I&M Exhibit: _____

Cause No. 45576

INDIANA MICHIGAN POWER COMPANY

PRE-FILED VERIFIED DIRECT TESTIMONY

OF

DONA SEGER-LAWSON

Content

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

I. Introduction of Witness

Q1. Please state your name and business address.

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

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

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

Q3. Please briefly describe your educational background and professional experience.

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

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

Q4. Have you previously testified before any regulatory commissions?

Yes. I testified before the Indiana Utility Regulatory Commission (IURC or Commission) on behalf of I&M in Cause No. 45285 (DSM Plan) and Cause No. 38702 FAC-86.

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

Q5. What are your responsibilities as Director of Regulatory Services?

I am responsible for the supervision and direction of I&M's Regulatory Services Department, which has responsibility for all rate and regulatory matters affecting I&M's Indiana and Michigan jurisdictions. I report directly to the Vice President of Finance and Regulatory for I&M.

II. Purpose of Testimony

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

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

1) Test Year adjustments,
2) rate recovery and continued deferral of certain costs,
3) I&M’s request to continue the major storm damage reserve and dry cask deferral,
4) I&M’s proposals for several rate adjustment mechanisms including the implementation of an AMI Rider, and the Tax Rider authorized in Cause No. 45235,

5) I&M's efforts to delineate the Utility Receipts Tax as a separate line item on customer bills, and

6) I&M's request for a waiver of rules to allow I&M to implement remote disconnect/reconnect as well as a new FlexPay program.

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

Q7. Are you sponsoring any exhibits?

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

I&M Exhibit A-1	The revenue requirement calculation that reflects I&M's requested rate relief in this Cause.
I&M Exhibit A-5	The net electric operating income included in this Cause.

Q8. Are you sponsoring any attachments?

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

- Proposed AMI Rider Tariff
- Proposed Tax Rider Tariff

They are attached to my testimony for ease of reference.

Q9. Are you sponsoring any workpapers?

Yes, I am sponsoring:

WP-A-O&M-1	Factoring Expense Adjustment
WP-A-RIDER-2	OSS/PJM Adjustment
WP-A-RIDER-4	EADFIT Adjustment

WP-A-RIDER-6 RAR - Capacity Revenue Adjustment

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

Yes.

Q11. Can you please summarize your testimony?

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

I&M requests the Commission to authorize recovery of I&M's cost to serve customers using the forward-looking calendar year test year of January 1, 2022 through December 31, 2022 (Test Year). This cost recovery will be implemented through a combination of base rates and rate adjustment mechanisms. I&M's overall requested rate relief for the Test Year is approximately $104 million, or approximately 6.5%.

I&M proposes to implement the requested rate increase in two steps through the Phase-In Rate Adjustment (PRA) process used in I&M's last two rate cases. In Phase I, revenue would increase by approximately $73 million or 4.55%. The overall increase identified above would be implemented in Phase II, through a compliance filing in January 2023.

I&M's Financial Exhibit A shows the calculation of the revenue increase. In accordance with the GAO-2013-5 and the Minimum Standard Filing Requirements (MSFR), the Company has presented substantial support for the revenue increase and related relief. This is the same level of support provided in the Company's prior two basic rate cases.

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

The Company also proposes to continue both the Major Storm Restoration Reserve and the Dry Cask Storage deferral. Similarly, I&M proposes to retain all existing rate adjustment mechanisms (*i.e.*, riders) with certain modifications and to implement two additional mechanisms -- the Advanced Metering Infrastructure (AMI) Rider and the Tax Rider.

One of the key components of this case is to support significant investment that I&M is making to its distribution system in the form of AMI and associated systems to use the AMI data to bring customer programs and information to our customers.

The AMI project lays the foundation for substantial customer and system benefits as discussed by Company witnesses Thomas, Isaacson, Lucas, Walter and Bech. The new AMI Rider provides the regulatory support necessary for this significant capital investment, program costs, and related O&M savings. I&M proposes to implement the Tax Rider approved in Cause No. 45235 to track ongoing impacts of the 2017 Tax Cuts and Jobs Act and the potential impacts of future changes to the corporate federal income tax rate.

My testimony further supports the AMI deployment and associated benefits by presenting I&M's request for a waiver of certain rules that will enable I&M to implement both remote disconnect/reconnect and the FlexPay program. My testimony explains why these requested rule waivers are reasonable and appropriate.

This case is also supporting the future of I&M generation by reflecting changes to our generation portfolio that are occurring during and just after the Test Year with the ending of the Rockport Unit 2 Lease. The Company plans to update certain riders to reflect changes in costs that are in base rates and/or to move certain costs out of base rates so that they can be tracked dollar-for-dollar through a rider consistent with past Commission orders.

For purposes of this rate case, most deferred balances (including rate case expense and nuclear decommissioning study expense) are amortized over a period of two years as this period represents the most likely period between re-setting base rates in this case. Other previously-approved deferrals are proposed to be reflected in rate base and through amortization expense consistent with the Commission's prior orders regarding those deferrals.

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

The regulatory support sought by the Company is important to the ongoing provision of retail electric service. The Test Year commences January 1, 2022. I&M asks the Commission to issue an order within 300 days of filing in accordance with Indiana Code 8-1-2-42.7 and GAO 2013-5.

III. Summary of Test Year

Q12. What test year has the Company proposed for setting rates in this proceeding?

The Company has proposed rates based on a forward-looking calendar year of January 1, 2022 through December 31, 2022 (Test Year). This includes both base rates and rider rates.

Q13. Is using a forward-looking test year for ratemaking a new concept for I&M?

No. I&M has similarly used forward-looking test years to establish base rates in its Indiana and Michigan jurisdictions, including I&M's recent Indiana base rate cases filed in May 2019 and July 2017 (docketed as Cause Nos. 45235 and

44967) and Michigan base rate case filed in June 2019 (docketed as MPSC Case No. U-20359).

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

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

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

Q15. Please describe I&M Exhibit A.

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

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

Yes. Adjustments to the Test Year forecast are necessary to reflect impacts to the forecast that relate to requests that become effective upon Commission approval. For example, changes in net operating income and/or rate base resulting from changes in depreciation rates, amortization of deferred costs, and removing from base rates certain revenues and expenses requested to be recovered in riders.

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

Q17. Has the Company also provided historical data?

Yes. The Company has provided historical data using a 2020 calendar year historical base period. The Company has provided this historical data on workpaper WP-I&M-1 and, where appropriate, in its response to the MSFRs.

IV. GAOs 2013-5 and 2020-5

Q18. Have you reviewed General Administrative Orders (GAO) 2013-5 and 2020-5 in preparation of this filing?

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

Q19. Please summarize GAOs 2013-5 and 2020-5.

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

GAO 2020-5 sets forth the Commission's guidelines for improving procedural efficiencies. The guidance includes submitting an index of issues if the filing has at least six witnesses providing testimony and at least two of those witnesses provide testimony on the same issue or issues.

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

Q20. Did I&M incorporate the guidance provided in GAOs 2013-5 and 2020-5 in this filing?

Yes. In addition, I&M developed this filing consistent with our last forward-looking base case filed in Cause No. 45235.

Q21. Please describe how I&M has applied GAOs 2013-5 and 2020-5.

I&M has applied the GAOs as follows:

<u>Notice of Intent:</u>

- I&M submitted a Notice of Intent on June 1, 2021, thirty days prior to the date of filing for a change in base rates.
- I&M has discussed this filing with the OUCC and other stakeholders. The Company remains willing to continue to discuss its filing with interested parties.

<u>Case in Chief and Supporting Documentation</u>:

As recognized in GAO 2013-5, because the MSFR contemplates a historical test period, the documentation requirements are not a precise match for a forward-looking test period. With that in mind, and as recommended by the GAO, I&M used the MSFRs as guidance as to the categories of information to include in its case in chief and supporting documentation. Specifically, I&M's filing includes the following:

- Index of issues – I&M's filing includes an index of issues and testimony summaries similar to that provided in I&M's last rate case, Cause No. 45235.

- Testimony, exhibits, attachments and supporting workpapers – MSFR Sections 6-16: I&M's case in chief includes a complete description of the rate relief requested.
- Proposed test year and rate base cutoff dates – MSFR Section 5: I&M designated calendar year 2022 as its Test Year, and has provided calendar year 2020 data as its historical base period. I&M has provided documentation supporting the Test Year, including calculations, assumptions, and results. The differences from the historical base period to the Test Year are discussed in more detail by various Company witnesses and are summarized by Company witness Lucas.
- Proposed revenue requirement – MSFR Sections 7-12.
- Jurisdictional operating revenues and expenses, including taxes and depreciation – MSFR Section 8.
- Balance sheet and income statements – MSFR Sections 6, 8-9.
- Jurisdictional rate base – MSFR Section 9-12. I&M's jurisdictional rate base is as of the end of the Test Year or December 31, 2022 (Test Year end), along with a Phase-in Rate Adjustment. The Phase-in Rate Adjustment takes into account changes in plant in service, accumulated depreciation, and cost of capital. Therefore, the GAO's recommendation to calculate an average of the monthly rate base over the projected test period was not necessary.
- Proposed cost of capital and capital structure – MSFR Sections 12-13.
- Jurisdictional class cost of service study – MSFR Section 15.
- Proposed rate design and pro forma tariff sheets – MSFR Section 16.

Q22. Does I&M's filing include supporting documentation for its forward-looking Test Year as suggested in the GAOs?

Yes. In addition to testimony, I&M's witnesses have provided various attachments and workpapers, many in executable electronic format, that support and document the Test Year. I&M has provided support for the Test Year consistent with that provided in Cause No. 45235 as well as other past cases.

In addition, I&M has provided responses to the MSFRs for the Test Year and, where appropriate, for the historical base period. I&M has also provided data for the historical base period in workpaper WP-I&M-1.

Q23. Please explain how the Test Year and historical base period data are used to calculate and support the rates requested in this case.

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

Company witness Lucas explains that the historical base period data presented has not been adjusted for inflation, but inflation must be considered when comparing historical data to the Test Year.

Q24. Does GAO 2013-5 provide for deviations?

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

Q25. Please summarize how I&M's filing deviates from the guidance provided in GAO 2013-5.

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

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

  See the testimony of Company witness Heimberger for the explanation of I&M's forecasting process, which is essentially the same process relied on in the Company's last two general rate cases (Cause Nos. 45235 and 44967).

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

Q26. Will I&M provide notice to its customers regarding the filing of the Petition?

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

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

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

V. Requested Rate Relief

Q27. Please explain I&M's Test Year cost of service and requested rate relief.

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

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

Q28. Please explain I&M Exhibit A-1.

I&M Exhibit A-1 presents I&M's overall requested rate relief for the Test Year, including I&M's proposed base rates and riders. I&M's overall requested rate relief for the Test Year, as found on line 12, is approximately $104 million. Line 9 represents the rate relief specific to proposed base rates.

I&M's proposed base rates have been calculated using I&M's requested return on the Test Year end rate base. In certain cases, I&M's proposed riders include the removal of certain expenses from the Test Year base rates that will be fully included in the rider revenue requirements going forward. Company witness Auer and I support all of the I&M rider proposals.[2] In order to reflect the impact of I&M's rider proposals, the Company made adjustments to its Test Year net electric operating income to remove both the existing Test Year revenue and Test Year expenses associated with I&M's rider proposals. These adjustments,

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[2] Company witness Auer supports DSM/EE, FAC, LCM, and Solar Rider. I support OSS/PJM, RAR, ECR, AMI, and Tax Riders.

shown on I&M Exhibit A-5, are sponsored and explained by Company witnesses Duncan, Criss, Auer and myself.

Consistent with the March 11, 2020 Order in I&M's last base case (45235 Order), I&M's Phase In Rate Adjustment (PRA) proposal will adjust rates during the Test Year, which will constitute just and reasonable rates. To demonstrate that the proposed rates are just and reasonable, I&M has presented substantial information, as summarized in I&M Exhibit A.

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

Q29. Please explain how the requested rate relief on I&M Exhibit A-1 reflects I&M's base rates and rider proposals.

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

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

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

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

VI. Adjustments

Q30. Please identify the adjustments you are sponsoring or co-sponsoring.

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

- O&M – 1 – Factoring Adjustment – To reflect a normalized level of bad debt expense in the Test Year.
- RIDER-2 – OSS margins and PJM NITS – To remove total Company OSS margins and PJM NITS expenses (and corresponding rider revenues) from the Test Year since this amount will continue to be reflected in the OSS/PJM Rider.
- RIDER-4 – Accumulated Deferred Federal Income Tax (ADFIT) – To increase Indiana amortization expense and retail revenues to remove the associated unprotected Excess ADFIT from the Test Year since this amount will be reflected in the Tax Rider.
- RIDER-6 – Capacity Credit – To remove total Company capacity credit net sales from the Test Year as well as the related Indiana retail revenue since this amount will continue to be included in the RAR.

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

Q31. What is Factoring Expense?

Factoring expense is incurred when a Company sells its receivables to a third party for collection purposes.

Q32. Please explain Adjustment O&M-1.

Adjustment O&M-1 increases factoring and bad debt expense in the Test Year to synchronize these expenses with current revenue for the Test Year. This adjustment increases Total Company factoring-related expense by $2,372,227 to reflect a total Company expense of $11,921,155 on a going forward basis, the Indiana specific cost is then directly assigned. If this adjustment was not made, the total cost of service would under-represent the amount of factoring-related expense the Company expects to experience during the Test Year. See workpaper WP-A-O&M-1 for further support.

Q33. How was Adjustment O&M-1 calculated?

Adjustment O&M-1 was calculated by estimating a "normalized" level of factoring and bad debt-related expense, based on the two-year average for the years 2019 and 2020.

In 2019, I&M's actual factoring expense was approximately $10.9 million. In 2020, I&M's actual factoring expense was $12.1 million, resulting in a two year average of $11.5 million. The factoring expense in the forecast is $9.5 million. The forecast addresses only one year and does not reflect fluctuations in costs. Therefore, as discussed above an adjustment of approximately $2.4 million was made to the forecast in order to normalize this cost for the Test Year.

Q34. Please explain the relationship between I&M's factoring expense and its COVID bad debt deferral.

In the last base rate case (Cause No. 45235), the Commission approved I&M's Test Year level of factoring expense to be $9.7 million per year (see page 55 of the 45235 Order).

Since the Commission authorized regulatory accounting treatment for all incremental bad debt associated with COVID in Cause No. 45380, I&M deferred the amount of 2020 bad debt that exceeded the amount in base rates. Therefore, the $12.1 million 2020 factoring expense is inclusive of COVID related bad debt.

Q35. Is a two-year average a reasonable way to determine "normalized" factoring expense?

Yes, because of COVID. It is logical to expect that for some period of time the Company will continue to see a higher-than-normal level of bad debt expense.

I&M reasonably averaged the 2019 (before COVID) level of factoring expense with the 2020 embedded level of factoring expense (i.e., inclusive of COVID) to arrive at a representative level of factoring expense going forward.

Q36. Is Adjustment O&M-1 distinct from the Company's proposal to recover the amortization expense associated with its deferral of COVID-related bad debt, which you discuss later in your testimony?

Yes. These are two separate items. Adjustment O&M-1 reflects a "normalized" amount of factoring expense to be reflected in the cost of service on a prospective basis. The amortization I discuss below relates to the COVID deferral approved in Cause No. 45380 and reflects actual bad debt experienced in 2020 and 2021 that exceeded the amount embedded in base rates. Accordingly, there is no "double recovery" of expenses related to bad debt.

Q37. Please explain Adjustment RIDER-2.

Adjustment RIDER-2 removes Total Company OSS margins and PJM NITS expenses that will continue to be fully recovered through the OSS/PJM Rider. In addition, this adjustment removes the corresponding OSS/PJM Rider revenue (Indiana retail) from the Test Year.

Without this adjustment, the base rates would include OSS margins and PJM NITS expenses on a Total Company basis and a corresponding level of Indiana retail revenue expected to be collected through the OSS/PJM Rider in 2022. Adjustment RIDER-2 is necessary to ensure base rate operating revenue and O&M expenses exclude revenues and expenses that will be fully recovered through the OSS/PJM Rider.

See workpaper WP-A-RIDER-2 for further support. Company witness Duncan supports the firm and non-firm split of Indiana revenue.

Q38. Please explain Adjustment RIDER-4.

Adjustment RIDER-4 removes unprotected Excess ADFIT from the Test Year base rates revenue requirement. I&M is proposing a Tax Rider, consistent with the rider mechanism approved in the 45235 Order (p. 74), to credit the remaining unprotected Excess ADFIT to customers.

To accomplish this, Adjustment RIDER-4 removes the Test Year level of unprotected Excess ADFIT amortization expense of approximately $15.6 million. Adjustment RIDER-4 also increases Test Year base revenues by removing the revenue credit of approximately $21.6 million associated with the amortization of Test Year unprotected Excess ADFIT that was embedded in base rates approved in Cause No. 45235.

Since unprotected Excess ADFIT is forecasted to be fully amortized during the Test Year, there is no adjustment necessary to remove an associated regulatory liability from rate base. For additional information see workpaper WP-A-RIDER-4 that is co-sponsored by Company witness Criss. Company witness Duncan supports the firm and non-firm split of Indiana revenue. I discuss the Tax Rider in more detail below.

Q39. Please explain Adjustment RIDER-6.

The 45235 Order directed I&M to track "any future capacity sales revenues" within the Resource Adequacy Rider (RAR).[3] Adjustment Rider-6 removes Total Company capacity credit net sales (Account 4470099) from the Test Year and continues to include this benefit in the RAR.

In addition, this adjustment increases the corresponding Test Year Indiana retail revenue. Adjustment RIDER-6 is necessary to ensure capacity credit net sales are fully recovered through the RAR.

If this adjustment was not made, Test Year capacity revenues would be included in both base rates and the RAR, and I&M's base rates would be understated. See workpaper WP-A-RIDER-6 for further support. Company witness Duncan supports the firm and non-firm split of revenue.

VII. Requested Deferral Authority

Q40. Please describe the deferral accounting authorized for the *IM Plugged In* pilot and explain why it is appropriate to continue this deferral.

The *IM Plugged In* pilot was approved in Cause No. 45235, and the Commission authorized I&M to use deferral accounting for program costs related to the pilot, including carrying costs. 45235 Order, p. 57.

The *IM Plugged In* pilot is ongoing, and I&M filed its first semi-annual report in January 2021. As such, I&M is requesting to continue to defer program costs

[3] 45235 Order at 112.

incurred after December 31, 2020 for recovery in a future rate case. I&M's forecast Test Year does not include an estimated ongoing level of costs associated with these programs and therefore it is reasonable and necessary for the Commission to approve continued deferral authority associated with these programs, consistent with the deferral authority approved in CN 45235.

Q41. Is I&M seeking recovery of any deferred costs in this proceeding related to *IM Plugged In* pilot program costs?

Yes. Company witness Ross supports Adjustment O&M-10, which amortizes the December 31, 2020 deferral balance of $5,057 over a two-year period, which represents the most likely period between re-setting base rates in this case.

Q42. Please explain I&M's request to continue deferral accounting for Dry Cask Storage costs.

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

Q43. Is I&M seeking recovery of any deferred costs in this proceeding related to Dry Cask Storage costs?

Yes. Company witness Ross supports Adjustment O&M-9, which amortizes the December 31, 2020 deferral balance of $10,236 over a two-year period, which represents the most likely period between re-setting base rates in this case.

Q44. Why is it reasonable to continue to defer Dry Cask Storage costs?

As described by Company witness Lies, I&M entered into a contract with the DOE under which the DOE was required to accept spent nuclear fuel and high level radioactive waste from the Cook Plant. However, the DOE has partially breached this contract and has never accepted this material, requiring Cook to store the material onsite in dry cask storage. I&M has entered into settlement agreements with the DOE since October 2011 under which the DOE has, to date, reimbursed I&M for $184.5 million (or 97%) of the cost of dry cask storage at Cook.

Consistent with Cause Nos. 44967 and 45235, there are no dry cask storage costs included in the Test Year forecast because I&M anticipates the DOE will continue to reimburse I&M for these costs.[4] However, if the DOE reimbursements should cease or if ongoing costs should exceed the amount reimbursed, then I&M requests to continue to record the unreimbursed amount as a regulatory asset for recovery in subsequent base rate case proceedings.

Q45. Is the Company requesting deferral and recovery of nuclear decommissioning study expenses?

Yes. The Company is requesting deferral authority of nuclear decommissioning study expense and to recover this amount (without carrying costs) over a two-year period. This is consistent with the Commission's ruling in Cause No. 45235.

Q46. Is the Company requesting deferral and recovery of rate case expenses associated with this case?

Yes. The Company has estimated rate case expense as part of Adjustment O&M-5 and is requesting deferral authority of this expense and to recover this amount (without carrying costs) over a two-year period. This is consistent with the Commission's ruling on rate case expense in Cause No. 45235.

[4] Adjustment O&M-9 includes Dry Cask storage costs that were deferred as of 12/31/20. I&M is requesting to amortize and recover these costs over a two-year period.

Without this adjustment, these costs and the related amortization would not be included in the Test Year forecast. Company witness Ross sponsors Adjustment O&M-5 and discusses it in greater detail.

Regulatory Assets Includable in Rate Base

Q47. Please explain the regulatory assets currently recorded on I&M's books for which I&M has continued to include in rate base and operating expense consistent with the Commission's previous approval and treatment.

I&M has continued to include in rate base for the following regulatory assets that were included in rate base in Cause No. 45235 and approved by the IURC:

- Cook Plant Turbine Deferral
- Cook Uprate Deferral
- Rockport DSI Deferral
- Major Storm Damage Restoration Reserve
- Cook Plant 316(b) Survey Costs
- Baffle Bolts

Q48. Please provide a brief summary of these regulatory assets.

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

- The Cook Plant Turbine replacement project has been authorized for inclusion in rate base in Cause Nos. 44967 and 45235.
- The Cook Uprate deferral was included in I&M's rate base in Cause Nos. 44967 and 45235.
- The Rockport DSI deferral was included in 45235.

- The Cook Plant 316(b) Survey costs relate to costs incurred to study the Cook Nuclear Plant's cost of compliance with Section 316(b) of the Clean Water Act. The Commission found these costs were prudently incurred and authorized them to be amortized over a period of fifteen years.[5]
- The Major Storm Damage Restoration Reserve was originally approved in Cause No. 44967 and again in Cause No. 45235. I discuss the Company's proposal to continue the Major Storm Damage Restoration Reserve further below.
- Baffle Bolts were originally authorized in Cause No. 44075.[6]

Q49. Why should these regulatory asset balances continue to receive rate base treatment?

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

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

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5 45235 Order at 44.

6 44075 Order at 13.

Q50. Does the Company propose rate base treatment for any new regulatory assets?

Yes. In its June 29, 2020 Phase I Order in Cause No. 45380, the Commission granted all jurisdictional Indiana utilities regulatory accounting authority to defer COVID-19 related uncollectible and incremental bad debt expense. I&M requests rate base treatment for the COVID-related bad debt expense regulatory asset deferral. Adjustment RB-5 sponsored by Company witness Ross increases rate base to reflect the forecasted unrecovered December 31, 2022 balance of $2,023,141.

Q51. Is the Company requesting recovery of deferred COVID-related bad debt expense?

Yes. The Company is requesting to recover the December 31, 2020 COVID-19 deferral balance over two years, which represents the most likely period between re-setting base rates. Adjustment O&M-4 sponsored by Company witness Ross increases annual O&M expense by $1,517,356 to amortize the December 31, 2020 balance of $3,034,711 over two years.

Q52. Is the continued deferral of COVID-related bad debt expense reasonable and appropriate?

Yes. The Company plans to continue to defer bad debt expense as authorized by the Commission in Cause No. 45380. In its Phase I Order (p. 8), the Commission found it “appropriate and reasonable … to use regulatory accounting for any impacts associated with any prohibition on utility disconnections, waiver or exclusion of certain utility fees (i.e., late fees, convenience fees, deposits, and reconnection fees), and the use of expanded payment arrangements to aid customers.”

Pending further guidance from the Commission in Cause No. 45380, I&M plans to continue to defer COVID-19 related bad debt that exceeds the amount reflected in current base rates.

Q53. Is the Company requesting rate base treatment for prepaid pension and other postemployment benefit plan (OPEB) assets?

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

VIII. Distribution Major Storm Damage Restoration Reserve

Q54. Please explain I&M's request to continue the Major Storm Damage Restoration Reserve.

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

I&M's Indiana jurisdictional, major storm distribution O&M expense has ranged from as high as $8.5 million to as low as $1.2 million over the last ten years (2011 – 2020) compared to the baseline of $2,473,000 approved in Cause No. 45235. This shows there continues to be substantial variability in these costs from year to year and supports I&M's request to continue the Major Storm Restoration Reserve.

Q55. In the 45235 Order (p. 65) the IURC ordered I&M to use a 5-year average of annual storm damage expense as a baseline. Has I&M used the same methodology in this case?

Yes. The forecast for the test year included approximately $4 million in storm damage expense. However, to be consistent with the Commission's Order in Cause No. 45235, I&M calculated its five-year average of annual storm damage expense to be $2,810,000 as supported by Company witness Isaacson. Company witness Ross supports adjustment O&M-8 that reduces the Test Year by $1,237,529 to align the storm damage expense with the five-year average. The Company requests accounting authority to defer storm damage expenses above and below $2,810,000.

Q56. Please further explain the requested accounting for I&M's Major Storm Damage Restoration Reserve.

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

To summarize, if actual Major Storm Damage Restoration distribution O&M for a given month is less than the monthly amount reflected in the revenue requirement (one twelfth of $2,810,000, or $234,167), the Company will record a regulatory liability for the difference.

If actual O&M exceeds the monthly amount included in the revenue requirement, the Company will record a regulatory asset for the difference. The cumulative regulatory liability or regulatory asset balance will continue to be adjusted each month based on actual major storm damage distribution O&M expense incurred versus the embedded amount.

Q57. Does I&M have a major storm over/under recovery balance that it includes in rate base in this case, similar to Cause No. 45235?

Yes. As represented by Company witness Ross in Adjustment RB-6, the Company includes in rate base a forecasted December 31, 2022 I&M Indiana jurisdictional major storm under-recovery balance of $2,261,084. Consistent with past Commission orders, the Company tracks the level of actual major storm damage expense above or below the level built into base rates in the last case.

Q58. Does the company also propose a cost of service adjustment for major storm over/under recovery amortization?

Yes. In Adjustment O&M-7, Company witness Ross presents a cost of service adjustment which increases major storm under-recovery amortization by $2,200,385 when comparing the forecasted level of major storm amortization to the level included in the Test Year 2022 forecast. This adjustment reflects a two-year amortization period based on the most likely period between re-setting base rates.

IX. Certain New or Modified Riders

Q59. Are you sponsoring all of I&M's riders?

No. I sponsor the Off-System Sales/PJM Rider, the Resource Adequacy Rider, the Environmental Cost Rider, the Advanced Metering Infrastructure Rider, the Tax Rider, and the Phase-In Rider. All other Riders are addressed by Company witness Auer.[7]

[7] Company witness Auer supports DSM/EE, FAC, LCM, and Solar Rider. I support OSS/PJM, RAR, ECR, AMI, and Tax Riders. The Company is proposing to change the name of the SPR to the Renewable Projects Rider.

Q60. Can you briefly summarize the changes to the riders that you support?

Figure DSL-1 explains the proposed changes to the I&M riders I support.

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

Off-System Sales Margin Sharing / PJM Cost Rider (OSS/PJM) Rider	Reset the base cost of PJM non-NITS charges. Continue to recover costs above and below the amount included in base rates.
Resource Adequacy Rider (RAR)	Update costs included in base rates and recover above and below this amount. Also include impacts of Rockport Unit 2 lease expiration as discussed by Company witness Williamson.
Environmental Cost Rider (ECR)	Reset the level of consumables and allowances included in base rates and track above and below that amount; include the amortization expense associated with the SO2 allowance balance; reflect final true-up of LCM project in 2023.
Advanced Metering Infrastructure (AMI) Rider	New rider. Request accounting authority and rate recovery to track incremental AMI investment after the test year and credit back incremental O&M cost savings.
Tax Rider	Implement previously approved rider to pass back unamortized unprotected excess Accumulated Deferred Federal Income Tax (ADFIT). Also track potential future increases to the federal corporate income tax rate.
Phase-In Rider	To provide a credit to base rates to reflect capital that is not yet used and useful at the beginning of the Test Year and later to reflect actual investment as of the end of the Test Year.

Q61. How is I&M proposing to update rider rates to reflect the Commission order in this proceeding?

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

First, shortly after the Commission issues its final order, I&M will submit its compliance filing revised tariff sheets and supporting workpapers that reflect the order's requirements including rider tariffs and rates. Assuming the Commission issues a final order in April 2022, the capital in certain riders[8] will be reset in the compliance filing to reflect only eligible investment as of January 1, 2022, the beginning of the forward looking Test Year. At that time, any embedded expenses or revenues, jurisdictional allocators, and cost of capital used to determine I&M's rider revenue requirements also will be reset to reflect the final order. The riders also will be updated to include, or remove, any new accounts or expense items.

Second, as part of its final rate case compliance filing in early January 2023, I&M will submit a second set of revised tariff sheets and supporting workpapers that will reset the capital in those riders to $0 on January 1, 2023, the day after the end of the forward-looking Test Year in this case.

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

Off-System Sales/PJM Rider (OSS/PJM)

Q62. Please explain the OSS/PJM Rider.

The OSS/PJM Rider flows to customers the net benefits of I&M's off-system sales and tracks all of the net costs charged by PJM due to I&M's status as a Transmission Owner (TO), Generating Owner, and a Load-Serving Entity (LSE). Company witness Koehler further discusses PJM charges.

The OSS/PJM Rider tracks 100% of OSS margins and shares them with customers. OSS margins and PJM Network Integration Transmission Service (NITS) charges are fully recovered in the Rider with no costs embedded in base

[8] I&M Riders that currently include capital referenced here are LCM, and DSM/EE. While the SPR contains capital, that capital will remain in the SPR for five years per the Commission's Order in Cause No. 45245, p. 8.

rates. All other PJM charges authorized to be recovered in the Rider, which are referred to as non-NITs, are embedded in base rates and tracked above and below that level through the Rider.

Q63. Is I&M proposing any changes to the OSS/PJM Rider?

No. I&M is proposing to maintain the structure approved by the Commission in Cause No. 45235. I&M plans to continue tracking 100% of OSS margins through the OSS/PJM Rider (with no margins embedded in base rates), and flow back to customers 100% of these margins. The OSS margins that will be included in the Rider have been removed from I&M's cost of service for purposes of calculating base rates in this proceeding as reflected in Adjustment RIDER-2 as discussed above.

The PJM component of the Rider will fully include PJM NITS costs that have been removed from I&M's cost of service for purposes of calculating base rates in this proceeding as also reflected in Adjustment RIDER-2.

Q64. What is the Test Year level of non-NITS PJM expenses?

I&M proposes to embed in base rates the forecasted Test Year level of $73,513,894 (Total Company) for all non-NITS PJM costs, and track any variance from the embedded level consistent with past practices.

Q65. Why is I&M's proposal to continue tracking PJM costs reasonable?

As explained further by Company witness Koehler, it is reasonable to continue tracking I&M's PJM NITS costs because they are significant, variable, and largely outside the control of the Company. These are reasonable and necessary costs of providing service to customer and if not tracked would present an immediate and significant adverse financial impact to the Company.

Figure DSL-2 identifies the significant and variable nature of these costs. If I&M were unable to track these costs, the Company would need to file base rate cases as often as possible to avoid significant financial harm.

Figure DSL-2. I&M's Indiana-retail PJM charges ($M) [9,10]

Period	Filing	Non-NITS	NITS	Total	Change
7/2017 – 6/2018	PJM-9	$65	$156	$221	$ 3
7/2018 – 6/2019	PJM-10	$24	$171	$195	($26)
7/2019 – 6/2020	PJM-11	$43	$197	$240	$45
7/2020 – 6/2021	PJM-12	$45	$208	$253	$13
2022 Test Year	45xxx	$55	$281	$336	$83

To put this in perspective, a 100 basis points change in earned return on equity (ROE) is approximately $30 million. Three out of four of the most recent periods in the table above would have resulted in I&M's earned ROE changing by more than 100 bps if I&M was unable to track these costs. In addition, annual general rate case filings are impractical and costly; they are also precluded by the 15-month rule in Indiana's utility regulatory framework.[11]

Q66. Does continued tracking of PJM costs benefit customers?

Yes. Tracking PJM costs benefits I&M's customers in the following ways:

- Provides for more gradual rate increases,
- Supports positive credit metrics, which lowers debt costs, and
- Allows for cost reductions to be passed back to customers in a timely fashion.

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[9] NITS expenses are those recorded to FERC accounts 4561002, 4561003, 4561005, 4561035, 4561036, 5650015, 5650016, and 5650021.

[10] PJM-12 will be filed in August 2021. Costs shown are actuals through May 2021.

[11] See Ind. Code § 8-1-2-42(a).

Resource Adequacy Rider (RAR)

Q67. Please explain the RAR.

The RAR tracks incremental changes in the Company's purchased power costs (accounts 5550027, 5550096) compared to the amount embedded in base rates; I&M also includes capacity credit revenue (account 4470099) in this rider. The RAR recovers or credits incremental amounts above or below the base rate amount. This mechanism is reconciled annually to ensure customer rates reflect the actual cost of purchased power incurred to provide service.

Consistent with the 45235 Order, I&M has removed all capacity credit revenues from the Test Year so that they can be tracked dollar-for-dollar in the RAR.

Q68. What is I&M proposing with respect to the RAR?

I&M proposes to continue the current Rider structure with one change. As discussed by Company witness Williamson, I&M is proposing to track the future Indiana retail share of revenues and costs associated with the termination of the Rockport Unit 2 lease on December 7, 2022 within the RAR.

Q69. To the extent I&M does not have sufficient capacity to cover its load obligations and must purchase capacity in the market, would that cost be includable in the RAR?

Yes. The RAR was approved "to recover costs associated with incremental changes in the Company's purchased power capacity costs" and "allows customers to benefit from sale of capacity related to Indiana retail service." To the extent I&M must purchase capacity in the market in the future, this cost would be includable in the RAR.

Q70. Why is it reasonable to track non-fuel purchased power costs through the RAR?

The RAR, in conjunction with the FAC, ensures that rates only reflect the actual cost of purchased power that I&M incurs to provide service to customers.

I&M's purchased power contracts included in the RAR include the Unit Power Agreement (UPA) with AEP Generating Company (AEG) for a portion of the Rockport Plant and the Inter-Company Power Agreement with Ohio Valley Electric Corporation (OVEC). These wholesale power agreements are subject to FERC-approved tariffs. The UPA and OVEC costs are significant in amount and can vary due to factors outside of I&M's control, such as changing environmental legislation.

In addition, I&M's ongoing capacity purchases and capacity sales are subject to change by factors that are largely outside I&M's control and may be significant and volatile or variable. These factors include the Commission's approval of future generation resources, PJM capacity rule changes and the impact and variability of PJM's Effective Load Carrying Capability rules. For these reasons, it is both reasonable and necessary to support timely recovery of these costs and revenues through continuance of the RAR.

Further, in the 45235 Order, the Commission found that these costs are appropriate for tracking within the RAR. In that order, the Commission found (p. 112) that "continued use of the RAR will help ensure rates reflect the actual cost of capacity required to comply with PJM's resource adequacy requirements and will provide benefits to customers by tracking capacity sales revenues, which serve to reduce the revenue requirement."

Q71. When new base rates are implemented how will the recovery of costs in the RAR change?

Upon implementation of new base rates, I&M will begin tracking above and below the $182,695,255 (Total Company) Test Year level of non-fuel purchased power costs.[12] Further, I&M will include the revenues and costs associated with the expiring Rockport Unit 2 lease.

Environmental Cost Rider (ECR)

Q72. Please describe the ECR.

The ECR is used to track the consumables and net allowances costs the Company incurs in operating its generating assets for the benefit of its customers. Specifically, the ECR tracks the over/under variance from the amount of consumables and allowances costs embedded in base rates.[13]

This ensures that customer rates ultimately reflect only the actual cost of consumables and allowances costs incurred to provide service.

Q73. What is I&M proposing with respect to the ECR?

I&M proposes to continue using the ECR to track the consumables and net allowances costs the Company incurs in operating its generating assets for the benefit of its customers. Specifically, the Company is proposing to embed in base rates the $8,794,956 (Total Company) forecasted Test Year level of consumables and allowances costs of and track any annual over/under variances in the ECR from the embedded level in base rates.

I&M also requests authorization to include in the ECR the amortization expense associated with SO2 allowance balances. Since these costs were prudently incurred environmental related costs, recovery through the ECR is appropriate.

Further, when the LCM project concludes and all costs associated with it are recorded, I&M proposes to include the final reconciliation of the over/under variance for the LCM Rider in the ECR filing. I&M's ECR filing in 2023 will

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[12] Sum of the Test Year balances in accounts 5550027, 5550096, and 5550023.

[13] Consumables are the reagents used to reduce emissions, such as anhydrous ammonia, sodium bicarbonate and activated carbon.

incorporate any residual over/under balances and unrecovered property tax associated with LCM investment placed in service during 2022. This is also discussed by Company witness Auer.

Q74. Please explain the changes to the ECR relating to SO_2 allowances.

The Company is seeking authority to accelerate recovery of the noncurrent sulfur dioxide (SO_2) allowance inventory that is currently recorded in FERC Account 158. The Company proposes to recover the Indiana jurisdictional share of the December 31, 2020 noncurrent SO_2 allowance inventory of $26 million over a six-year period with amortization starting in January 2023 and continuing through December 2028.

Q75. How will the Company recover these costs through ECR Rider rates?

The Company proposes to include accelerated amortization of noncurrent SO_2 inventory in the determination of ECR Rider rates beginning in January 2023 and continuing through December 2028. Amortization of noncurrent SO_2 allowance inventory will be included in the Company's overall monthly ECR Rider over-/under-recovery calculation and adjusting entry comparing monthly ECR Rider revenues and eligible costs.

Q76. Why is the Company seeking accelerated recovery of SO_2 allowances at this time?

Under Title IV of the Federal Clean Air Act that was enacted 30 years ago, the Company prudently incurred costs to purchase SO_2 allowances to ensure its coal-fired generation fleet had sufficient allowances to comply with EPA emission standards. However, due to changes in environmental legislation, environmental investments made by the Company and the decreased need for SO_2 allowances to operate its coal-fired fleet. It is currently forecasted that I&M will have a December 31, 2028 noncurrent SO_2 allowance inventory of $25 million, slightly less than I&M's December 31, 2020 balance of $26 million.

Q77. Why is continued tracking of consumables and allowances expenses reasonable?

As further supported by Company witness Kerns, consumables and allowances expenses are much like fuel costs – the total amount of consumables and allowances expense incurred by the Company each year varies considerably based on how much the Rockport units operate. As a result, consumables and allowances costs are significant, variable, and largely outside the control of the Company.

Any forecasted base level of this cost is potentially not representative during the applicable time period. As a result, consumables and allowances expenses should continue to be tracked through the ECR consistent with the Commission's prior determination in Cause No. 45235.

Advanced Meter Infrastructure (AMI) Rider

Q78. Please describe I&M's request for approval of the AMI Rider.

I&M is requesting approval to implement an AMI Rider that will track the amount of incremental AMI capital investment and associated O&M that the Company incurs after the Test Year. Further, I&M proposes to credit prospective incremental O&M savings starting in 2023 based on an AMI Cost Benefit Analysis (Accenture Cost Benefit Study – Attachment CHB-1).

Q79. Is I&M expecting O&M cost savings associated with deploying AMI meters and implementing AMI-related programs?

Yes. As supported by the Accenture Cost Benefit Study, the Company anticipates operational-related O&M cost savings during the Test Year associated with implementing AMI programs. Those operational cost savings are reflected in the Test Year via Adjustment O&M-11 sponsored by Company witness Lucas.

Figure DSL-3 illustrates the incremental operational cost savings in 2023 and 2024 in the AMI Rider.

Figure DSL-3. AMI-related operational savings (Indiana)

	2022	2023	2024
Total Avoided O&M Expenses	$ 1,276,993	$ 3,265,106	$ 4,639,274
Total Revenue Protection	$ 55,659	$ 1,085,705	$ 2,139,613
Total Savings	$ 1,332,652	$ 4,350,811	$ 6,778,887
Incremental to Test Year		$ 3,018,159	$ 5,446,235

These cost savings were identified and calculated in the Accenture Cost Benefit Study.

Q80. Is I&M requesting approval of AMI Rider rates at this time?

No. Since costs and expenses related to the project are included in the Test Year, I&M will file AMI Rider rates in mid-2022 to become effective on January 1, 2023. The 2022 AMI Rider filing will use a forecast period of 2023 for capital investment placed into service and forecasted O&M expenses.

The AMI Rider will be updated annually (including a true-up of previous periods and forecast of future periods) and will continue until AMI is 100% deployed across I&M's system. The AMI Rider will track all incremental AMI capital and related O&M, while crediting the AMI savings from the Accenture Cost Benefit Analysis.

Q81. Please explain the proposed AMI Rider.

The AMI project lays the foundation for substantial customer and system benefits, as discussed by Company witnesses Thomas, Isaacson, Lucas, Walter and Bech. I&M is planning to begin deployment of AMI meters in 2021 and conclude the project in late 2024. The Test Year forecast contains a level of capital plant in service and operating expenses for the AMI project.

The pre-2023 costs will be included in base rates and the plant placed into service in 2022 will be subject to the Company's Phase-in Rate adjustment mechanism based upon plant in-service balances through the 2022 Test Year. The Rider will only address cost recovery for incremental project investment, expenses and savings starting January 1, 2023 through the conclusion of the project.

Q82. What types of costs will be reflected in the AMI Rider?

I&M is requesting the Commission approve the AMI Rider mechanism and tariff to allow for timely cost recovery of the AMI project costs, which include depreciation expense, post-in-service debt and equity carrying costs on incremental capital investment, associated property taxes, incremental operation and maintenance (O&M) costs, and gross revenue conversion factor (GRCF) expense that are incurred after the Test Year.

Q83. How will these costs be determined?

I address each specific category below.

1) Depreciation expense will be determined by applying the depreciation rates approved by the Commission to AMI plant investment.

2) Pre-tax return on capital (carrying costs) will be calculated by applying I&M's pre-tax weighted average cost of capital (WACC) to I&M's average monthly plant-in-service balance less accumulated depreciation, which is consistent with I&M's long-standing practice for capital riders. The WACC will be updated annually based on changes in capital structure. The ROE approved in this proceeding will be used until I&M's next rate case.

3) Property tax expense will be determined using the effective rate applied to incremental capital investment consistent with practices utilized by I&M and approved by the Commission for other capital riders.

4) O&M expense will be specifically identified by unique work order coding. O&M specific to Indiana will be directly assigned and O&M applicable to AMI in both Indiana and Michigan will be allocated based on the Number of Customers jurisdictional allocation factor (78.37226%) approved by the Commission in this proceeding.

5) O&M savings associated with AMI implementation will be credited to the AMI Rider each year. Specifically, I&M proposes to credit the O&M savings that were identified in the Cost Benefit Study as shown in Figure DSL-3.

6) GRCF costs will be calculated consistent with the method approved by the Commission for I&M's other riders.

I&M will calculate monthly AMI Rider over-/under recovery by comparing AMI Rider revenues against AMI eligible costs. The resulting AMI over-/under recovery will be included in future rider true-up filings.[14] The annual AMI Rider filings will continue until the deployment is complete and all AMI-related costs are reflected in I&M's base rates.

Q84. Will the Company perform over-/under-recovery accounting for activity related to the AMI Rider?

Yes. I&M requests authority to perform over-/under-recovery accounting on the AMI Rider upon the implementation of initial AMI Rider rates beginning January 1, 2023. As described above, AMI project costs through the 2022 Test

[14] Since 2022 costs will be included in base rates, the first filing will be fully forecasted for calendar year 2023. The second filing will true up 2023 actuals.

Year will be recovered through base rates. AMI project costs post 2022 will be recovered through the AMI Rider.

Q85. Why is it reasonable to track AMI deployment costs?

It is reasonable to track AMI deployment costs due to the significant operational benefits AMI will produce, the benefits to customers of AMI related programs, as well as the significant nature of the investment that will occur in a relatively short time period following the Test Year. AMI related costs are potentially significant, will vary over time, and are largely driven by the project timeline and scope.

At the end of the Test Year, nearly $46 million of AMI forecasted capital spend is projected to remain.[15] It would be impractical and an inefficient and ineffective use of resources to require I&M to file another general rate case immediately after this proceeding to address a significant amount of cost recovery associated with an investment the Commission determined to be reasonable and necessary.

Notwithstanding the foregoing, without Commission approval of a tracker mechanism in this proceeding, I&M would be required to wait 15 months from the date of this petition to request cost recovery through the filing of a general rate case, and then another 300 days to receive an order. The requested Rider provides timely financial support for this significant capital investment and ensures that customer rates ultimately reflect only the actual cost of the AMI deployment over time.

Q86. Has I&M prepared an AMI Rider tariff sheet for Commission approval?

Yes. The proposed AMI Rider tariff is provided in Attachment KCC-2 and is included in my testimony. As previously indicated, the initial rates have been set to ¢0.00/kWh.

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[15] Company witness Bech testimony, Workpaper CHB-1.

Tax Rider

Q87. Please explain the Company's proposed implementation of the Tax Rider.

The Tax Rider allows for a smooth sunsetting of the final amortization of non-normalized (unprotected) Excess ADFIT credit that resulted from the Tax Cut and Jobs Act (TCJA) of 2017. The unamortized amount of unprotected Excess ADFIT is projected to be fully amortized in August 2022 as shown on workpaper WP-A-RIDER-4. The Company is requesting to amortize the remaining unprotected Excess ADFIT through the Tax Rider. Further, the proposed Rider will allow flexibility to address future changes in corporate income tax rates.

Q88. What would happen if the Tax Rider was not used to pass back the amortization of unprotected Excess ADFIT?

As proposed and approved in Cause No. 45235, the Tax Rider is the appropriate mechanism to ensure that remaining unprotected Excess ADFIT is properly tracked and credited to customers.

If I&M did not track this amortization within the Tax Rider, customers would continue to receive the same level of unprotected Excess ADFIT amortization that was reflected in the test year in Cause No. 45235. This would mean that customers would receive more than the appropriate level of excess unprotected Excess ADFIT credits and I&M's earnings would be understated.

Unprotected Excess ADFIT is scheduled to be fully amortized in August 2022 as shown on WP-A-RIDER-4. It is reasonable to prepare for the end of the amortization of the remaining balance of unprotected Excess ADFIT. The Tax Rider mechanism provides an efficient way to provide customers with amortization credits until the unamortized balance is extinguished.

Q89. Has I&M removed the Test Year level of unprotected Excess ADFIT?

Yes. Adjustment RIDER-4 shows that the total amount of unprotected Excess ADFIT was removed from the Test Year.

Q90. Please comment further on how I&M would implement the Tax Rider.

In I&M's compliance filing in this proceeding (assumed May 2022 for purposes of illustration), I&M will establish factors for the Tax Rider, which will be based upon the remaining unamortized unprotected Excess ADFIT balance at the time new base rates are implemented.

Consistent with the 45235 Order, I&M will establish Tax Rider rates using two-part rates for demand-metered customers, and an energy-only rate for non-demand metered customers. These rates will remain in effect until the full value of the unprotected Excess ADFIT has been passed back to customers. At that time, I&M will make a compliance filing to zero out the Tax Rider rate factors. A final reconciliation of any over/under recovery balance will be included as a credit or charge a subsequent ECR filing. This process is consistent with how I&M has concluded other riders.

Q91. Have you calculated the revenue requirement that will be reflected in the Tax Rider?

Yes. Assuming a compliance filing is made in May 2022, the revenue requirement for the Tax Rider that will be in place during the Test Year is a credit of $23,990,749 as calculated on page 5 of WP-A-RIDER-4.

Q92. Please provide further detail around the use of the Tax Rider as a mechanism to reflect changes in corporate federal income tax rates for customer rates.

As the political environment in the country remains fluid, tax policy and corporate tax rates continue to be discussed, with an expectation that corporate tax rates will increase in the near future. The Company concludes that consistency in the deferral accounting treatment for changes to the federal income tax rate is important to the fair presentation of the Company's earnings.

Similar to I&M's deferral accounting in response to the Tax Cuts and Jobs Act of 2017 (TCJA) and in accordance with Cause No. 45032, the Company proposes to defer the earnings impact of any legislation resulting in an increase to the corporate federal income tax rate. This deferral accounting through the Tax Rider will also allow I&M to fairly and appropriately present the impacts of these tax issues on its financial statements and avoid misleading inter-period earnings fluctuations.

As noted in Company witness Ross' testimony, the Company proposes a six-year amortization period for any deficient unprotected Excess ADFIT balances that may result from an increase in corporate federal income tax rates. The six-year amortization period is consistent with the period agreed to for the amortization of the unprotected Excess ADFIT balance stemming from the TCJA.

The Tax Rider would preclude the need to open a new docketed proceeding the next time corporate federal income tax rates change.

Q93. How does I&M propose to update the Tax Rider for a change in the federal corporate income tax rate?

I&M proposes to file new rates within 90 days of changes in corporate federal income tax rates becoming effective. These rates would be an incremental increase or decrease from the current level of corporate federal income taxes reflected in the test year of I&M's most recent base case proceeding. Similar to other riders, I&M would reconcile the over/under balance on an annual, on-going basis until the new tax rates are reflected in basic rates.

Company witness Criss has calculated an illustrative example that shows the estimated impact of increasing the corporate income tax rate to 28%.

Q94. Will the Company separately record carrying charges on protected and unprotected Excess ADFIT balances?

Yes. For unprotected Excess ADFIT, the Company will calculate monthly debt and equity carrying charges to the benefit of customers. For a potential increase to the corporate federal income tax rate, I&M will calculate monthly debt and equity carrying charges to the benefit of the Company on deficient protected ADFIT and deficient unprotected Excess ADFIT balances. These carrying charge calculations will be included in I&M's monthly Tax Rider over/under calculation as further described by Company witness Ross.

Q95. Is I&M requesting deferral authority for protected and unprotected ADFIT in the event the federal income tax rate increases?

Yes. I&M is requesting Commission authority to defer protected and unprotected ADFIT as soon as practicable after the effective date of the corporate tax rate changes.

Q96. Has I&M prepared a Tax Rider tariff sheet for Commission approval?

Yes. The proposed Tax Rider tariff is provided in Attachment KCC-2 and is included in my testimony. As previously indicated, initial rates will be prepared and submitted for approval as part of I&M's compliance filing shortly after an order is received in this Cause.

Phase-In Rate Adjustment (PRA)

Q97. What is the purpose of I&M's PRA?

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

The PRA is the mechanism that will be used to implement this phase-in. The PRA process and methodology is consistent with the order approved in I&M's last base rate case, Cause No. 45235.[16] As proposed, the PRA will adjust customer rates in two distinct steps.

Q98. Please summarize the PRA steps.

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

Figure DSL-4. PRA steps

Phase	Date Range	Description	Effective Increase	
I	When new base rates are implemented through I&M's compliance filing in April 2022.	The PRA will reflect a rate credit to reflect expected forecasted plant additions during the Test Year. [17]	Total Proposed: <u>PRA Credit:</u> Phase I Increase:	$104 <u>($31)</u> $73
II	After I&M's compliance filing expected to be made in January 2023.	The PRA credit will be reduced or eliminated based on I&M's compliance filing and the review process described below.	Phase II Increase:	$31

Q99. Please describe the PRA Credit.

I&M's base rate cost of service reflects a forecasted Test Year end net plant-in-service balance. Upon implementation of the initial compliance filing in this proceeding, the PRA will reduce customer rates to effectively reflect net plant-in-service (gross plant in-service less accumulated depreciation) and cost of

[16] Cause No. 45235, page 80.

[17] The "PRA" or "Phase-in Rate Adjustment" referenced in this proceeding was what referred to as the "Forecasted Plant Credit" in Cause No. 45235.

capital as of December 31, 2021, which is representative of the beginning of the Test Year.

The PRA Credit will remain in effect until I&M's final compliance filing is made on or after January 1, 2023. In this way, I&M's rates will only reflect actual Test Year plant additions once they are placed in service and are used and useful in the provision of service for customers. The calculation of the PRA credit is described by Company witness Duncan.

Q100. Please explain I&M's proposed PRA compliance filing process.

I&M proposes to use the same method approved and used in Cause No. 45235. More specifically, on or after January 1, 2023, I&M will make a compliance filing in this docket that certifies the Company's actual Test Year end net plant-in-service balance and reduces or eliminates the PRA Credit to establish Phase II rates.

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

If there are objections, a hearing will be held to determine I&M's actual Test Year end net plant, and rates will be trued-up (with carrying charges) retroactive to January 1, 2023 (regardless of when Phase II rates are placed in effect).

Q101. Are you requesting the Commission approve I&M's PRA in this Cause?

Yes. The PRA is an appropriate ratemaking tool to true up base rates that are established on a forecasted Test Year to the actual capital investment the Company makes during the Test Year.

X. Utility Receipts Tax

Q102. What is the Utility Receipts Tax (URT)?

The Indiana URT is a 1.4% state tax that applies to utility gross receipts (revenues). Currently I&M collects the URT through its base rates and riders as a gross revenue conversion factor that is applied to the revenue requirements that are used to set rates.

Q103. Was the manner in which the URT is applied to rates and/or bills discussed in I&M's last rate case?

Yes. In I&M's last rate case, an intervenor proposed that I&M remove the URT from base rates and include it as a separate line item on customers' bills. The Commission's Order declined to order I&M to change how the URT is applied to rates and customer bills but did find it reasonable for I&M to study implementation of this proposal and provide an update in its next rate case.

Q104. Has I&M studied the potential implementation of the URT as a separate line item on customer bills?

Yes, and the Company has identified a number of difficulties in changing how the URT is reflected in rates.

Q105. Please discuss the difficulties hindering implementation of the URT as a separate line item on customers' bills.

I&M would have to recalculate all of its base rates as well as rider rates to remove this cost from the revenue requirements. I&M would then have to reset every single rate in its billing system to the new rate factors that do not include this tax.

This alone would take approximately 30 days for several members of the Regulatory and Pricing teams to recalculate every rate factor that is applicable to Indiana retail tariffs. Then the billing system would have to be reprogrammed to reflect the new rate factors for every retail rate.

I&M would also have to program its billing system to add this line item on customer bills. I&M already has a line item for the 7% state tax rate on customer bills; therefore this would be a second tax line item and it is difficult to determine if there will be sufficient room on the bill for a second line item.

In addition, including the URT as a separate line item may require a second page to the bill in some instances, which will increase ongoing administrative costs. It would take approximately one month to reprogram and test I&M's billing system to add this new line item on customer bills and to make sure the system charges the rate when appropriate and does not charge the rate when not appropriate.

Q106. Do you have a recommendation regarding the URT?

Yes. Moving the URT to be a separate line item does not change the overall revenue requirement or customer bills, but would introduce a number of complications to I&M's accounting and billing processes. Accordingly, I recommend the URT continue to be reflected in base rates and rider rates, rather than as a separate line item on customer bills.

XI. Request for Waiver of Rules

Remote Disconnect/Reconnect

Q107. Please briefly describe I&M's current and proposed Remote Disconnect/Reconnect plans.

Per the settlement agreement approved in Cause No. 44967, I&M is authorized to remotely disconnect customers who have demonstrated a safety risk to I&M

personnel. As shown in the semi-annual compliance reports filed in Cause No. 44967, I&M has been able to use this remote disconnection option to avoid in-person disconnections in instances where there has been a threat to employee personal safety.

In this proceeding, I&M is requesting Commission authority to more broadly implement remote disconnect as well as remote reconnect processes. Using AMI meters and back office infrastructure, I&M will be able to disconnect and reconnect customers that have AMI meters installed and are coded in I&M's system as being eligible for remote disconnect/reconnect.

Q108. What are the steps I&M plans to make prior to remote disconnect?

I&M will mail a normal disconnect notice seventeen (17) days prior to scheduled disconnect. If payment is not recorded, seven (7) days prior to the scheduled disconnect date, I&M will initiate a series of automated outbound calls to the customer prior to remote disconnect.

Our system will try three times to contact the customer of record before it records the call as unsuccessful. Assuming the call reaches the customer or is successful at leaving a message on an answering machine or voicemail, and payment is not made, the customer will be disconnected automatically around 10 a.m. on the day of disconnect identified on the disconnect notice.

If the customer is not reached, or the automated outbound calls are recorded as unsuccessful, another disconnection notice will be automatically generated and mailed to the customer at least five (5) days prior to disconnect. If payment is still not made prior to the scheduled day of disconnect, the customer will be disconnected automatically around 10 a.m.

Q109. What is remote reconnect?

Part of the benefit to customers of I&M having the capability of remote disconnect is the corresponding ability to remotely reconnect customers. For example, if a customer is disconnected for non-payment and then makes a payment, the Company would be able to remotely reconnect service. This allows service to be restored in a more timely manner than would otherwise occur if reconnect had to be made via a physical trip to the customer site.

In addition, if I&M is contacted by a customer who requests service to begin at a given location on a certain day, I&M will be able to program its system to remotely connect service at a location that has an AMI meter installed. Customers will be able to request service to begin or to be re-established at a specified date and time. The costs and benefits of remote disconnect/reconnect are more fully detailed in the testimony of Company witness Bech.

Q110. Is I&M requesting a waiver in order to implement remote disconnect/reconnect?

Yes, similar to the waiver already granted for instances of threats to employee safety. 170 IAC 4-1-16(f) states that prior to disconnection, a Company employee is required to make an on-site premises visit. I understand that when this rule was written, technology required an employee to physically enter a customer property to make disconnect and the rule contains procedures to avoid confrontation with a customer who may not be aware of why the utility employee was on the property.

With modern technology, it is not necessary for an employee to physically enter a customer's property. Therefore the purpose behind the rule (to avoid conflict between a confused customer and a utility employee) can be avoided by performing the disconnection remotely with increased customer notification.

In lieu of this on-site visit requirement, the Company is proposing to provide a series of outbound calls to the customer seven days before disconnect and then send a second disconnect notice if the customer is not reached via phone. The Company believes that additional communication prior to disconnect will increase the likelihood that disconnect for nonpayment will not occur.

Q111. Can I&M identify vulnerable customers in its system that may not understand the remote disconnect process?

Yes. I&M has a coding system that identifies customers that are considered vulnerable and/or are identified as a life support customer. If a certain code is on a customer's account the system is blocked from processing a remote disconnect order for that account. Instead, a traditional field order is sent to the field crews indicating this account requires a field crew member to knock on the door prior to physical disconnect.

In addition, the Company has the ability to place a third party on an account that would receive a duplicate disconnection notice if the customer's bill becomes delinquent. This would allow the designated third party to help assure a payment is made so that the vulnerable customer account is back in good standing and is not subject to disconnect.

Q112. Has the Commission previously approved a waiver of the in-person notification rule so as to facilitate remote disconnect/reconnect?

Yes. As noted above, I&M currently has a waiver for instances in which employee safety is threatened. In Cause No. 45253 the Commission granted a waiver of this rule for Duke Energy Indiana and approved the use of remote disconnect/reconnect.

Q113. Does I&M plan to notify all customers that they may be subject to remote disconnection?

Yes. I&M plans to modify its disconnection notices to notify all customers that if payment is not made by the due date, and if an AMI meter is installed on the premise, they may be subject to remote disconnect.

Q114. When does I&M plan to begin remote disconnect/reconnect?

Assuming waiver of the rule is granted in this proceeding, I&M would begin remote disconnect/reconnect in Indiana shortly after receiving an order in this proceeding, and changes to disconnection notices are made.

FlexPay

Q115. What is FlexPay?

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

They will receive several electronic notifications before their account balance reaches zero. Once their balance reaches zero they will have until the beginning of the next business day to re-establish a positive balance or before the account is remotely disconnected. The details of this program are covered by Company witness Lucas.

Q116. What IURC rules is I&M requesting a waiver of in order to provide the FlexPay program?

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

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

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

Q117. Does this conclude your pre-filed verified direct testimony?

Yes.

VERIFICATION

I, Dona R. Seger-Lawson, Director, Regulatory Services for Indiana Michigan Power Company, affirm under penalties of perjury that the foregoing representations are true and correct to the best of my knowledge, information, and belief.

Date: June 28, 2021

Dona R. Seger-Lawson

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

AUTOMATED METERING INFRASTRUCTURE (AMI) RIDER

The Automated Metering Infrastructure (AMI) Rider surcharge allows the Company to recover costs associated with investments in AMI metering technology as approved by the Commission. All customer bills subject to the provisions of this rider shall be adjusted by the AMI Rider per billing kWh and kW or kVA as follows:

Tariff Class	¢/kWh	$ / kW or $ / kVA
RS, RS-TOD, RS-TOD2 and RS-OPES, RSD and RS-PEV	0.0000	--
GS, GS-TOD, GS-TOD2 and GS-PEV	0.0000	--
LGS and LGS-TOD	0.0000	0.00
LGS-LM-TOD	0.0000	--
IP and CS-IRP2	0.0000	0.00
MS	0.0000	--
WSS	0.0000	--
IS	0.0000	--
EHG	0.0000	--
OL	0.0000	--
SLS, ECLS, SLC, SLCM AND FW-SL	0.0000	--

ISSUED BY
TOBY L. THOMAS
PRESIDENT
FORT WAYNE, INDIANA

EFFECTIVE FOR BILLS RENDERED BEGINNING
WITH THE BILLING MONTH OF ___________

ISSUED UNDER AUTHORITY OF THE
INDIANA UTILITY REGULATORY COMMISSION
DATED _________________
IN CAUSE NO. _______________

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

TAX RIDER (TAX)

The Tax Rider surcharge allows the company to refund remaining accumulated unprotected deferred federal income tax associated with the Tax Cuts and Jobs Act of 2017 through calendar year 2022. This rider will also be used to track and adjust future changes to federal corporate income tax above or below the amount of federal taxes in base rates as approved by the Commission. All customer bills subject to the provisions of this rider shall be adjusted by the TAX factor per billing kWh and kW or kVA as follows:

Tariff Class	¢/kWh	$ / kW or $ / kVA
RS, RS-TOD, RS-TOD2 and RS-OPES, RSD and RS-PEV	0.0000	--
GS, GS-TOD, GS-TOD2 and GS-PEV	0.0000	--
LGS and LGS-TOD	0.0000	0.00
LGS-LM-TOD	0.0000	--
IP and CS-IRP2	0.0000	0.00
MS	0.0000	--
WSS	0.0000	--
IS	0.0000	--
EHG	0.0000	--
OL	0.0000	--
SLS, ECLS, SLC, SLCM AND FW-SL	0.0000	--

ISSUED BY
TOBY L. THOMAS
PRESIDENT
FORT WAYNE, INDIANA

EFFECTIVE FOR BILLS RENDERED BEGINNING
WITH THE BILLING MONTH OF ___________

ISSUED UNDER AUTHORITY OF THE
INDIANA UTILITY REGULATORY COMMISSION
DATED _________________
IN CAUSE NO. _______________