while considering each of the criteria listed above.

5 The results of the cost-of-service study for the forecast period can be relied
6 upon to determine the appropriate revenue requirement for I&M's customer
7 classes.

IV. Allocation of Components of Rate Base

8 **Q20. Please describe the allocation of production electric plant in service.**

9 From the jurisdictional separation study, as prepared by Company witness
10 Duncan, Electric Plant in Service is identified and functionalized into production,
11 transmission, distribution, intangible plant, and general plant.

12 Production plant is classified as demand-related and is allocated using the
13 production demand allocation factor (PROD_DEMAND). The production
14 demand allocation factor assigns costs based on the class contribution to the
15 average of I&M's six monthly coincident peaks on the production facilities.

16 **Q21. Please briefly describe Coincident Peak (CP) Cost Allocation method and**
17 **what CP demand allocator the Company is proposing in this proceeding?**

18 CP cost allocation refers to the process of determining each class's hourly
19 contribution to the Company's monthly peak demand. The Company is
20 proposing to continue using the 6 CP demand allocator, consistent with the 6
21 CP methodology found appropriate in I&M's last three basic rate cases (Cause
22 Nos. 45235, 44967, and 44075).

1 More specifically, the six months that were used to derive the production,
2 transmission, and primary distribution demand allocation factors were the three
3 summer months of June, July, and August and the three winter months of
4 December, January, and February for the Test Year.

5 **Q22. Is the 6 CP demand allocator the most appropriate demand allocator to**
6 **assign demand-related costs among the customer classes in this**
7 **proceeding?**

8 Yes. The 6 CP is the most appropriate demand allocator considering the load
9 profile during the Test Year continues to reflect six monthly peaks, three during
10 the summer and three during the winter. Coincident peak load data is provided
11 in WP-SH-10.

12 The importance of these six months is that Company engineers plan and size
13 equipment (e.g., poles, lines, and transformers) to meet customers' maximum
14 expected demand on those facilities during the peak months in the summer and
15 winter. The benefit of the 6 CP demand allocator is that each customer class is
16 being allocated their fair share of demand costs based on their contributions to
17 the average of the six monthly peaks during the Test Year.

18 **Q23. Please explain why it is reasonable to utilize a different demand allocator**
19 **in the class cost-of-service study from what is used in a jurisdictional**
20 **separation study.**

21 For class cost-of-service, one must consider the individual retail class load
22 shapes in addition to the jurisdictional load shape. It is the combination of the
23 variability of the load shapes by class and the seasonality of the retail class load
24 shapes that supports the Company's proposed 6 CP demand allocator as the
25 best method to allocate demand costs among the customer classes.

1 **Q24. How were the portions of the transmission plant allocated?**

2 The functional components of transmission plant were obtained directly from the
3 jurisdictional study and are classified as demand-related; the functional
4 components were then allocated to the classes based on their contribution to
5 the average of the six monthly peak demands on the power supply transmission
6 (BULK_TRANS) and sub-transmission systems (SUB_TRANS), respectively.

7 Generator step-up transformers are included in transmission plant based on the
8 FERC accounts, but are separately identified and allocated using the production
9 demand allocation factor since they are related to the production function.

10 **Q25. How are transmission costs and revenues treated in your cost-of-service**
11 **study?**

12 As explained by Company witness Fischer and consistent with the previous
13 three rate cases, the Company's traditional cost of transmission, net of the
14 revenue the Company receives from PJM as a transmission owner, have been
15 removed from the cost of service.

16 WP-SH-4 and Attachment JLF-1 calculates in total the transmission owner cost
17 and revenue adjustment, while WP-JLF-3 determines the transmission owner
18 cost and revenue adjustment for each customer class for revenue allocation
19 purposes. The transmission costs that remain in the class cost-of-service study
20 are those related to I&M's role as a PJM Load Serving Entity as reflected in the
21 jurisdictional cost-of-service study.

22 **Q26. How were the portions of distribution plant allocated?**

23 Distribution plant is classified as demand- and customer-related and allocated to
24 the customer classes using factors based on demand levels or number of
25 customers. Distribution plant Accounts 360 through 368 were classified solely as
26 demand-related for class allocation purposes. Accounts 360 (Land and Land

1 Rights), Account 361 (Structures and Improvements), and Account 362 (Station
2 Equipment) were allocated to the distribution customer classes based on their
3 contributions to the average of I&M's six monthly peak demands on the primary
4 distribution system (DIST_CPD).

5 Costs included in Accounts 364 through 368 are incurred based on peak
6 demand; therefore, the costs included in these accounts should be classified as
7 demand-related and allocated using I&M's demand allocation factors. The
8 allocation of distribution plant continues to be an appropriate method due to its
9 foundation in cost-causation.

10 Accounts 364 through 367, Overhead and Underground Lines, are split into
11 primary and secondary voltage functions based upon information contained in
12 the Company's records and the expertise of the Company's distribution
13 engineers. The primary portions of Accounts 364 through 367 were allocated
14 using the DIST_CPD, and the secondary component of Accounts 364 through
15 367 were allocated based on a combination of each class's 12-month maximum
16 demand and the summation of individual customers' annual maximum demands
17 (DIST_POLES, DIST_OHLINES, and DIST_UGLINES). This recognizes that
18 some secondary facilities serve only one customer, while others serve two or
19 more customers.

20 Account 368, Distribution Transformers and Devices, are split into primary and
21 secondary voltage functions based upon information contained in the
22 Company's records and the expertise of the Company's distribution engineers
23 as to the determination of the functional use of the equipment. The primary
24 portion of Account 368 – cutouts, arresters, capacitors, voltage regulators, and
25 network protectors – was allocated using the DIST_CPD allocator.

26 The secondary portion – primary-to-secondary transformers – is allocated using
27 the appropriate secondary voltage demand allocation factor, which is based on

1 a combination of each class's 12-month maximum demand and the summation
2 of individual customers' annual maximum demands (DIST_TRANSF).

3 Account 369, Services, was classified as customer-related and was allocated
4 using the average number of secondary customers served (DIST_SERV).

5 Account 370, Meter Plant, was allocated using the average number of
6 customers weighted by a factor that considers the cost differential of various
7 metering installations (DIST_METERS). Account 371 was directly assigned to
8 the outdoor lighting class (DIST_OL), and Account 373 was directly assigned to
9 the street lighting class (DIST_SL).

10 **Q27. Has the Company made the appropriate classification of distribution**
11 **plant?**

12 Yes. The Company is continuing to classify services and meters as customer-
13 related and classify primary and secondary poles, lines, and transformers as
14 demand-related as approved in Cause No. 45235.

15 This classification recognizes the standard engineering practice to plan the
16 distribution facilities to meet the maximum expected demand on the system, not
17 necessarily the number of customers being served by the facilities. It is more
18 appropriate to classify services and meters as customer-related since a single
19 service is required to serve each customer.

20 For other distribution facilities, a diversified mix of commercial and residential
21 customers will be served from those facilities. It is the customers' demand
22 placed on those facilities that drives the size and cost of the distribution facilities,
23 not the absolute number of customers served from those facilities.

24 The benefit of the Company's approach in classifying distribution plant is that
25 each customer class is being allocated its equitable share of distribution facilities
26 based on contributions to peak demand associated with Accounts 360-368, and
27 based on the number of customers with Accounts 369-373.

1 **Q28. How was the general and intangible portion of electric plant classified and**
2 **allocated?**

3 General and intangible plant investment was classified as labor-related. It was
4 allocated to the customer classes on the basis of a payroll labor allocator
5 (LABOR_M), constructed by first allocating the functional components of O&M
6 expense by the applicable class demand, energy, and customer allocation
7 factors, and then summing the allocated components by class to create a set of
8 labor expense ratios.

9 **Q29. Please describe the allocation of Accumulated Provision for Depreciation**
10 **and Amortization.**

11 The functionalized components of Accumulated Provision for Depreciation and
12 Amortization were obtained directly from the jurisdictional study and classified
13 and allocated in a fashion similar to Electric Plant in Service.

14 **Q30. Please describe the allocation of working capital.**

15 Fuel inventory and allowances were allocated using the energy allocation factor
16 (PROD_ENERGY). The energy allocation factor allocates costs based on the
17 loss adjusted class energy used during the period compared to the total energy
18 used by all classes. The functional components of material and supplies were
19 allocated on the corresponding plant items.

20 **Q31. How were the other rate base items allocated?**

21 The rate base elements of prepaid pension and OPEB expenses were allocated
22 on O&M labor expense. The individual components of other rate base items
23 were allocated as well using internally and externally derived allocation factors
24 deemed to best reflect the causative nature of that particular item.

V. Allocation of Revenues, O&M and A&G Expenses

1 **Q32. How were revenues developed for each class?**

2 Forecasted sales revenue was directly assigned to each class. Demand-related
3 system sales and interruptible sales revenues were allocated based on the
4 PROD_DEMAND allocation factor. Energy-related system sales and
5 interruptible sales revenues were allocated based on the PROD_ENERGY
6 allocation factor.

7 Forfeited discounts and miscellaneous service revenues were directly assigned
8 based on an analysis of accounting records.

9 The functional components of rent from electric property and other electric
10 revenue were obtained directly from the jurisdictional study and allocated to
11 classes based on corresponding functional plant ratios.

12 **Q33. Please describe the allocation of production O&M expense.**

13 Production-related O&M was classified as either demand- or energy-related in
14 the jurisdictional study. The demand component was allocated using the
15 production demand allocation factor (PROD_DEMAND) and the energy
16 component was allocated using the energy allocation factor (PROD_ENERGY).

17 **Q34. Please describe the allocation of transmission O&M.**

18 The functional components of transmission-related O&M were obtained directly
19 from the jurisdictional study and classified as demand-related and allocated
20 using the transmission demand allocation factor (TRAN_TO). O&M expense
21 associated with generator step-up transformers was separately identified and
22 allocated using the production demand allocation factor (PROD_DEMAND).

1 **Q35. Please describe the allocation of distribution O&M between the various**
2 **customer classes.**

3 Distribution O&M expenses were functionalized and classified according to the
4 associated distribution plant accounts and allocated accordingly.

5 Account 581, Load Dispatching, and Account 582, Station Expenses, were
6 allocated using the distribution demand allocation factor (DIST_CPD). Account
7 583, Overhead Line Expense, was allocated based upon the same allocation
8 used for plant Account 365, Overhead Lines (DIST_OHLINES).

9 Account 584, Underground Line Expense, was allocated based upon the same
10 allocation used for plant Accounts 366, Underground Conduit, and Account 367,
11 Underground Lines (DIST_UGLINES).

12 Account 585, Street Lighting and Signal System Expense, was classified as
13 customer-related and directly assigned to the street lighting class. Meter
14 Expense, Account 586, was classified as customer-related and allocated in the
15 same manner as meter plant. Account 587, Customer Installation Expense, was
16 classified as customer-related and allocated based on primary customers
17 (DIST_PCUST).

18 Accounts 588 and 589 were allocated on total distribution plant and classified
19 accordingly. Account 580, Operation Supervision and Engineering, was
20 classified demand- and customer-related and allocated using the allocated
21 subtotal of Accounts 581 through 589.

22 Account 591, Maintenance of Structures, and Account 592, Maintenance of
23 Station Equipment, were classified as demand-related and allocated on the
24 distribution demand allocation factor DIST_CPD. Account 593, Maintenance of
25 Overhead Lines, Account 594, Maintenance of Underground Lines, and Account
26 595, Maintenance of Line Transformers, were functionalized and classified
27 according to the associated distribution plant accounts and allocated
28 accordingly.

1 Account 596, Maintenance of Street Lighting and Signal Systems, was classified
2 customer-related and directly assigned to the street lighting class. Account 597,
3 Maintenance of Meters, was classified customer-related and allocated in the
4 same manner as meter plant. Account 598, Maintenance of Miscellaneous
5 Distribution Plant, was classified customer-related and directly assigned to the
6 outdoor lighting class. Account 590, Maintenance Supervision and Engineering,
7 was classified and allocated based on the sum of the allocated O&M expense
8 Accounts 591 through 598.

9 **Q36. Please explain how customer accounting (Accounts 901-905), customer**
10 **services, and sales expense (Accounts 907-912) were allocated?**

11 Account 902, Meter Reading Expense, was allocated to those classes with
12 meter installations based upon an average number of customers weighted to
13 reflect differences in meter reading requirements.

14 Customer Records Expense, Account 903 was divided into two categories of
15 cost which included the call center and other. Call center costs were first split
16 into residential and other based on the actual number of calls received by the
17 call center and then other call center expenses were allocated based on the
18 number of customers.

19 Account 904, Uncollectibles, was allocated based on revenue for each class.
20 Accounts 901 and 905 were allocated based on the sum of the allocated
21 Accounts 902, 903, and 904. Accounts 907-912 were allocated using the
22 allocated total of Accounts 901-905. All customer accounting, customer
23 services, and sales expense accounts were classified as customer-related.

24 **Q37. Please describe the allocation of A&G expense.**

25 The regulatory expense associated with the Nuclear Regulatory Commission
26 (NRC) was allocated based on the production demand allocation factor.

1 The functional components of property insurance were taken directly from the
2 jurisdictional study and allocated based on the appropriate plant allocation
3 factor. The regulatory expense associated with retail rate case proceedings and
4 all other A&G expenses were allocated based on payroll labor.

VI. Allocation of Depreciation, Taxes and Other O&M Expenses

5 **Q38. Please describe the allocation of depreciation and amortization expense.**

6 The functionalized components of depreciation and amortization expense were
7 allocated using the corresponding plant items.

8 **Q39. How were other O&M and regulatory expense items allocated?**

9 The functional components of regulatory debit and credit expense were obtained
10 directly from the jurisdictional study and allocated using the appropriate plant
11 allocation factor. Electric Plant in Service Accretion expenses are allocated to
12 the appropriate Distribution and Production factors. Line of Credit expenses
13 assigned to rate base and Factoring expenses allocated to revenue sales.

14 **Q40. How were taxes assigned to the retail classes?**

15 Individual other tax items were allocated and classified using the appropriate
16 demand, revenue, or plant allocator.

17 Interest expense was calculated on rate base and individual Schedule M items
18 were allocated using the appropriate allocators. State and current Federal
19 income taxes were computed by class. Deferred Federal Income Tax and
20 Deferred Investment Tax Credit were allocated using the appropriate allocation
21 factors.

VII. Earned Returns

1 **Q41. Please summarize the resulting earned rate of return for each class shown**
 2 **in the class cost-of-service study.**

3 *Figure SH-3* shows the resulting earned rates of return for the class cost-of-
 4 service study in Attachment SH-1.

Figure SH-3. Rates of Return for Classes in Projected Class Cost of Service Study

Residential	4.48%
General Service	6.55%
Large General Service	3.39%
Industrial Power	4.51%
Municipal and School Service	4.75%
Water and Sewage Service	3.79%
Electric Heating General	4.31%
Irrigation Service	9.68%
Outdoor Lighting	9.02%
<u>Street Lighting</u>	<u>10.57%</u>
Total I&M Jurisdictional Class	4.52%

5 **Q42. How are these rates of return used in this proceeding?**

6 Company witness Fischer utilized the earned rates of return for each class as an
 7 input for the allocation of the revenue increase required for each class.

VIII. PRA Class Cost-of-Service Study

8 **Q43. Please describe the additional cost-of-service study you completed related**
 9 **to the Phase-In Rate Adjustment (PRA) mechanism.**

10 In addition to the Test Year class cost-of-service study (Attachment SH-1)
 11 developed in this filing, I performed an additional class cost-of service study in
 12 support of the Company's proposed PRA mechanism, which is supported by

1 Company witness Seger-Lawson. This additional cost-of service study is
2 displayed in WP-SH-17. The workpaper utilizes as its inputs the PRA
3 jurisdictional separation study prepared by Company witness Duncan.

4 **Q44. How did you complete this additional cost-of-service study in support of**
5 **the PRA?**

6 I prepared the additional cost-of-service study shown on WP-SH-17 in a manner
7 consistent with the Test Year class cost-of-service study displayed in
8 Attachment SH-1. The difference between this additional study and Attachment
9 SH-1 are due to the different inputs provided by the jurisdictional separation
10 studies supported by Company witness Duncan.

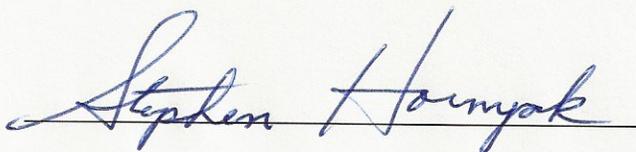
11 **Q45. Does this conclude your pre-filed verified direct testimony?**

12 Yes.

VERIFICATION

I, Stephen Hornyak, Regulatory Consultant Principal for 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: June 28, 2021

A handwritten signature in blue ink that reads "Stephen Hornyak". The signature is written in a cursive style and is positioned above a horizontal line.

Stephen Hornyak

INDIANA MICHIGAN POWER COMPANY - INDIANA
CLASS COST-OF-SERVICE STUDY
FORECAST TWELVE MONTHS ENDING DECEMBER 31, 2022

Indiana Michigan Power Company
 Witness: Hornyak
 Attachment SH-1
 Page 1 of 5

Label	Constant	Allocation Factor	Function	Total Retail	RS	Total GS	Total LGS	Total IP	MS	Total WSS	EHG	IS	OL	SL
				1	2				14		18	19	20	21
Rate Base														
P-T-D Plant in Service														
Production														
Demand	3,265,574,990	PROD_DEMAND	TOTAL	3,265,574,990	1,364,820,777	338,191,635	750,992,195	775,213,216	6,638,124	27,128,875	1,520,302	314,184	300,300	455,383
GSU	41,483,895	PROD_DEMAND	TOTAL	41,483,895	17,337,860	4,296,183	9,540,152	84,327	344,629	19,313	3,991	3,815	3,815	5,785
Total	3,307,058,885		TOTAL	3,307,058,885	1,382,158,637	342,487,817	760,532,347	785,061,057	6,722,451	27,473,504	1,539,615	318,175	304,115	461,168
Transmission														
Transmission	1,287,833,242	TRAN_TO	TOTAL	1,287,833,242	539,952,421	133,120,954	292,342,905	307,436,464	2,563,907	10,829,049	585,034	119,422	354,882	528,206
Total	1,287,833,242		TOTAL	1,287,833,242	539,952,421	133,120,954	292,342,905	307,436,464	2,563,907	10,829,049	585,034	119,422	354,882	528,206
Distribution														
360 Land and Land Rights	23,763,627	DIST_CPD	TOTAL	23,763,627	11,512,300	2,470,222	5,563,725	3,925,945	44,881	191,269	11,000	2,274	16,938	25,073
361 Structures and Improvements	38,190,130	DIST_CPD	TOTAL	38,190,130	18,501,226	3,969,853	8,941,370	6,309,320	72,127	307,386	17,679	3,654	27,220	40,295
362 Station Equipment	463,306,767	DIST_CPD	TOTAL	463,306,767	224,449,173	48,160,600	108,472,981	76,542,049	875,016	3,729,078	214,469	44,332	330,224	488,844
363 Storage Battery Equipment	5,606,730	DIST_POLES	TOTAL	5,606,730	2,984,330	626,328	1,242,633	673,996	12,344	40,055	2,897	1,661	9,629	12,858
364 Poles	295,451,430	DIST_POLES	TOTAL	295,451,430	157,261,788	33,004,871	65,481,603	35,516,802	650,453	2,110,723	152,679	87,534	507,401	677,576
365 Overhead Lines	454,570,703	DIST_OHLLINES	TOTAL	454,570,703	243,551,525	51,038,777	100,331,039	53,144,852	1,011,195	3,217,319	236,702	141,364	814,158	1,083,772
366 Underground Conduit	170,009,338	DIST_UGLINES	TOTAL	170,009,338	93,031,757	19,403,852	37,015,998	18,047,611	390,903	1,166,509	90,715	61,022	345,320	455,650
367 Underground Lines	300,056,681	DIST_UGLINES	TOTAL	300,056,681	164,195,689	34,246,681	65,331,103	31,852,994	689,921	2,058,821	160,107	107,699	609,471	804,196
368 Transformers	373,390,619	DIST_TRANSF	TOTAL	373,390,619	222,388,137	45,547,498	76,578,752	22,643,615	976,724	2,220,281	219,577	209,779	1,137,852	1,468,403
369 Services	195,442,042	DIST_SERV	TOTAL	195,442,042	162,775,706	20,542,843	2,124,815	29,469	121,645	169,001	53,660	26,559	9,174,957	423,387
370 Meters	125,628,718	DIST_METERS	TOTAL	125,628,718	87,950,300	25,548,443	9,001,576	1,700,111	296,600	468,133	133,003	85,282	-	445,540
371 Installations on Cust Premises	23,978,809	DIST_OL	TOTAL	23,978,809	-	-	-	-	-	-	-	-	23,978,809	-
373 Street Lighting	21,255,128	DIST_SL	TOTAL	21,255,128	-	-	-	-	-	-	-	-	-	21,255,128
Total	2,490,650,721		TOTAL	2,490,650,721	1,388,601,660	284,559,968	480,085,595	250,386,765	5,141,809	15,678,575	1,292,487	771,161	36,951,979	27,180,722
Total P-T-D Plant in Service	7,085,542,848		TOTAL	7,085,542,848	3,310,712,717	760,168,740	1,532,960,846	1,342,884,286	14,428,167	53,981,127	3,417,136	1,208,758	37,610,975	28,170,096
General & Intangible Plant	401,006,276	LABOR_M	TOTAL	401,006,276	185,078,441	41,382,843	85,069,274	83,838,540	774,416	3,089,857	181,398	49,113	1,143,009	399,385
Total Electric Plant in Service	7,486,549,124		TOTAL	7,486,549,124	3,495,791,158	801,551,583	1,618,030,120	1,426,722,825	15,202,583	57,070,985	3,598,534	1,257,871	38,753,984	28,569,481
Electric Utility Plant	7,486,549,124		TOTAL	7,486,549,124	3,495,791,158	801,551,583	1,618,030,120	1,426,722,825	15,202,583	57,070,985	3,598,534	1,257,871	38,753,984	28,569,481
Accum. Depreciation and Amortization														
Steam & Hydro	(378,432,319)	RB_GUP_EPIS_P	TOTAL	(378,432,319)	(158,162,741)	(39,191,458)	(87,028,998)	(89,835,859)	(769,261)	(3,143,839)	(176,181)	(36,409)	(34,800)	(52,772)
Nuclear	(1,107,967,400)	RB_GUP_EPIS_P	TOTAL	(1,107,967,400)	(463,066,055)	(114,744,052)	(254,801,949)	(263,019,828)	(2,252,230)	(9,204,477)	(515,819)	(106,598)	(101,888)	(154,506)
ARO Steam & Hydro	-	RB_GUP_EPIS_P	TOTAL	-	-	-	-	-	-	-	-	-	-	-
ARO Nuclear	-	RB_GUP_EPIS_P	TOTAL	-	-	-	-	-	-	-	-	-	-	-
GSU	(9,746,333)	RB_GUP_EPIS_P	TOTAL	(9,746,333)	(4,073,401)	(1,009,356)	(2,241,388)	(2,313,677)	(19,812)	(80,968)	(4,537)	(938)	(896)	(1,359)
Transmission	(327,252,885)	TRAN_TO	TOTAL	(327,252,885)	(137,207,972)	(33,827,529)	(74,287,614)	(78,123,057)	(651,518)	(2,751,783)	(148,664)	(30,347)	(90,179)	(134,223)
Distribution	(663,852,963)	RB_GUP_EPIS_D	TOTAL	(663,852,963)	(370,115,054)	(75,846,034)	(127,961,035)	(66,737,578)	(1,370,487)	(4,178,935)	(344,497)	(205,544)	(9,849,105)	(7,244,694)
General & Intangible	(129,324,725)	RB_GUP_EPIS_G	TOTAL	(129,324,725)	(59,687,890)	(13,345,988)	(27,434,883)	(27,037,971)	(249,750)	(996,480)	(58,501)	(15,839)	(368,621)	(128,802)
Total	(2,616,576,625)		TOTAL	(2,616,576,625)	(1,192,313,113)	(277,964,416)	(573,755,866)	(527,067,969)	(5,313,058)	(20,356,483)	(1,248,199)	(395,675)	(10,445,490)	(7,716,356)
Net Electric Plant in Service	4,869,972,499		TOTAL	4,869,972,499	2,303,478,045	523,587,167	1,044,274,254	899,654,856	9,889,525	36,714,502	2,350,336	862,197	28,308,494	20,853,125
Working Capital														
Fuel Inventory	44,262,887	PROD_ENERGY	TOTAL	44,262,887	15,882,349	4,153,714	10,356,008	12,926,747	82,633	486,155	16,778	4,668	143,496	210,340
Allowance Inventory-Current	17,674,176	PROD_ENERGY	TOTAL	17,674,176	6,341,824	1,658,578	4,135,155	5,161,652	32,995	194,122	6,699	1,864	57,298	83,989
Materials & Supplies - Prod	107,009,495	RB_GUP_EPIS_P	TOTAL	107,009,495	44,723,757	11,082,188	24,609,233	25,402,931	217,524	888,985	49,819	10,295	9,841	14,922
Materials & Supplies - Trans	4,743,242	RB_GUP_EPIS_T	TOTAL	4,743,242	1,988,708	490,300	1,076,733	1,132,325	9,443	39,885	2,155	440	1,307	1,945
Materials & Supplies - Dist	12,855,617	RB_GUP_EPIS_D	TOTAL	12,855,617	7,167,336	1,468,770	2,477,986	1,292,384	26,540	80,926	6,671	3,980	190,729	140,295
Total Working Capital	186,545,418		TOTAL	186,545,418	76,103,975	18,853,551	42,655,115	45,916,037	369,136	1,690,072	82,122	21,248	402,671	451,491
Rate Base Offsets														
Cook Plant Turbine Replacement (1823308)	13,769,160	PROD_DEMAND	TOTAL	13,769,160	5,754,710	1,425,971	3,166,527	3,268,654	27,989	114,388	6,410	1,325	1,266	1,920
Rockport DSI Deferrals	7,101,204	PROD_DEMAND	TOTAL	7,101,204	2,967,891	735,420	1,633,081	1,685,751	14,435	58,993	3,306	683	653	990
Rate Case Expense Deferral (1823xxx)	-	LABOR_M	TOTAL	-	-	-	-	-	-	-	-	-	-	-
Prepaid Pension Expense	127,429,283	LABOR_M	TOTAL	127,429,283	58,813,077	13,150,383	27,032,785	26,641,690	246,089	981,876	57,644	15,607	363,218	126,914
Deferred Gain Rockport Unit 2 Sale	-	PROD_DEMAND	TOTAL	-	-	-	-	-	-	-	-	-	-	-
Cook Uprate Project Deferral (1823418)	16,553,064	PROD_DEMAND	TOTAL	16,553,064	6,918,220	1,714,279	3,806,748	3,929,524	33,648	137,515	7,706	1,593	1,522	2,308
Deferred Cook Nuc Pmt 316(b) Comply Costs (1823295)	5,765,379	PROD_DEMAND	TOTAL	5,765,379	2,409,594	597,078	1,325,878	1,368,640	11,720	47,896	2,684	555	530	804
Baffle Bolt Deferral (1823295) - Direct IN	4,549,033	PROD_DEMAND	TOTAL	4,549,033	1,901,232	471,110	1,046,152	1,079,893	9,247	37,791	2,118	438	418	634
COVID-19 Deferred Expense (1823587) - Direct IN	2,023,141	RB_GUP	TOTAL	2,023,141	944,691	216,609	437,251	385,553	4,108	15,423	972	340	10,473	7,721
Deferred Storm Expense (1823078) - Direct IN	2,261,084	DIST_OHLLINES	TOTAL	2,261,084	1,211,452	253,872	499,057	264,348	5,030	16,003	1,177	703	4,050	5,391
Total	179,451,347		TOTAL	179,451,347	80,920,866	18,564,722	38,947,481	38,624,053	352,267	1,409,885	82,018	21,243	382,131	146,682
Total Rate Base	5,235,969,265		TOTAL	5,235,969,265	2,460,502,886	561,005,439	1,125,876,849	984,194,946	10,610,928	39,814,459	2,514,476	904,687	29,093,296	21,451,299

INDIANA MICHIGAN POWER COMPANY - INDIANA
CLASS COST-OF-SERVICE STUDY
FORECAST TWELVE MONTHS ENDING DECEMBER 31, 2022

Label	Constant	Allocation Factor	Function	Total Retail 1	RS 2	Total GS 3	Total LGS 4	Total IP 5	MS 14	Total WSS 6	EHG 18	IS 19	OL 20	SL 21
Operating Revenues														
Firm Sales of Electricity	1,264,202,237	RSALE	TOTAL	1,264,202,237	566,975,891	147,504,396	259,294,138	265,654,055	2,561,240	9,781,054	575,437	245,845	6,482,376	5,127,804
Interruptible														
Demand	2,638,280	PROD_DEMAND	TOTAL	2,638,280	1,102,648	273,227	606,732	626,300	5,363	21,918	1,228	254	243	368
Energy	95,086,423	PROD_ENERGY	TOTAL	95,086,423	34,118,781	8,923,091	22,246,984	27,769,497	177,514	1,044,368	36,043	10,028	308,261	451,857
Interruptible - Indiana Specific	-		TOTAL	-	-	-	-	-	-	-	-	-	-	-
Total	97,724,704		TOTAL	97,724,704	35,221,429	9,196,319	22,853,716	28,395,797	182,877	1,066,285	37,271	10,282	308,504	452,225
Sales for Resale														
Demand	-	PROD_DEMAND	TOTAL	-	-	-	-	-	-	-	-	-	-	-
Energy	44,928,132	PROD_ENERGY	TOTAL	44,928,132	16,121,051	4,216,142	10,511,652	13,121,028	83,875	493,461	17,030	4,738	145,653	213,501
Total	44,928,132		TOTAL	44,928,132	16,121,051	4,216,142	10,511,652	13,121,028	83,875	493,461	17,030	4,738	145,653	213,501
Other Operating Revenues														
Forfeited Discounts (Acct. 450)	4,522,710	FORF_DISC	TOTAL	4,522,710	3,288,722	589,100	469,606	151,144	673	5,613	4,710	312	8,436	4,394
Miscellaneous Service Revenue (Acct. 451)	348,431	MISC SERV REV	TOTAL	348,431	318,212	27,545	1,864	363	40	122	32	40	109	104
Rent Assoc Co - Prod	-	RB_GUP_EPIS_P	TOTAL	-	-	-	-	-	-	-	-	-	-	-
Rent Assoc Co - Trans	1,532,659	RB_GUP_EPIS_T	TOTAL	1,532,659	642,601	158,428	347,919	365,882	3,051	12,888	696	142	422	629
Rent Assoc Co - Dist	2,867,338	RB_GUP_EPIS_D	TOTAL	2,867,338	1,598,615	327,597	552,694	288,255	5,919	18,050	1,488	888	42,541	31,292
Rent Non-Assoc Co - Prod	155,918	RB_GUP_EPIS_P	TOTAL	155,918	65,165	16,147	35,857	37,013	317	1,295	73	15	14	22
Rent Non-Assoc Co - Trans	68,018	RB_GUP_EPIS_T	TOTAL	68,018	28,518	7,031	15,440	16,238	135	572	31	6	19	28
Rent Non-Assoc Co - Dist	1,779	RB_GUP_EPIS_D	TOTAL	1,779	992	203	343	179	4	11	1	1	26	19
Rent From Elect Prop-Pole Atch Transmission	8,886	RB_GUP_EPIS_T	TOTAL	8,886	3,726	919	2,017	2,121	18	75	4	1	2	4
Rent From Elect Prop-Pole Atch Distribution	3,396,343	RB_GUP_EPIS_D	TOTAL	3,396,343	1,893,548	388,036	654,662	341,437	7,012	21,380	1,762	1,052	50,389	37,065
Other Electric Revenue - Prod	208,420	RB_GUP_EPIS_P	TOTAL	208,420	87,108	21,585	47,931	49,477	424	1,731	97	20	19	29
Other Electric Rev. Production-Retail Demand (456)	(2,983,714)	PROD_DEMAND	TOTAL	(2,983,714)	(1,247,019)	(309,001)	(686,172)	(708,302)	(6,065)	(24,787)	(1,389)	(287)	(274)	(416)
Other Electric Rev. Production-Retail Energy (456)	7,567,609	PROD_ENERGY	TOTAL	7,567,609	2,715,399	710,159	1,770,563	2,210,081	14,128	83,118	2,869	798	24,533	35,962
Other Electric Revenue - Transmission	130,314,782	TRAN_TO	TOTAL	130,314,782	54,637,340	13,470,399	29,581,937	31,109,242	259,440	1,095,783	59,199	12,084	35,910	53,449
Other Electric Revenue - Dist	1,685,287	RB_GUP_EPIS_D	TOTAL	1,685,287	939,590	192,546	324,848	169,423	3,479	10,609	875	522	25,003	18,392
Other Electric Revenue - Local Facil Charge	468,548	RB_GUP_EPIS_D	TOTAL	468,548	261,228	53,532	90,315	47,103	967	2,949	243	145	6,952	5,113
Total - Other Operating Revenues	150,163,016		TOTAL	150,163,016	65,233,744	16,654,227	33,209,824	34,079,856	289,542	1,229,409	70,690	15,738	194,102	186,084
Total Other Revenues	292,815,851		TOTAL	292,815,851	116,576,224	29,066,687	66,575,192	75,596,480	556,294	2,789,155	124,991	30,758	648,259	851,810
Gain on Disp of Emission Const. Allow.	24,741	PROD_ENERGY	TOTAL	24,741	8,877	2,322	5,788	7,225	46	272	9	3	80	118
Total Operating Revenues	1,557,042,829		TOTAL	1,557,042,829	683,560,993	176,573,405	325,875,119	341,257,760	3,117,581	12,570,482	700,438	276,605	7,130,715	5,979,732
Operating Expense														
O&M Expense														
Production														
Demand	367,688,064	PROD_DEMAND	TOTAL	367,688,064	153,672,266	38,078,754	84,558,115	87,285,286	747,421	3,054,581	171,179	35,376	33,812	51,274
Energy	273,667,047	PROD_ENERGY	TOTAL	273,667,047	98,196,838	25,681,438	64,028,766	79,923,041	510,902	3,005,781	103,734	28,862	887,202	1,300,483
GSU	479,377	PROD_DEMAND	TOTAL	479,377	200,352	49,646	110,243	113,799	974	3,982	223	46	44	67
Total	641,834,489		TOTAL	641,834,489	252,069,456	63,809,837	148,697,124	167,322,126	1,259,298	6,064,345	275,136	64,283	921,058	1,351,824
Transmission														
Transmission	14,881,856	TRAN_TO	TOTAL	14,881,856	6,239,546	1,538,310	3,378,236	3,552,653	29,628	125,138	6,760	1,380	4,101	6,104
Transmission O&M - LSE Demand	25,040,311	PROD_DEMAND	TOTAL	25,040,311	10,465,396	2,593,241	5,758,581	5,944,307	50,901	208,023	11,658	2,409	2,303	3,492
Total	39,922,167		TOTAL	39,922,167	16,704,942	4,131,551	9,136,817	9,496,960	80,529	333,161	18,418	3,789	6,404	9,596
Distribution Operation														
580 Supervision & Engineering	2,609,870	TOTOXEXP	TOTAL	2,609,870	1,466,984	310,958	495,946	256,818	5,489	16,373	1,437	860	31,137	23,868
581 Load Dispatching	534,506	DIST_CPD	TOTAL	534,506	258,942	55,562	125,143	88,305	1,009	4,302	247	51	381	564
582 Station Expenses	-	DIST_CPD	TOTAL	-	-	-	-	-	-	-	-	-	-	-
583 Overhead Lines	1,791,520	DIST_OHLINES	TOTAL	1,791,520	959,867	201,150	395,417	209,450	3,985	12,680	933	557	3,209	4,271
584 Underground Lines	1,299,236	DIST_UGLINES	TOTAL	1,299,236	710,962	148,267	282,882	137,922	2,987	8,915	693	466	2,639	3,482
585 Street Lighting	-	DIST_SL	TOTAL	-	-	-	-	-	-	-	-	-	-	-
586 Meters	1,393,115	DIST_METERS	TOTAL	1,393,115	975,291	283,310	99,820	18,853	3,289	5,191	1,475	946	-	4,941
587 Customer Installations	-	DIST_PCUST	TOTAL	-	-	-	-	-	-	-	-	-	-	-
588 Miscellaneous Distribution	16,248,722	RB_GUP_EPIS_D	TOTAL	16,248,722	9,059,079	1,856,437	3,132,024	1,633,495	33,545	102,285	8,432	5,031	241,071	177,324
588 Miscellaneous Distribution - Misc Distribution IN F	914,592	RB_GUP_EPIS_D	TOTAL	914,592	509,908	104,493	176,292	91,945	1,888	5,757	475	283	13,569	9,981
589 Rents	1,298,446	RB_GUP_EPIS_D	TOTAL	1,298,446	723,917	148,349	250,282	130,534	2,681	8,174	674	402	19,264	14,170
Total	26,090,007		TOTAL	26,090,007	14,664,950	3,108,547	4,957,805	2,567,321	54,874	163,677	14,366	8,596	311,270	238,601

INDIANA MICHIGAN POWER COMPANY - INDIANA
CLASS COST-OF-SERVICE STUDY
FORECAST TWELVE MONTHS ENDING DECEMBER 31, 2022

Label	Constant	Allocation Factor	Function	Total Retail	RS	Total GS	Total LGS	Total IP	MS	Total WSS	EHG	IS	OL	SL
				1	2				14		18	19	20	21
Distribution Maintenance														
590 Supervision & Engineering	-	TOTMXP	TOTAL	-	-	-	-	-	-	-	-	-	-	-
591 Structures	-	DIST_CPD	TOTAL	-	-	-	-	-	-	-	-	-	-	-
592 Station Equipment	1,935,038	DIST_CPD	TOTAL	1,935,038	937,430	201,147	453,046	319,684	3,655	15,575	896	185	1,379	2,042
593 Overhead Lines	25,395,631	TOTOHLINES	TOTAL	25,395,631	13,571,476	2,845,705	5,614,390	3,002,070	56,263	180,407	13,184	7,750	44,748	59,639
594 Underground Lines	1,618,615	TOTUGLINES	TOTAL	1,618,615	885,731	184,739	352,420	171,827	3,722	11,106	864	581	3,288	4,338
595 Line Transformers	-	DIST_TRANSF	TOTAL	-	-	-	-	-	-	-	-	-	-	-
596 Street Lighting	-	DIST_SL	TOTAL	-	-	-	-	-	-	-	-	-	-	-
597 Meters	130,702	DIST_METERS	TOTAL	130,702	91,501	26,580	9,365	1,769	309	487	138	89	-	464
598 Miscellaneous Distribution	-	DIST_OL	TOTAL	-	-	-	-	-	-	-	-	-	-	-
Total	29,079,986		TOTAL	29,079,986	15,486,138	3,258,170	6,429,221	3,495,349	63,948	207,575	15,082	8,605	49,415	66,482
Customer Accounts														
901 Supervision	1,003,261	TOTOX234	TOTAL	1,003,261	874,878	85,507	11,270	373	506	735	223	139	27,982	1,649
902 Meter Read	527,932	CUST_902	TOTAL	527,932	441,525	55,779	29,312	-	330	479	145	361	-	-
903 Customer Records	9,779,025	CUST_903	TOTAL	9,779,025	8,546,495	822,677	86,465	3,835	4,867	7,071	2,147	1,063	287,468	16,938
904 Uncollectibles	-	UNCOLFAC	TOTAL	-	-	-	-	-	-	-	-	-	-	-
905 Miscellaneous	104,090	TOTOX234	TOTAL	104,090	90,770	8,872	1,169	39	52	76	23	14	2,903	171
Total	11,414,308		TOTAL	11,414,308	9,953,668	972,835	128,216	4,247	5,755	8,361	2,538	1,576	318,353	18,758
Customer Service & Inf & Sales Exp														
907 Supervision	1,446,418	EXP_OM_CUSTACCT	TOTAL	1,446,418	1,261,327	123,277	16,248	538	729	1,059	322	200	40,342	2,377
908 Customer Assist & 9080018 Dem Resp - Emerg	4,011,759	EXP_OM_CUSTACCT	TOTAL	4,011,759	3,498,391	341,920	45,064	1,493	2,023	2,939	892	554	111,891	6,593
909 Information & Instruction	29,735	EXP_OM_CUSTACCT	TOTAL	29,735	25,930	2,534	334	11	15	22	7	4	829	49
910 Miscellaneous Cust. Serv.	-	EXP_OM_CUSTACCT	TOTAL	-	-	-	-	-	-	-	-	-	-	-
911-916 Misc Selling	-	EXP_OM_CUSTACCT	TOTAL	-	-	-	-	-	-	-	-	-	-	-
Total	5,487,912		TOTAL	5,487,912	4,785,648	467,732	61,645	2,042	2,767	4,020	1,220	758	153,062	9,019
Administrative & General Expense														
Reg Commission - Prod	8,358,786	PROD_DEMAND	TOTAL	8,358,786	3,493,487	865,658	1,922,290	1,984,288	16,991	69,441	3,891	804	769	1,166
Reg Commission - Expense	1,309,398	LABOR_M	TOTAL	1,309,398	604,333	135,127	277,775	273,756	2,529	10,089	592	160	3,732	1,304
Insurance - Production	2,337,722	RB_GUP_EPIS_P	TOTAL	2,337,722	977,032	242,101	537,512	554,951	4,752	19,421	1,088	225	215	326
Insurance - Transmission	232,066	RB_GUP_EPIS_T	TOTAL	232,066	97,299	23,988	52,080	55,400	462	1,951	105	22	64	95
Insurance - Distribution	516,650	RB_GUP_EPIS_D	TOTAL	516,650	288,046	59,028	99,587	51,939	1,067	3,252	268	160	7,665	5,638
Misc General Expense - PJM Capacity Perf Ins	-	PROD_DEMAND	TOTAL	-	-	-	-	-	-	-	-	-	-	-
A&G - Labor Related	75,042,316	LABOR_M	TOTAL	75,042,316	34,634,657	7,744,179	15,919,440	15,689,127	144,920	578,220	33,946	9,191	213,897	74,739
Total	87,796,938		TOTAL	87,796,938	40,094,854	9,070,081	18,809,384	18,609,460	170,721	682,375	39,892	10,562	226,342	83,268
Total O&M Expense	841,625,807		TOTAL	841,625,807	353,759,656	84,818,754	188,220,213	201,497,506	1,637,891	7,463,513	366,653	98,170	1,985,903	1,777,548
Depreciation & Amortization Expense														
Production	76,218,202	RB_GUP_EPIS_P	TOTAL	76,218,202	31,854,784	7,893,360	17,528,085	18,093,401	154,933	633,185	35,484	7,333	7,009	10,629
Nuclear	113,503,586	RB_GUP_EPIS_P	TOTAL	113,503,586	47,437,910	11,754,733	26,102,695	26,944,560	230,725	942,935	52,842	10,920	10,438	15,828
GSU	1,122,798	RB_GUP_EPIS_P	TOTAL	1,122,798	469,265	116,280	258,213	266,541	2,282	9,328	523	108	103	157
Transmission	34,046,349	TRAN_TO	TOTAL	34,046,349	14,274,681	3,519,308	7,728,647	8,127,674	67,782	286,287	15,466	3,157	9,382	13,964
Distribution	79,081,810	RB_GUP_EPIS_D	TOTAL	79,081,810	44,090,137	9,035,196	15,243,421	7,950,147	163,260	497,818	41,038	24,486	1,173,279	863,028
General & Intangible	45,187,004	RB_GUP_EPIS_G	TOTAL	45,187,004	20,855,385	4,663,186	9,585,949	9,447,265	87,264	348,178	20,441	5,534	128,799	45,004
Total Depreciation & Amort Expense	349,159,750		TOTAL	349,159,750	158,982,162	36,982,063	76,447,009	70,829,587	706,247	2,717,730	165,794	51,538	1,329,010	948,609
Regulatory Debits/Credits														
Reg Debits / Credits - Generation	394,742	RB_GUP_EPIS_P	TOTAL	394,742	164,979	40,881	90,780	93,708	802	3,279	184	38	36	55
Reg Debits / Credits - Nuclear	915,919	RB_GUP_EPIS_P	TOTAL	915,919	382,801	94,855	210,636	217,430	1,862	7,609	426	88	84	128
Reg Debits / Credits - Transmission	-	RB_GUP_EPIS_T	TOTAL	-	-	-	-	-	-	-	-	-	-	-
Reg Debits / Credits - Distribution	-	RB_GUP_EPIS_D	TOTAL	-	-	-	-	-	-	-	-	-	-	-
Total Regulatory Debits/Credits	1,310,661		TOTAL	1,310,661	547,780	135,736	301,416	311,137	2,664	10,888	610	126	121	183
Taxes Other Than Income														
FICA	9,451,188	LABOR_M	TOTAL	9,451,188	4,362,054	975,339	2,004,970	1,975,964	18,252	72,824	4,275	1,158	26,939	9,413
Federal Unemployment Tax	45,540	LABOR_M	TOTAL	45,540	21,018	4,700	9,661	9,521	88	351	21	6	130	45
State Unemployment Tax	157,091	LABOR_M	TOTAL	157,091	72,503	16,211	33,325	32,843	303	1,210	71	19	448	156
Real & Personal Property Tax	54,744,605	NP	TOTAL	54,744,605	25,893,985	5,885,777	11,738,954	10,113,250	111,171	412,717	26,421	9,692	318,223	234,415
IN PSC Assessment	1,905,000	RSALE	TOTAL	1,905,000	854,364	222,271	390,725	400,309	3,859	14,739	867	370	9,768	7,727
Sales and Use Taxes	35,366	RB_GUP	TOTAL	35,366	16,514	3,787	7,644	6,740	72	270	17	6	183	135
Gross Receipts Tax	24,508,558	RSALE	TOTAL	24,508,558	10,991,724	2,859,606	5,026,827	5,150,124	49,654	189,621	11,156	4,766	125,671	99,411
Federal Excise Tax	-	PROD_DEMAND	TOTAL	-	-	-	-	-	-	-	-	-	-	-
Business Franchise Tax	-	RB_GUP	TOTAL	-	-	-	-	-	-	-	-	-	-	-
Regis Fee	-	RB_GUP	TOTAL	-	-	-	-	-	-	-	-	-	-	-
Taxes on Capital Leases	1,183,711	NP	TOTAL	1,183,711	559,891	127,265	253,825	218,673	2,404	8,924	571	210	6,881	5,069
Total Taxes Other Than Income	92,031,060		TOTAL	92,031,060	42,772,054	10,094,955	19,465,930	17,907,423	185,803	700,656	43,399	16,227	488,243	356,371

INDIANA MICHIGAN POWER COMPANY - INDIANA
CLASS COST-OF-SERVICE STUDY
FORECAST TWELVE MONTHS ENDING DECEMBER 31, 2022

Indiana Michigan Power Company
 Witness: Hornyak
 Attachment SH-1
 Page 4 of 5

Label	Constant	Allocation Factor	Function	Total Retail 1	RS 2	Total GS 3	Total LGS 4	Total IP 5	MS 14	Total WSS 15	EHG 16	IS 19	OL 20	SL 21
Other O&M Expenses														
Line of Credit Fees	94,214	RATEBASE	TOTAL	94,214	44,273	10,095	20,259	17,709	191	716	45	16	523	386
Accretion Expense - Distribution	15,200	RB_GUP_EPIS_D	TOTAL	15,200	8,475	1,737	2,930	1,528	31	96	8	5	226	166
Factoring Expense	11,162,561	RSALE	TOTAL	11,162,561	5,006,243	1,302,424	2,289,497	2,345,653	22,615	86,364	5,081	2,171	57,238	45,277
Accretion Expense - Production	467,819	RB_GUP_EPIS_P	TOTAL	467,819	195,521	48,449	107,585	111,055	951	3,886	218	45	43	65
Accretion Expense - Nuclear	-	RB_GUP_EPIS_P	TOTAL	-	-	-	-	-	-	-	-	-	-	-
Total Other Expenses	11,739,795		TOTAL	11,739,795	5,254,512	1,362,703	2,420,271	2,475,946	23,788	91,063	5,352	2,237	58,030	45,894
Total Operating Expense Before Income Tax	1,295,867,073		TOTAL	1,295,867,073	561,316,164	133,394,212	286,854,839	293,021,599	2,556,393	10,983,850	581,808	168,297	3,861,306	3,128,605
Gross Operating Income	261,175,756		TOTAL	261,175,756	122,244,829	43,179,193	39,020,280	48,236,162	561,187	1,586,632	118,630	108,308	3,269,409	2,851,127
Interest Expense Factor	1.8143%													
Interest Expense Synchronized	94,996,539		TOTAL	94,996,539	44,641,068	10,178,359	20,426,859	17,856,315	192,515	722,356	45,620	16,414	527,842	389,192
Net Operating Income Before Income Tax	166,179,217		TOTAL	166,179,217	77,603,761	33,000,834	18,593,422	30,379,847	368,672	864,275	73,010	91,894	2,741,567	2,461,935
Schedule M Income Adjustments														
Gross Plant Related	53,845,494	RB_GUP	TOTAL	53,845,494	25,142,773	5,764,998	11,637,355	10,261,416	109,342	410,472	25,882	9,047	278,730	205,480
Property Tax Adjustments	-	NP	TOTAL	-	-	-	-	-	-	-	-	-	-	-
Labor Related	(10,246,023)	LABOR_M	TOTAL	(10,246,023)	(4,728,898)	(1,057,364)	(2,173,586)	(2,142,140)	(19,787)	(78,948)	(4,635)	(1,255)	(29,205)	(10,205)
Production Plant Related	(181,601,379)	RB_GUP_EPIS_P	TOTAL	(181,601,379)	(75,898,834)	(18,807,122)	(41,763,309)	(43,110,261)	(369,152)	(1,508,660)	(84,545)	(17,472)	(16,700)	(25,324)
Production Demand Related	(1,379,514)	PROD_DEMAND	TOTAL	(1,379,514)	(576,557)	(142,866)	(317,250)	(327,482)	(2,804)	(11,460)	(642)	(133)	(127)	(192)
Rate Base Related	969,621	RATEBASE	TOTAL	969,621	455,647	103,890	208,495	182,258	1,965	7,373	466	168	5,388	3,972
Production Energy Related	(19,002,612)	PROD_ENERGY	TOTAL	(19,002,612)	(6,818,491)	(1,783,241)	(4,445,964)	(5,549,614)	(35,475)	(208,712)	(7,203)	(2,004)	(61,605)	(90,302)
Customer Related	-	EXP_OM_CUSTACCT	TOTAL	-	-	-	-	-	-	-	-	-	-	-
Distribution Related	2,498,773	RB_GUP_EPIS_D	TOTAL	2,498,773	1,393,130	285,488	481,651	251,203	5,159	15,730	1,297	774	37,072	27,269
General Plant Related	3,713,029	RB_GUP_EPIS_G	TOTAL	3,713,029	1,713,693	383,175	787,680	776,284	7,171	28,610	1,680	455	10,583	3,698
Transmission Plant Related	-	RB_GUP_EPIS_T	TOTAL	-	-	-	-	-	-	-	-	-	-	-
Provision for Uncollectibles	-	RSALE	TOTAL	-	-	-	-	-	-	-	-	-	-	-
Total Schedule M Income Adjustments	(151,202,611)		TOTAL	(151,202,611)	(59,317,538)	(15,253,043)	(35,584,928)	(39,658,336)	(303,583)	(1,345,596)	(67,702)	(10,421)	224,138	114,397
State Tax Adjustments														
Indiana - Gross Plant Related	-	RB_GUP	TOTAL	-	-	-	-	-	-	-	-	-	-	-
Indiana - Other (bonus depreciation adjustment)	(60,757,482)	RB_GUP	TOTAL	(60,757,482)	(28,370,276)	(6,505,034)	(13,131,208)	(11,578,644)	(123,377)	(463,163)	(29,204)	(10,208)	(314,510)	(231,857)
Indiana - Production Plant Related	-	RB_GUP_EPIS_P	TOTAL	-	-	-	-	-	-	-	-	-	-	-
Illinois - Other (bonus depreciation adjustment)	(55,121,599)	RB_GUP	TOTAL	(55,121,599)	(25,738,641)	(5,901,625)	(11,913,153)	(10,504,605)	(111,933)	(420,199)	(26,495)	(9,261)	(285,336)	(210,350)
Kentucky - Other (bonus depreciation adjustment)	(60,757,482)	RB_GUP	TOTAL	(60,757,482)	(28,370,276)	(6,505,034)	(13,131,208)	(11,578,644)	(123,377)	(463,163)	(29,204)	(10,208)	(314,510)	(231,857)
Kentucky - Production Plant Related	-	RB_GUP_EPIS_P	TOTAL	-	-	-	-	-	-	-	-	-	-	-
Michigan - Other (bonus depreciation adjustment)	(60,757,482)	RB_GUP	TOTAL	(60,757,482)	(28,370,276)	(6,505,034)	(13,131,208)	(11,578,644)	(123,377)	(463,163)	(29,204)	(10,208)	(314,510)	(231,857)
Michigan - Production Plant Related	-	RB_GUP_EPIS_P	TOTAL	-	-	-	-	-	-	-	-	-	-	-
Other - Gross Plant Related	-	RB_GUP	TOTAL	-	-	-	-	-	-	-	-	-	-	-
West Virginia - Other (bonus depreciation adjustment)	-	RB_GUP	TOTAL	-	-	-	-	-	-	-	-	-	-	-
Indiana Taxable Income	(45,780,876)		TOTAL	(45,780,876)	(10,084,054)	11,242,757	(30,122,715)	(20,857,132)	(58,288)	(944,484)	(23,896)	71,265	2,651,195	2,344,475
Tax Factor (Tax Rate x Apportionment)	3.7845645%													
Indiana Tax including Credit	(1,732,607)		TOTAL	(1,732,607)	(381,638)	425,489	(1,140,014)	(789,352)	(2,206)	(35,745)	(904)	2,697	100,336	88,728
Illinois Taxable Income	(40,144,993)		TOTAL	(40,144,993)	(7,452,418)	11,846,166	(28,904,660)	(19,783,094)	(46,843)	(901,521)	(21,187)	72,212	2,680,369	2,365,982
Tax Factor (Tax Rate x Apportionment)	0.0604675%													
Illinois Tax	(24,275)		TOTAL	(24,275)	(4,506)	7,163	(17,478)	(11,962)	(28)	(545)	(13)	44	1,621	1,431
Kentucky Taxable Income	(45,780,876)		TOTAL	(45,780,876)	(10,084,054)	11,242,757	(30,122,715)	(20,857,132)	(58,288)	(944,484)	(23,896)	71,265	2,651,195	2,344,475
Tax Factor (Tax Rate x Apportionment)	0.0546345%													
Kentucky Tax	(25,012)		TOTAL	(25,012)	(5,509)	6,142	(16,457)	(11,395)	(32)	(516)	(13)	39	1,448	1,281
Michigan Taxable Income	(45,780,876)		TOTAL	(45,780,876)	(10,084,054)	11,242,757	(30,122,715)	(20,857,132)	(58,288)	(944,484)	(23,896)	71,265	2,651,195	2,344,475
Tax Factor (Tax Rate x Apportionment)	0.9201630%													
Current Michigan Tax	(421,259)		TOTAL	(421,259)	(92,790)	103,452	(277,178)	(191,920)	(536)	(8,691)	(220)	656	24,395	21,573
Total Michigan Tax	(421,259)		TOTAL	(421,259)	(92,790)	103,452	(277,178)	(191,920)	(536)	(8,691)	(220)	656	24,395	21,573
West Virginia Taxable Income	14,976,606		TOTAL	14,976,606	18,286,223	17,747,791	(16,991,506)	(9,278,488)	65,090	(481,321)	5,308	81,474	2,965,705	2,576,332
Tax Factor (Tax Rate x Apportionment)	0.1515228%													
West Virginia Tax	22,693		TOTAL	22,693	27,708	26,892	(25,746)	(14,059)	99	(729)	8	123	4,494	3,904
Other Taxable Income	-	RB_GUP	TOTAL	-	-	-	-	-	-	-	-	-	-	-
Tax Factor (Tax Rate x Apportionment)	73.6788000%													
Other Tax	-		TOTAL	-	-	-	-	-	-	-	-	-	-	-
Total State Income Tax	(2,180,459)		TOTAL	(2,180,459)	(456,735)	569,139	(1,476,873)	(1,018,688)	(2,704)	(46,226)	(1,142)	3,559	132,294	116,916

INDIANA MICHIGAN POWER COMPANY - INDIANA
 CLASS COST-OF-SERVICE STUDY
 FORECAST TWELVE MONTHS ENDING DECEMBER 31, 2022

Label	Constant	Allocation Factor	Function	Total Retail 1	RS 2	Total GS 3	Total LGS 4	Total IP 5	MS 14	Total WSS 6	EHG 18	IS 19	OL 20	SL 21
Federal Taxable Income	17,157,065		TOTAL	17,157,065	18,742,958	17,178,653	(15,514,633)	(8,259,800)	67,794	(435,095)	6,450	77,915	2,833,410	2,459,415
Tax Factor (Tax Rate x Apportionment)	21.00%													
Gross Current FIT	3,602,984		TOTAL	3,602,984	3,936,021	3,607,517	(3,258,073)	(1,734,558)	14,237	(91,370)	1,355	16,362	595,016	516,477
Parent Savings Allocation	(692,573)	RB_GUP	TOTAL	(692,573)	(323,392)	(74,151)	(149,682)	(131,985)	(1,406)	(5,280)	(333)	(116)	(3,585)	(2,643)
Research & Development Credit	(607,986)	RB_GUP_EPIS_P	TOTAL	(607,986)	(254,103)	(62,965)	(139,820)	(144,329)	(1,236)	(5,051)	(283)	(58)	(56)	(85)
Total Current FIT	2,302,425		TOTAL	2,302,425	3,358,526	3,470,402	(3,547,575)	(2,010,872)	11,594	(101,700)	739	16,187	591,375	513,749
Deferred FIT														
Gross Plant Related	(16,301,154)	RB_GUP	TOTAL	(16,301,154)	(7,611,708)	(1,745,292)	(3,523,086)	(3,106,535)	(33,102)	(124,266)	(7,835)	(2,739)	(84,383)	(62,207)
Net Plant Related	-	NP	TOTAL	-	-	-	-	-	-	-	-	-	-	-
Production Plant	38,136,289	RB_GUP_EPIS_P	TOTAL	38,136,289	15,938,755	3,949,496	8,770,295	9,053,155	77,522	316,819	17,755	3,669	3,507	5,318
Distribution	(524,742)	RB_GUP_EPIS_D	TOTAL	(524,742)	(292,557)	(59,952)	(101,147)	(52,753)	(1,083)	(3,303)	(272)	(162)	(7,785)	(5,727)
Labor	2,228,884	LABOR_M	TOTAL	2,228,884	1,028,708	230,015	472,834	465,994	4,304	17,174	1,008	273	6,353	2,220
Rate Base	(203,620)	RATEBASE	TOTAL	(203,620)	(95,686)	(21,817)	(43,784)	(38,274)	(413)	(1,548)	(98)	(35)	(1,131)	(834)
Energy	4,122,529	PROD_ENERGY	TOTAL	4,122,529	1,479,240	386,866	964,531	1,203,963	7,696	45,279	1,563	435	13,365	19,591
Demand	289,698	PROD_DEMAND	TOTAL	289,698	121,077	30,002	66,623	68,771	589	2,407	135	28	27	40
Transmission	-	RB_GUP_EPIS_T	TOTAL	-	-	-	-	-	-	-	-	-	-	-
Revenue Related	-	RSALE	TOTAL	-	-	-	-	-	-	-	-	-	-	-
General Plant Related	(779,736)	RB_GUP_EPIS_G	TOTAL	(779,736)	(359,875)	(80,467)	(165,413)	(163,020)	(1,506)	(6,008)	(353)	(95)	(2,223)	(777)
Total Current Year DFIT	26,968,148		TOTAL	26,968,148	10,207,954	2,688,851	6,440,854	7,431,301	54,008	246,553	11,902	1,373	(72,270)	(42,375)
Deferred ITC														
Prior Year Feedback	(1,156,009)	RATEBASE	TOTAL	(1,156,009)	(543,235)	(123,860)	(248,574)	(217,293)	(2,343)	(8,790)	(555)	(200)	(6,423)	(4,736)
Solar Investment Tax Credit	-	RB_GUP_EPIS_P	TOTAL	-	-	-	-	-	-	-	-	-	-	-
Rockport	(1,556,019)	RB_GUP_EPIS_P	TOTAL	(1,556,019)	(650,326)	(161,145)	(357,841)	(369,383)	(3,163)	(12,927)	(724)	(150)	(143)	(217)
Cook Plant Simulator	(22,623)	RB_GUP_EPIS_P	TOTAL	(22,623)	(9,455)	(2,343)	(5,203)	(5,370)	(46)	(188)	(11)	(2)	(2)	(3)
Total Deferred ITC	(2,734,651)		TOTAL	(2,734,651)	(1,203,016)	(287,348)	(611,618)	(592,046)	(5,552)	(21,905)	(1,290)	(352)	(6,568)	(4,956)
Total Federal Income Tax	26,535,922		TOTAL	26,535,922	12,363,464	5,871,904	2,281,660	4,828,383	60,050	122,948	11,351	17,208	512,537	466,418
Total Income Tax	24,355,463		TOTAL	24,355,463	11,906,729	6,441,042	804,787	3,809,695	57,346	76,722	10,209	20,767	644,831	583,334
Total Expenses	1,320,222,536		TOTAL	1,320,222,536	573,222,892	139,835,254	287,659,626	296,831,294	2,613,740	11,060,572	592,016	189,064	4,506,137	3,711,940
Net Operating Income	236,820,293		TOTAL	236,820,293	110,338,100	36,738,151	38,215,493	44,426,466	503,841	1,509,910	108,422	87,541	2,624,578	2,267,793
Current Rate of Return	4.52%			4.52%	4.48%	6.55%	3.39%	4.51%	4.75%	3.79%	4.31%	9.68%	9.02%	10.57%
O&M Labor														
Production Demand	99,570,493	PROD_DEMAND	TOTAL	99,570,493	41,614,686	10,311,785	22,898,468	23,636,990	202,403	827,185	46,355	9,580	9,156	13,885
Production Energy	4,681,028	PROD_ENERGY	TOTAL	4,681,028	1,679,640	439,277	1,095,201	1,367,070	8,739	51,413	1,774	494	15,175	22,245
Transmission	4,879,671	TOTBSEXP	TOTAL	4,879,671	2,045,910	504,403	1,107,703	1,164,894	9,715	41,032	2,217	452	1,345	2,001
Distribution	14,234,374	EXP_OM_DIST	TOTAL	14,234,374	7,779,263	1,642,673	2,937,959	1,564,226	30,657	95,786	7,598	4,438	93,060	78,714
Customer Accounts	5,734,861	EXP_OM_CUSTACCT	TOTAL	5,734,861	5,000,966	488,779	64,419	2,134	2,892	4,201	1,275	792	159,949	9,424
Customer Service	3,566,084	EXP_OM_CUSTSERV	TOTAL	3,566,084	3,109,747	303,935	40,058	1,327	1,798	2,612	793	492	99,461	5,860
Total	132,666,511		TOTAL	132,666,511	61,230,241	13,690,852	28,143,808	27,736,640	256,203	1,022,230	60,013	16,248	378,146	132,130
Production Demand	99,570,493	PROD_DEMAND	TOTAL	99,570,493	41,614,686	10,311,785	22,898,468	23,636,990	202,403	827,185	46,355	9,580	9,156	13,885
Production Energy	4,681,028	PROD_ENERGY	TOTAL	4,681,028	1,679,640	439,277	1,095,201	1,367,070	8,739	51,413	1,774	494	15,175	22,245
Total Production	104,251,521		TOTAL	104,251,521	43,294,326	10,751,062	23,993,669	25,004,060	211,142	878,599	48,130	10,073	24,332	36,130