

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF INDIANA MICHIGAN POWER )  
COMPANY, AN INDIANA CORPORATION, FOR )  
(1) AUTHORITY TO INCREASE ITS RATES AND )  
CHARGES FOR ELECTRIC UTILITY SERVICE )  
THROUGH A PHASE IN RATE ADJUSTMENT; (2) )  
APPROVAL OF: REVISED DEPRECIATION )  
RATES; ACCOUNTING RELIEF; INCLUSION IN )  
BASIC RATES AND CHARGES OF QUALIFIED )  
POLLUTION CONTROL PROPERTY, CLEAN ) CAUSE NO. 44967  
ENERGY PROJECTS AND COST OF BRINGING )  
I&M'S SYSTEM TO ITS PRESENT STATE OF )  
EFFICIENCY; RATE ADJUSTMENT MECHANISM )  
PROPOSALS; COST DEFERRALS; MAJOR )  
STORM DAMAGE RESTORATION RESERVE )  
AND DISTRIBUTION VEGETATION )  
MANAGEMENT PROGRAM RESERVE; AND )  
AMORTIZATIONS; AND (3) FOR APPROVAL OF )  
NEW SCHEDULES OF RATES, RULES AND )  
REGULATIONS. )

PETITIONER INDIANA MICHIGAN POWER COMPANY  
SUBMISSION OF PHASE-IN RIDER/ PHASE II COMPLIANCE FILING

Indiana Michigan Power Company (I&M), by counsel, in accordance with the May 30, 2018 Order in this Cause, files the attached compliance filing for approval of Phase II rates. As shown therein, the Company has certified its test-year-end net plant and the Phase II rates presented herein will be effective for service rendered on and after January 11, 2019.

I&M's Phase II compliance filing is being made pursuant to the Phase-In Rider mechanism (also called Phase-In Rate Adjustment (PRA)) set forth in the Stipulation and Settlement Agreement, Section I.A.17. The Settlement Agreement provides that I&M will certify its net plant at December 31, 2018, or test-year-end, and calculate the

resulting Phase II rates. For purposes of this Section, “certify” means that I&M has determined the amount of net plant indicated in its certification and the corresponding net plant additions have been placed in service. The Phase II rates will go into effect on the date that I&M certifies its test-year-end net plant, or January 1, 2019, whichever is later. The net plant for Phase II rates will not exceed the lesser of (a) I&M’s forecasted test-year-end net plant or (b) I&M’s certified test-year-end net plant.

The following items set forth the primary elements of the Phase II compliance filing and associated Phase-In Rider tariff rates:

1. Attachment MEL-9-S (revised) provides a summary of the forecasted test-year net plant balances for I&M. Note that page 2, line 8 of this Attachment was revised to correctly calculate the forecasted test year end net plant of \$3,256,999,826, which is the difference between line 3 (Net Plant) and line 7 (Transmission Net Plant).
2. I&M Jurisdictional Allocation Factors.
3. Phase In Rate Adjustment True Up: Comparison of Test Year (Approved) Net Plant-in-Service, Depreciation and Amortization to Actual 2018 Test Year Amounts.
4. Attachment MEL-4-S provides I&M’s authorized depreciation rates.
5. Affidavit of Andrew J. Williamson.
6. Phase II Rate Design and Credit Allocation, showing the computation of the resulting Phase II PRA revenue requirement and its allocation among the tariff classes. The Phase II PRA factors are computed using the same PRA billing determinants and rate design methodology approved in this Cause.

I&M hereby submits its First Revised PRA Tariff Sheet No. 45. Per the Commission’s May 30, 2018 Order in this Cause (at 30), the Phase II rates “shall go into effect on the date that I&M certifies its test-year-end net plant, or January 1, 2019, whichever is later.” Accordingly, I&M’s First Revised Phase-In Rate Adjustment (PRA) is effective for service rendered on and after January 11, 2019.

Respectfully submitted,

By:

  
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## CERTIFICATE OF SERVICE

The undersigned certifies that the foregoing was served upon the following via electronic email, hand delivery or First Class, or United States Mail, postage prepaid this 11<sup>th</sup> day of January, 2019 to:

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INDIANA MICHIGAN POWER COMPANY  
 PHASE IN RATE ADJUSTMENT TRUE UP  
 RATE BASE: PER BOOKS AND ADJUSTED AND SETTLEMENT  
 AS OF DECEMBER 31, 2018  
 (Dollars)

( 1 )	( 2 )	( 3 )	( 4 )	( 5 )	( 6 )	( 7 )	( 8 )	( 9 )	( 10 )
Line No.	Description	Total Company Per Books	Total Company Fixed, Known and Measurable Adjustments	Reference to Adjustments	Total Company after Adjustments	Indiana Jurisdictional	Settlement Adjustments	IN Retail Settlement	Phase-In Compliance Filing
1	101 ELECTRIC PLANT IN SERVICE (a)	8,839,996,319	23,853,050	RB-1, 2, 4, 9 & 10	8,846,275,360	6,124,100,153		6,124,100,153	5,938,704,319
2	108 ACCUM. PROV. FOR DEPRECIATION (a)	(3,115,467,072)	(61,545,576)	RB-1, 2, 3, 4 & 5	(3,176,675,277)	(2,178,476,411)	14,468,898	(2,164,007,513)	(2,020,286,733)
3	NET PLANT	<b>5,724,529,247</b>	<b>(37,692,526)</b>		<b>5,669,600,083</b>	<b>3,945,623,741</b>	<b>14,468,898</b>	<b>3,960,092,639</b>	<b>3,918,417,586</b>
4	165 PREPAID PENSION EXPENSE	129,095,883	(24,750,001)	RB-12	104,345,881	70,598,516		70,598,516	
5	253 DEFERRED GAIN RKPT 2 SALE	(14,577,217)	-		(14,577,217)	(9,505,845)		(9,505,845)	
6	151 FUEL STOCK	37,301,005	-		37,301,005	23,786,224		23,786,224	
7	156 OTHER MATERIALS & SUPPLIES	174,142,325	-		174,142,325	114,614,718		114,614,718	
8	182.3 REGULATORY ASSETS	-	52,785,653	RB-6, 7, 8	52,785,653	41,010,901	7,117,395	48,128,296	
9	254 REGULATORY LIABILITIES	-	(1,071,349)	RB-11	(1,071,349)	(1,071,349)		(1,071,349)	
10	ORIGINAL COST RATE BASE	<b>6,050,491,242</b>	<b>(10,728,223)</b>		<b>6,022,526,381</b>	<b>4,185,056,905</b>	<b>21,586,293</b>	<b>4,206,643,198</b>	
	(a) Excludes leased assets								

INDIANA MICHIGAN POWER COMPANY  
 PHASE IN RATE ADJUSTMENT TRUE UP  
 NET PLANT: SETTLEMENT  
 AS OF DECEMBER 31, 2018  
 (Dollars)

(1)	(2)	(3)	(3) Corrected	(4)
Line No.	Description	IN Retail Settlement	IN Retail Settlement	IN Retail Settlement
1	101 ELECTRIC PLANT IN SERVICE (a)	6,124,100,153	6,124,100,153	5,938,704,319
2	108 ACCUM. PROV. FOR DEPRECIATION (a)	(2,164,007,513)	(2,164,007,513)	(2,020,286,733)
3	NET PLANT	<b>3,960,092,639</b>	<b>3,960,092,639</b>	<b>3,918,417,586</b>
4	LESS TRANSMISSION			
5	101 ELECTRIC PLANT IN SERVICE (a)	1,063,575,012	1,063,575,012	989,604,505
6	108 ACCUM. PROV. FOR DEPRECIATION (a)	(360,482,199)	(360,482,199)	(313,760,059)
7	TRANSMISSION NET PLANT	<b>703,092,813</b>	<b>703,092,813</b>	<b>675,844,446</b>
8	FORECASTED TEST YEAR END NET PLANT (b)	<b>5,366,278,265</b>	<b>3,256,999,826</b>	<b>3,242,573,140</b>
	(a) Excludes leased assets			
	(b) For Phase-in rate adjustment reconciliation			

Difference in Net Plant	(14,426,686)
Authorized Rate of Return (MEL-3-S Page 2 of 2)	<u>5.51%</u>
Change in Income Deficiency	(794,910)
Gross Revenue Conversion Factor (MEL-1-S Page 48 of 401)	<u>1.3600</u>
Credit due to Difference in Net Plant	(1,081,078)
Credit due to Difference in Depreciation & Amortization	<u>0</u>
Going Forward Credit for Phase In Rate Adjustment Rider	(1,081,078)

**Indiana Michigan Power Company  
Phase In Rate Adjustment True Up  
Jurisdictional Allocation Factors - As Approved in Settlement Jurisdictional Study  
Twelve Months Ended December 31, 2018**

<b>DESCRIPTION</b>	<b>Indiana</b>	<b>Other</b>	<b>Total</b>
Demand	0.6521029	0.3478971	1.0000000
Energy	0.6376832	0.3623168	1.0000000
Retail Demand	0.8189071	0.1810929	1.0000000
Retail Energy	0.8179487	0.1820513	1.0000000
Number of Customers	0.7828691	0.2171309	1.0000000
Production Plant	0.6521029	0.3478971	1.0000000
Total Transmission Plant	0.6521029	0.3478971	1.0000000
Distribution Plant - Indiana	0.9937047	0.0062953	1.0000000
Distribution Plant - Michigan	0.0000000	1.0000000	1.0000000
Distribution Plant	0.8029218	0.1970782	1.0000000
Distribution Plant excluding IN-Specific Accounts	0.8023449	0.1976551	1.0000000
General Plant	0.6765817	0.3234183	1.0000000
Total Gross Plant	0.6922801	0.3077199	1.0000000
Total Net Plant	0.6959263	0.3040737	1.0000000
Rate Base	0.6949006	0.3050994	1.0000000
Firm Sales Revenues	0.6303707	0.3696293	1.0000000
Retail Sales Revenues	0.8076418	0.1923582	1.0000000
System Sales	0.6376832	0.3623168	1.0000000
Total O&M Expenses	0.6568444	0.3431556	1.0000000
Factoring Expense	0.8123169	0.1876831	1.0000000
Payroll Labor Factor	0.6765817	0.3234183	1.0000000



Indiana Michigan Power Company  
Phase In Rate Adjustment True Up  
Comparison of Test Year Net Plant-in-Service to Actual Calendar 2018 Amounts

Line No.	Description	12 MOS. ENDED DEC. 31, 2018 TOTAL COMPANY ACTUAL	OTHER REGULATORY ITEMS	NON-UTILITY ITEMS	TOTAL COMPANY PROJECTED BEFORE ADJUSTMENTS	FIXED, KNOWN & MEASURABLE ADJUSTMENTS	TOTAL COMPANY AFTER ADJUSTMENTS	ALLOCATION FACTOR AS FILED	ALLOCATOR	IN RETAIL (10) = (7) x (8)	12 MOS. ENDED DEC. 31, 2018 INDIANA JURIS. AS APPROVED	DIFFERENCE FROM AS APPROVED (12) = (10) - (11)
	(1)	(2)	(3)	(4)	(5) = (2) + (3) + (4)	(6)	(7)	(8)	(9)	(10) = (7) x (8)	(11)	(12) = (10) - (11)
<b>Development of Rate Base</b>												
1	Electric Plant in Service											
2	Intangible Plant	198,115,773			198,115,773	0	198,115,773	0.6765817	Payroll	134,041,510	107,448,389	26,593,121
3	Total Intangible Plant	198,115,773	0	0	198,115,773	0	198,115,773			134,041,510	107,448,389	26,593,121
4	Production Plant											
5	Steam Production	1,094,755,065			1,094,755,065	8,777,563	1,103,532,629	0.6521029	Demand	719,616,828	699,708,294	19,908,534
6	A317 ARO Steam Production Plant	14,642,066			14,642,066	(14,642,066)	0	0.6521029	Demand	0	0	0
7	Total Steam Production	1,109,397,131	0	0	1,109,397,131	(5,864,502)	1,103,532,629			719,616,828	699,708,294	19,908,534
8	Nuclear Production											
9	Nuclear Production Plant	3,217,992,951			3,217,992,951	(17,082,743)	3,200,910,207	0.6521029	Demand	2,087,322,829	2,212,803,741	(125,480,912)
10	A326 ARO Nuclear Production Plnt	439,029,648			439,029,648	(439,029,648)	0	0.6521029	Demand	0	0	0
11	Total Nuclear Production	3,657,022,599	0	0	3,657,022,599	(456,112,392)	3,200,910,207			2,087,322,829	2,212,803,741	(125,480,912)
12	Hydraulic Production											
13	Hydraulic Production Plant	55,344,959			55,344,959	0	55,344,959	0.6521029	Demand	36,090,608	33,064,731	3,025,877
14	A337 ARO Hydraulic Production	318,520			318,520	(318,520)	0	0.6521029	Demand	0	0	0
15	Total Hydraulic Production	55,663,479	0	0	55,663,479	(318,520)	55,344,959			36,090,608	33,064,731	3,025,877
16	Other Production											
17	Other Production Plant	37,131,156			37,131,156	0	37,131,156	0.6521029	Demand	24,213,335	24,676,542	(463,207)
18	Total Other Production	37,131,156	0	0	37,131,156	0	37,131,156			24,213,335	24,676,542	(463,207)
19	Total Production Plant	4,859,214,365	0	0	4,859,214,365	(462,295,414)	4,396,918,951			2,867,243,600	2,970,253,308	(103,009,708)
20	Transmission Plant	1,576,569,517			1,576,569,517	0	1,576,569,517	0.6521029	Demand	1,028,085,554	1,101,204,258	(73,118,704)
21	Total Transmission Plant	1,576,569,517	0	0	1,576,569,517	0	1,576,569,517			1,028,085,554	1,101,204,258	(73,118,704)
22	Transmission Plant - GSU	59,010,701			59,010,701	0	59,010,701	0.6521029	Demand	38,481,049	37,629,246	851,803
23	Transmission Plant	1,517,558,817			1,517,558,817	0	1,517,558,817	0.6521029	Demand	989,604,505	1,063,575,012	(73,970,507)
24	Total	1,576,569,517	0	0	1,576,569,517	0	1,576,569,517			1,028,085,554	1,101,204,258	(73,118,704)
25	Distribution Plant											
26	A360 Land and Land Rights	17,467,839			17,467,839	0	17,467,839	1.0000000	Direct	17,467,839	18,626,563	(1,158,724)
27	A361 Structures and Improvements	25,405,825			25,405,825	0	25,405,825	1.0000000	Direct	25,405,825	13,981,592	11,424,233
28	A362 Station Equipment	303,924,997			303,924,997	0	303,924,997	1.0000000	Direct	303,924,997	237,098,329	66,826,668
29	A363 Storage Battery Equipment	5,606,730			5,606,730	0	5,606,730	1.0000000	Direct	5,606,730	6,739,081	(1,132,351)
30	A364 Poles, Towers & Fixtures	217,616,423			217,616,423	0	217,616,423	1.0000000	Direct	217,616,423	241,000,744	(23,384,321)
31	A365 O.H. Conductors & Devices	339,581,574			339,581,574	0	339,581,574	1.0000000	Direct	339,581,574	374,468,245	(34,886,671)
32	A366 Underground Conduits	114,429,095			114,429,095	0	114,429,095	1.0000000	Direct	114,429,095	94,692,662	19,736,433

Line No.	Description	12 MOS. ENDED	OTHER REGULATORY ITEMS	NON-UTILITY ITEMS	TOTAL COMPANY	FIXED, KNOWN & MEASURABLE ADJUSTMENTS	TOTAL COMPANY	ALLOCATION			12 MOS. ENDED	DIFFERENCE FROM AS APPROVED
		DEC. 31, 2018			BEFORE		AFTER	FACTOR	INDIANA JURIS.			
		TOTAL COMPANY ACTUAL			ADJUSTMENTS		ADJUSTMENTS	AS FILED	ALLOCATOR	AS APPROVED		
	(1)	(2)	(3)	(4)	(5) = (2) + (3) + (4)	(6)	(7)	(8)	(9)	(10) = (7) x (8)	(11)	(12) = (10) - (11)
33	A367 U.G. Conductors & Devices	226,301,498			226,301,498	0	226,301,498	1.0000000	Direct	226,301,498	238,445,625	(12,144,127)
34	A368 Line Transformers	286,893,679			286,893,679	0	286,893,679	1.0000000	Direct	286,893,679	320,400,397	(33,506,718)
35	A369 Services	154,130,235			154,130,235	0	154,130,235	1.0000000	Direct	154,130,235	175,231,645	(21,101,410)
36	A370 Meters	77,180,235			77,180,235	0	77,180,235	1.0000000	Direct	77,180,235	91,199,951	(14,019,716)
37	A370 Meters South Bend Smart Meter Pilot Program	3,714,977			3,714,977	(3,714,977)	0	1.0000000	Direct	0	0	0
38	A371 Install. on Customer Prem.	19,146,183			19,146,183	0	19,146,183	1.0000000	Direct	19,146,183	22,651,235	(3,505,052)
39	A372 Leased Prop. on Cust. Premises	0			0	0	0	1.0000000	Direct	0	0	0
40	A373 Street Lights	16,650,944			16,650,944	0	16,650,944	1.0000000	Direct	16,650,944	19,335,460	(2,684,516)
41	Total Indiana Distribution Plant	1,808,050,234	0	0	1,808,050,234	(3,714,977)	1,804,335,257			1,804,335,257	1,853,871,528	(49,536,271)
42	A360 Land and Land Rights	6,407,388			6,407,388	0	6,407,388	0.0000000	Non Juris	0	0	0
43	A361 Structures and Improvements	3,282,455			3,282,455	0	3,282,455	0.0000000	Non Juris	0	0	0
44	A362 Station Equipment	77,197,587			77,197,587	0	77,197,587	0.0000000	Non Juris	0	0	0
45	A363 Storage Battery Equipment	0			0	0	0	0.0000000	Non Juris	0	0	0
46	A364 Poles, Towers & Fixtures	69,392,240			69,392,240	0	69,392,240	0.0000000	Non Juris	0	0	0
47	A365 O.H. Conductors & Devices	127,068,042			127,068,042	0	127,068,042	0.0000000	Non Juris	0	0	0
48	A366 Underground Conduits	11,445,359			11,445,359	0	11,445,359	0.0000000	Non Juris	0	0	0
49	A367 U.G. Conductors & Devices	36,272,133			36,272,133	0	36,272,133	0.0000000	Non Juris	0	0	0
50	A368 Line Transformers	48,729,716			48,729,716	0	48,729,716	0.0000000	Non Juris	0	0	0
51	A369 Services	31,245,932			31,245,932	0	31,245,932	0.0000000	Non Juris	0	0	0
52	A370 Meters	17,188,931			17,188,931	0	17,188,931	0.0000000	Non Juris	0	0	0
53	A370 Meters South Bend Smart Meter Pilot Program	0			0	0	0	0.0000000	Non Juris	0	0	0
54	A371 Install. on Customer Prem.	8,272,344			8,272,344	0	8,272,344	0.0000000	Non Juris	0	0	0
55	A372 Leased Prop. on Cust. Premises	0			0	0	0	0.0000000	Non Juris	0	0	0
56	A373 Street Lights	4,993,344			4,993,344	0	4,993,344	0.0000000	Non Juris	0	0	0
57	Total Michigan Distribution Plant	441,495,471	0	0	441,495,471	0	441,495,471			0	0	0
58	Total Distribution Plant	2,249,545,705	0	0	2,249,545,705	(3,714,977)	2,245,830,728			1,804,335,257	1,853,871,528	(49,536,271)
59	General Plant											
60	General Plant	\$155,189,529			155,189,529	0	155,189,529	0.6765817	Payroll	104,998,398	91,322,670	13,675,728
61	A397 Communication Equipment South Bend Smart Meter Pilot Program	\$335,375			335,375	(335,375)	0	1.0000000	Direct	0	0	0
62	A39919 ARO General Plant	\$239,128			239,128	(239,128)	0	0.6765817	Payroll	0	0	0
63	Total General Plant	155,764,032	0	0	155,764,032	(574,503)	155,189,529			104,998,398	91,322,670	13,675,728
64	Total Electric Plant in Service	9,039,209,392	0	0	9,039,209,392	(466,584,894)	8,572,624,498			5,938,704,319	6,124,100,153	(185,395,834)
65	Electric Plant Acquisition Adjustment	0			0	0	0					
66	Total Electric Utility Plant	9,039,209,392	0	0	9,039,209,392	(466,584,894)	8,572,624,498			5,938,704,319	6,124,100,153	(185,395,834)
67	Accumulated Provision for Depreciation											
68	Production											
69	Steam, Hydraulic & Other Generation	(348,616,946)			(348,616,946)	(36,169,162)	(384,786,108)	0.6521029	Demand	(250,920,137)	(246,805,928)	(4,114,209)
70	Nuclear	(1,298,794,097)			(1,298,794,097)	36,905,899	(1,261,888,198)	0.6521029	Demand	(822,880,954)	(906,551,480)	83,670,526
71	ARO Steam, Hydraulic & Other Generation	(565,807)			(565,807)	565,807	0	0.6521029	Demand	0	0	0
72	ARO Nuclear	(107,840,558)			(107,840,558)	107,840,558	0	0.6521029	Demand	0	0	0
73	Total Production Plant	(1,755,817,408)	0	0	(1,755,817,408)	109,143,102	(1,646,674,306)			(1,073,801,091)	(1,153,357,408)	79,556,317

Line No.	Description	12 MOS. ENDED DEC. 31, 2018 TOTAL COMPANY	OTHER REGULATORY ITEMS	NON-UTILITY ITEMS	TOTAL COMPANY PROJECTED BEFORE ADJUSTMENTS	FIXED, KNOWN & MEASURABLE ADJUSTMENTS	TOTAL COMPANY AFTER ADJUSTMENTS	ALLOCATION FACTOR AS FILED	ALLOCATOR	IN RETAIL	12 MOS. ENDED DEC. 31, 2018 INDIANA JURIS. AS APPROVED	DIFFERENCE FROM AS APPROVED
		ACTUAL			(5) = (2) + (3) + (4)		(7)	(8)	(9)	(10) = (7) x (8)	(11)	(12) = (10) - (11)
	(1)	(2)	(3)	(4)	(5) = (2) + (3) + (4)	(6)	(7)					
74	Transmission	(498,470,086)			(498,470,086)	8,646,951	(489,823,135)	0.6521029	Demand	(319,415,087)	(373,236,046)	53,820,959
75	Total Transmission Plant	(498,470,086)	0	0	(498,470,086)	8,646,951	(489,823,135)			(319,415,087)	(373,236,046)	53,820,959
76	Transmission Plant - GSU	(8,995,640)			(8,995,640)	323,654	(8,671,986)	0.6521029	Demand	(5,655,027)	(12,753,847)	7,098,820
77	Transmission Plant	(489,474,446)			(489,474,446)	8,323,297	(481,151,149)	0.6521029	Demand	(313,760,059)	(360,482,199)	46,722,140
78	Total	(498,470,086)	0	0	(498,470,086)	8,646,951	(489,823,135)			(319,415,086)	(373,236,046)	53,820,960
79	Distribution	(630,988,440)			(630,988,440)	0	(630,988,440)	0.8023449	Dis. Plt. Excl. IN Accts	(506,270,357)	(510,178,489)	3,908,132
80	Distribution - Direct Assign IN				0	(1,031,490)	(1,031,490)	1.0000000	Direct	(1,031,490)	(12,434,234)	11,402,744
81	Distribution Direct Acct 370 (SBSMPP)	(3,551,781)			(3,551,781)	3,551,781	0	1.0000000	Direct	0	0	0
82	Total Distribution Plant	(634,540,221)			(634,540,221)	2,520,291	(632,019,930)			(507,301,847)	(522,612,723)	15,310,876
83	General	(32,464,571)			(32,464,571)	125,726	(32,338,844)	0.6765817	General Plant	(21,879,871)	(20,618,237)	(1,261,634)
84	General Direct Acct 397 (SBSMPP)	(311,078)			(311,078)	311,078	0	1.0000000	Direct	0	0	0
85	ARO General	175,493			175,493	(175,493)	0	0.6765817	General Plant	0	0	0
86	Total General Plant	(32,600,155)	0	0	(32,600,155)	261,311	(32,338,844)			(21,879,871)	(20,618,237)	(1,261,634)
87	Total Accumulated Provision for Depreciation	(2,921,427,870)	0	0	(2,921,427,870)	120,571,655	(2,800,856,216)			(1,922,397,896)	(2,069,824,414)	147,426,518
88	Accumulated Provision for Amortization											
89	Intangible	(82,043,777)			(82,043,777)	0	(82,043,777)	0.6765817	Payroll	(55,509,320)	(52,374,388)	(3,134,932)
90	Total Intangible	(82,043,777)	0	0	(82,043,777)	0	(82,043,777)			(55,509,320)	(52,374,388)	(3,134,932)
91	Steam & Hydraulic	(57,145,134)			(57,145,134)	0	(57,145,134)	0.6521029	Demand	(37,264,507)	(36,893,241)	(371,266)
92	Nuclear				0	0	0	0.6521029	Demand	0	0	0
93	Total Production Plant	(57,145,134)	0	0	(57,145,134)	0	(57,145,134)			(37,264,507)	(36,893,241)	(371,266)
94	Transmission Plant				0	0	0	0.6521029	Demand	0	0	0
95	Total Transmission Plant	0	0	0	0	0	0			0	0	0
96	Distribution				0	0	0	0.8029218	Distribution Plant	0	0	0
97	Total Distribution Plant	0	0	0	0	0	0			0	0	0
98	General	(7,560,077)			(7,560,077)	0	(7,560,077)	0.6765817	Payroll	(5,115,010)	(4,915,471)	(199,539)
99	Total General Plant	(7,560,077)	0	0	(7,560,077)	0	(7,560,077)			(5,115,010)	(4,915,471)	(199,539)
100	Total Accumulated Provision for Amortization	(146,748,988)	0	0	(146,748,988)	0	(146,748,988)			(97,888,837)	(94,183,100)	(3,705,737)
101	Total Acc Prov Depreciation and Amortization	(3,068,176,858)	0	0	(3,068,176,858)	120,571,655	(2,947,605,204)			(2,020,286,733)	(2,164,007,514)	143,720,781
102	Net Electric Plant in Service	5,971,032,533	0	0	5,971,032,533	(346,013,239)	5,625,019,294			3,918,417,586	3,960,092,639	(41,675,053)

Indiana Michigan Power Company  
Calculation of the Depreciation Expense Portion of the Phase-In Rate Adjustment True Up  
For the Test Year Ended December 31, 2018

	Plant-in- Service <sup>1</sup>	Non-Depreciable Plant <sup>2</sup>	Rockport Basis Adjustments <sup>3</sup>	South Bend Smart Meter Pilot Asset Adjustment <sup>4</sup>	AFUDC Adjustments for Major Projects <sup>5</sup>	Test Year End Depreciable Plant-in- Service	Approved Depreciation Rate	Depreciation Expense at IURC Approved Rate	Approved Allocation Factor	Allocator	Indiana Jurisdictional Depreciation Expense	Less: Total Company Depreciation in Base Rates	Difference
(1)	(2)	(3)	(4)	(5)	(6)	(7)=(2)-(3)+(4)-(5)-(6)	(8)	(9)=(7)x(8)	(10)	(11)	(12)=(9)x(10)	(13)	(14)=(12)-(13)
Intangible Plant (see below)	198,115,773	198,115,773											
Steam Plant	1,109,397,131	113,916,409	11,730,609		2,953,046	1,004,258,286	7.52%	75,488,767	0.6521029	Demand	49,226,444	48,277,630	948,814
Nuclear Plant	3,657,022,599	440,909,236			17,082,743	3,199,030,619	3.23%	103,315,054	0.6521029	Demand	67,372,046	68,800,801	(1,428,755)
Hydraulic Plant	55,663,479	1,024,822				54,638,657	2.29%	1,251,274	0.6521029	Demand	815,959	747,622	68,337
Other Generation Plant	37,131,156	181,743				36,949,413	5.26%	1,945,046	0.6521029	Demand	1,268,370	1,283,547	(15,177)
Transmission Plant - GSU	59,010,701					59,010,701	1.86%	1,099,093	0.6521029	Demand	716,722	785,266	(68,544)
Transmission Plant	1,517,558,817	12,048,555				1,505,510,261	1.94%	29,233,716	0.6521029	Demand	19,063,391	19,664,413	(601,022)
Distribution Plant - Indiana	1,808,050,234	8,047,410		3,714,977		1,796,287,847	3.67%	66,005,401	0.9937047	Dist Plant - IN	65,589,876	62,179,236	3,410,640
Distribution Plant - Michigan	441,495,471	1,023,323				440,472,147	N/A	0	0.0000000	Non-Juris	0	0	0
General Plant	155,764,032	15,780,501		335,375		139,648,156	3.53%	4,930,675	0.6765817	General Plant	3,336,005	2,893,519	442,486
	9,039,209,392					8,235,806,087		283,269,026			207,388,813	204,632,034	2,756,779
								Per Books					
						403.1 - Production ARO Depreciation		442,500	0.6521029	Demand	288,556	655,775	(367,219)
								283,711,526			207,677,369	205,287,809	2,389,560
											Less: Difference in Transmission Plant		(601,022)
										Net Difference for Phase In Rate Adjustment Rider			2,990,583
						Test Year End Plant-in- Service Subject to Amortization		Per Books Amortization Expense	Approved Allocation Factor	Allocator	Indiana Jurisdictional Amortization Expense	Less: Amortization Expense in Base Rates	Difference
Intangible Plant						198,115,773		25,494,245	0.6765817	Payroll Labor	17,248,940	16,583,007	665,933
Steam Plant						91,859,838		8,502,842	0.6521029	Demand	5,544,728	5,529,991	14,737
General Plant						12,275,531		773,757	0.6765817	Payroll Labor	523,510	478,549	44,961
						302,251,142		34,770,845			23,317,178	22,591,547	725,631
								Net Difference in Depreciation & Amortization Expenses for Phase In Adjustment Rider					3,716,214
										Credit Due to Difference in Depreciation & Amortization			0 <sup>6</sup>

<sup>1</sup>Plant-in-Service amounts calculated in Column 7 of the Comparison of Test Year Net Plant-in-Service to Actual Calendar 2018 Amounts schedule

<sup>2</sup>Non-Depreciable Plant includes Land and Land Rights balances not subject to depreciation, ARO Assets and those assets subject to amortization

<sup>3</sup>Exhibit A-6, Page 7 of 18 in the Company's original filing

<sup>4</sup>Exhibit A-6, Page 10 of 18 in the Company's original filing

<sup>5</sup>Exhibit A-6, Page 15 of 18 in the Company's original filing, updated to reflect 2017 and 2018 Accounting records

<sup>6</sup>The difference in Depreciation and Amortization Expense has been limited to the lesser of a net credit or zero

INDIANA MICHIGAN POWER COMPANY										
SCHEDULE I - CALCULATION OF DEPRECIATION RATES BY THE REMAINING LIFE METHOD										
BASED ON DEPRECIABLE PLANT IN SERVICE AT DECEMBER 31, 2016										
AVERAGE LIFE GROUP (ALG) METHOD ACCRUAL RATES										
IN		Change in Rockport Unit 2 DSI depreciation rates based on OUCC and IG recommendation and Account 370 depreciation rates based on IG recommendation.								
ACCOUNT		ORIGINAL COST (I)	NET SALVG RATIO	TOTAL TO BE RECOVERED	CALCULATED DEPRECIATION REQUIREMENT	ALLOCATED ACCUMULATE D DEPRECIATION	REMAINING TO BE RECOVERED	AVG REMAIN LIFE	RECOMMENDED ANNUAL ACCRUAL	
NO. (I)	TITLE (II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	AMOUNT (X)	% (XI)
STEAM PRODUCTION PLANT										
<b><u>Rockport Unit 1</u></b>										
311.0	Structures & Improvements	99,017,726	1.09	107,929,321	74,412,398	32,363,830	75,565,491	11.36	6,651,892	6.72%
312.0	Boiler Plant Equipment	570,381,956	1.09	621,716,332	323,566,308	140,727,157	480,989,175	11.01	43,686,574	7.66%
314.0	Turbogenerator Units	96,471,667	1.09	105,154,117	67,982,612	29,567,354	75,586,763	10.83	6,979,387	7.23%
315.0	Accessory Electrical Equipment	61,506,149	1.09	67,041,702	46,947,547	20,418,673	46,623,029	11.22	4,155,350	6.76%
316.0	Miscellaneous Power Plant Equip.	<u>16,195,891</u>	1.09	<u>17,653,521</u>	<u>11,622,911</u>	<u>5,055,096</u>	<u>12,598,425</u>	10.85	<u>1,161,145</u>	7.17%
Total Rockport Unit 1		<u>843,573,389</u>	1.09	<u>919,494,994</u>	<u>524,531,776</u>	<u>228,132,110</u>	<u>691,362,884</u>	11.04	<u>62,634,348</u>	7.42%
<b><u>Rockport ACI</u></b>										
312.0	Boiler Plant Equipment	<u>11,817,734</u>	1.09	<u>12,881,330</u>	<u>5,215,198</u>	<u>5,572,354</u>	<u>7,308,976</u>	11.01	<u>663,849</u>	5.62%
<b><u>Rockport Unit 1 DSI</u></b>										
311.0	Structures & Improvements	2,904,445	1.09	3,165,845	687,785	576,224	2,589,621	11.36	227,960	7.85%
312.0	Boiler Plant Equipment	<u>46,248,904</u>	1.09	<u>50,411,305</u>	<u>6,846,682</u>	<u>5,736,130</u>	<u>44,675,175</u>	11.01	<u>4,057,691</u>	8.77%
Total Rockport Unit 1 DSI		<u>49,153,349</u>	1.09	<u>53,577,150</u>	<u>7,534,467</u>	<u>6,312,354</u>	<u>47,264,796</u>	11.03	<u>4,285,650</u>	8.72%
<b><u>Rockport Unit 2 Owned Assets</u></b>										
311.0	Structures & Improvements	4,085,306	1.01	4,126,159	3,393,568	3,354,756	771,403	5.47	141,024	3.45%
312.0	Boiler Plant Equipment	18,815,711	1.01	19,003,868	15,369,430	15,193,652	3,810,216	5.39	706,905	3.76%
314.0	Turbogenerator Units	872,755	1.01	881,483	703,789	695,740	185,743	5.35	34,718	3.98%
315.0	Accessory Electrical Equipment	2,097,030	1.01	2,118,000	1,720,088	1,700,416	417,584	5.44	76,762	3.66%
316.0	Miscellaneous Power Plant Equip.	6,827,623	1.01	<u>6,895,899</u>	<u>5,733,722</u>	<u>5,668,145</u>	<u>1,227,754</u>	5.35	<u>229,487</u>	3.36%
Total Rockport Unit 2 Owned Assets		<u>32,698,425</u>	1.01	<u>33,025,409</u>	<u>26,920,597</u>	<u>26,612,709</u>	<u>6,412,700</u>	5.39	<u>1,188,896</u>	3.64%
<b><u>Rockport Unit 2 DSI (2)</u></b>										
311.0	Structures & Improvements	499,764	1.01	504,762	109,245	60,383	444,379	8.42	52,777	10.56%
312.0	Boiler Plant Equipment	<u>50,863,781</u>	1.01	<u>51,372,419</u>	<u>11,247,323</u>	<u>6,216,721</u>	<u>45,155,698</u>	8.23	<u>5,486,719</u>	10.79%
Total Rockport Unit 2 DSI		<u>51,363,545</u>	1.01	<u>51,877,180</u>	<u>11,356,568</u>	<u>6,277,104</u>	<u>45,600,076</u>	8.23	<u>5,539,496</u>	10.78%
Total Rockport Plant		<u>988,606,442</u>	1.08	<u>1,070,856,064</u>	<u>575,558,606</u>	<u>272,906,631</u>	<u>797,949,433</u>	10.74	<u>74,312,239</u>	7.52%
Total Steam Production Plant		<u>988,606,442</u>	1.08	<u>1,070,856,064</u>	<u>575,558,606</u>	<u>272,906,631</u>	<u>797,949,433</u>	10.74	<u>74,312,239</u>	7.52%

INDIANA MICHIGAN POWER COMPANY										
SCHEDULE I - CALCULATION OF DEPRECIATION RATES BY THE REMAINING LIFE METHOD										
BASED ON DEPRECIABLE PLANT IN SERVICE AT DECEMBER 31, 2016										
AVERAGE LIFE GROUP (ALG) METHOD ACCRUAL RATES										
IN		Change in Rockport Unit 2 DSI depreciation rates based on OUCC and IG recommendation and Account 370 depreciation rates based on IG recommendation.								
ACCOUNT		ORIGINAL	NET	TOTAL TO BE	CALCULATED	ALLOCATED	REMAINING TO	AVG	RECOMMENDED	
NO.	TITLE	COST (I)	SALVG	RECOVERED	DEPRECIATION	ACCUMULATE	BE RECOVERED	REMAIN	ANNUAL ACCRUAL	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	AMOUNT	%
									(X)	(XI)
NUCLEAR PRODUCTION PLANT										
Cook Unit 1										
321.0	Structures & Improvements	82,332,758	1.01	83,156,086	53,740,656	51,658,382	31,497,704	17.07	1,845,208	2.24%
322.0	Reactor Plant Equipment	680,859,321	1.02	694,476,507	342,875,677	329,590,372	364,886,135	16.49	22,127,722	3.25%
323.0	Turbogenerator Units	283,222,648	1.02	288,887,101	118,683,964	114,085,351	174,801,750	15.39	11,358,138	4.01%
324.0	Accessory Electrical Equipment	108,543,364	1.00	108,543,364	60,159,844	57,828,848	50,714,516	16.77	3,024,121	2.79%
325.0	Miscellaneous Power Plant Equip.	35,791,947	1.00	35,791,947	15,444,276	14,845,861	20,946,086	16.32	1,283,461	3.59%
	Total Cook Unit 1	1,190,750,038	1.02	1,210,855,005	590,904,417	568,008,814	642,846,191	16.22	39,638,651	3.33%
Cook Unit 2										
321.0	Structures & Improvements	349,124,308	1.01	352,615,551	181,457,018	174,426,155	178,189,396	19.91	8,949,744	2.56%
322.0	Reactor Plant Equipment	892,386,003	1.02	910,233,723	412,777,169	396,783,411	513,450,312	19.11	26,868,148	3.01%
323.0	Turbogenerator Units	424,972,479	1.01	429,222,204	127,517,407	122,576,527	306,645,677	17.60	17,423,050	4.10%
324.0	Accessory Electrical Equipment	151,555,144	0.99	150,039,593	65,620,924	63,078,329	86,961,264	19.49	4,461,840	2.94%
325.0	Miscellaneous Power Plant Equip.	208,473,957	1.00	208,473,957	87,984,684	84,575,567	123,898,390	18.88	6,562,415	3.15%
	Total Cook Unit 2	2,026,511,891	1.01	2,050,585,027	875,357,202	841,439,989	1,209,145,038	18.81	64,265,196	3.17%
Total Nuclear Production Plant		3,217,261,929	1.01	3,261,440,032	1,466,261,619	1,409,448,802	1,851,991,229	17.82	103,903,848	3.23%
HYDRAULIC PRODUCTION PLANT										
Berrien Springs										
331.0	Structures & Improvements	541,581	1.04	563,244	264,242	296,399	266,845	19.14	13,942	2.57%
332.0	Reservoirs, Dams & Waterways	5,272,257	1.04	5,483,147	3,170,176	3,555,972	1,927,175	19.31	99,802	1.89%
333.0	Waterwheels, Turbines & Generators	7,402,466	1.04	7,698,565	3,856,439	4,325,750	3,372,815	18.89	178,550	2.41%
334.0	Accessory Electrical Equip.	1,251,525	1.04	1,301,586	712,549	799,263	502,323	18.61	26,992	2.16%
335.0	Misc. Power Plant Equip.	814,894	1.04	847,490	384,288	431,054	416,436	19.06	21,849	2.68%
	Total Berrien Springs	15,282,723	1.04	15,894,032	8,387,694	9,408,438	6,485,594	19.01	341,135	2.23%
Buchanan										
331.0	Structures & Improvements	607,893	1.05	638,288	272,344	305,487	332,801	19.14	17,388	2.86%
332.0	Reservoirs, Dams & Waterways	4,599,280	1.05	4,829,244	2,940,381	3,298,212	1,531,032	19.31	79,287	1.72%
333.0	Waterwheels, Turbines & Generators	1,321,201	1.05	1,387,261	855,142	959,209	428,052	18.89	22,660	1.72%
334.0	Accessory Electrical Equip.	1,043,491	1.05	1,095,666	626,591	702,844	392,822	18.61	21,108	2.02%
335.0	Misc. Power Plant Equip.	270,129	1.05	283,635	133,711	149,983	133,652	19.06	7,012	2.60%
	Total Buchanan	7,841,994	1.05	8,234,094	4,828,169	5,415,735	2,818,359	19.11	147,455	1.88%
Elkhart										
331.0	Structures & Improvements	1,175,286	1.02	1,198,792	581,202	651,932	546,860	13.33	41,025	3.49%
332.0	Reservoirs, Dams & Waterways	5,535,898	1.02	5,646,616	2,834,672	3,179,639	2,466,977	13.41	183,965	3.32%
333.0	Waterwheels, Turbines & Generators	826,739	1.02	843,274	458,767	514,597	328,677	13.21	24,881	3.01%
334.0	Accessory Electrical Equip.	628,236	1.02	640,801	339,295	380,586	260,215	13.07	19,909	3.17%
335.0	Misc. Power Plant Equip.	250,083	1.02	255,085	90,673	101,707	153,378	13.29	11,541	4.61%
	Total Elkhart	8,416,242	1.02	8,584,567	4,304,609	4,828,461	3,756,106	13.35	281,321	3.34%



INDIANA MICHIGAN POWER COMPANY										
SCHEDULE I - CALCULATION OF DEPRECIATION RATES BY THE REMAINING LIFE METHOD										
BASED ON DEPRECIABLE PLANT IN SERVICE AT DECEMBER 31, 2016										
AVERAGE LIFE GROUP (ALG) METHOD ACCRUAL RATES										
IN		Change in Rockport Unit 2 DSI depreciation rates based on OUCC and IG recommendation and Account 370 depreciation rates based on IG recommendation.								
ACCOUNT		ORIGINAL	NET	TOTAL TO BE	CALCULATED	ALLOCATED	REMAINING TO	AVG	RECOMMENDED	
NO.	TITLE	COST (I)	SALVG		DEPRECIATION	ACCUMULATE		REMAIN	ANNUAL	ACCUAL
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	AMOUNT	%
									(X)	(XI)
<b><u>Twin Branch</u></b>										
331.0	Structures & Improvements	560,996	1.04	583,436	331,605	371,960	211,476	19.14	11,049	1.97%
332.0	Reservoirs, Dams & Waterways	5,189,770	1.04	5,397,361	3,140,760	3,522,976	1,874,385	19.31	97,068	1.87%
333.0	Waterwheels, Turbines & Generators	6,104,818	1.04	6,349,011	3,421,648	3,838,047	2,510,964	18.89	132,926	2.18%
334.0	Accessory Electrical Equip.	1,666,771	1.04	1,733,442	1,004,278	1,126,494	606,948	18.61	32,614	1.96%
335.0	Misc. Power Plant Equip.	<u>575,672</u>	1.04	<u>598,699</u>	<u>234,236</u>	<u>262,741</u>	<u>335,958</u>	19.06	<u>17,626</u>	3.06%
	Total Twin Branch	<u>14,098,027</u>	1.04	<u>14,661,948</u>	<u>8,132,527</u>	<u>9,122,218</u>	<u>5,539,730</u>	19.02	<u>291,283</u>	2.07%
<b><u>Constantine</u></b>										
331.0	Structures & Improvements	331,658	1.26	417,889	174,764	196,032	221,857	35.23	6,297	1.90%
332.0	Reservoirs, Dams & Waterways	1,318,703	1.26	1,661,566	685,660	769,102	892,464	35.83	24,908	1.89%
333.0	Waterwheels, Turbines & Generators	797,622	1.26	1,005,004	453,744	508,963	496,041	34.37	14,432	1.81%
334.0	Accessory Electrical Equip.	408,410	1.26	514,597	200,936	225,389	289,208	33.37	8,667	2.12%
335.0	Misc. Power Plant Equip.	<u>278,127</u>	1.26	<u>350,440</u>	<u>85,167</u>	<u>95,531</u>	<u>254,909</u>	34.97	<u>7,289</u>	2.62%
	Total Constantine	<u>3,134,520</u>	1.26	<u>3,949,495</u>	<u>1,600,271</u>	<u>1,795,017</u>	<u>2,154,478</u>	34.98	<u>61,594</u>	1.97%
<b><u>Mottville</u></b>										
331.0	Structures & Improvements	509,065	1.04	529,428	310,698	348,509	180,919	16.24	11,140	2.19%
332.0	Reservoirs, Dams & Waterways	2,237,139	1.04	2,326,625	1,353,138	1,517,809	808,816	16.36	49,439	2.21%
333.0	Waterwheels, Turbines & Generators	610,964	1.04	635,403	401,769	450,662	184,741	16.06	11,503	1.88%
334.0	Accessory Electrical Equip.	630,345	1.04	655,559	391,240	438,852	216,707	15.86	13,664	2.17%
335.0	Misc. Power Plant Equip.	392,250	1.04	407,940	135,715	152,231	255,709	16.19	15,794	4.03%
336.0	Roads, Railroads & Bridges	<u>875</u>	1.04	<u>910</u>	<u>687</u>	<u>771</u>	<u>139</u>	16.18	<u>9</u>	0.98%
	Total Mottville	<u>4,380,638</u>	1.04	<u>4,555,864</u>	<u>2,593,247</u>	<u>2,908,834</u>	<u>1,647,030</u>	16.22	<u>101,549</u>	2.32%
<b><u>Crew Service Center</u></b>										
331.0	Structures & Improvements	417,303	1.04	433,995	255,985	287,137	146,858	35.23	4,169	1.00%
335.0	Misc. Power Plant Equip.	<u>126,865</u>	1.04	<u>131,940</u>	<u>79,181</u>	<u>88,816</u>	<u>43,124</u>	34.97	<u>1,233</u>	0.97%
	Total Crew Service Center	<u>544,168</u>	1.04	<u>565,935</u>	<u>335,166</u>	<u>375,953</u>	<u>189,982</u>	35.17	<u>5,402</u>	0.99%
<b>Total Hydraulic Production Plant</b>		<b><u>53,698,312</u></b>	<b>1.05</b>	<b><u>56,445,934</u></b>	<b><u>30,181,683</u></b>	<b><u>33,854,658</u></b>	<b><u>22,591,278</u></b>	<b>18.37</b>	<b><u>1,229,739</u></b>	<b>2.29%</b>
<b>OTHER PRODUCTION PLANT</b>										
<b><u>Deer Creek Solar Facility</u></b>										
344.0	Generators	<u>6,124,832</u>	1.03	<u>6,308,577</u>	<u>473,143</u>	<u>243,242</u>	<u>6,065,335</u>	18.50	<u>327,856</u>	5.35%
<b><u>Olive Solar Facility</u></b>										
341.0	Structures & Improvements	376,655	1.04	391,721	9,793	3,937	387,784	19.50	19,886	5.28%
344.0	Generators	11,183,888	1.04	11,631,244	290,781	148,053	11,483,191	19.50	588,882	5.27%
345.0	Accessory Electric Equip.	269,039	1.04	279,801	6,995	4,441	275,360	19.50	14,121	5.25%
346.0	Misc. Power Plant Equip.	<u>215,231</u>	1.04	<u>223,840</u>	<u>5,596</u>	<u>1,913</u>	<u>221,927</u>	19.50	<u>11,381</u>	5.29%
	Total Olive Solar Facility	<u>12,044,813</u>	1.04	<u>12,526,606</u>	<u>313,165</u>	<u>158,344</u>	<u>12,368,262</u>	19.50	<u>634,270</u>	5.27%
<b><u>Twin Branch Solar Facility</u></b>										
344.0	Generators	<u>6,949,845</u>	1.04	<u>7,227,839</u>	<u>180,696</u>	<u>92,002</u>	<u>7,135,837</u>	19.50	<u>365,940</u>	5.27%
<b><u>Watervliet Facility</u></b>										
341.0	Structures & Improvements	357,616	1.03	368,344	9,209	3,738	364,606	19.50	18,698	5.23%
344.0	Generators	11,088,099	1.03	11,420,742	285,519	146,785	11,273,957	19.50	578,152	5.21%
346.0	Misc. Power Plant Equip.	<u>340,698</u>	1.03	<u>350,919</u>	<u>8,773</u>	<u>3,029</u>	<u>347,890</u>	19.50	<u>17,841</u>	5.24%
	Total Watervliet Facility	<u>11,786,413</u>	1.03	<u>12,140,005</u>	<u>303,501</u>	<u>153,552</u>	<u>11,986,453</u>	19.50	<u>614,690</u>	5.22%
<b>Total Other Production Plant</b>		<b><u>36,905,903</u></b>	<b>1.04</b>	<b><u>38,203,027</u></b>	<b><u>1,270,505</u></b>	<b><u>647,140</u></b>	<b><u>37,555,887</u></b>	<b>19.33</b>	<b><u>1,942,756</u></b>	<b>5.26%</b>
<b>Total Production Plant</b>		<b><u>4,296,472,586</u></b>	<b>1.03</b>	<b><u>4,426,945,057</u></b>	<b><u>2,073,272,413</u></b>	<b><u>1,716,857,231</u></b>	<b><u>2,710,087,827</u></b>	<b>14.94</b>	<b><u>181,388,581</u></b>	<b>4.22%</b>

INDIANA MICHIGAN POWER COMPANY										
SCHEDULE I - CALCULATION OF DEPRECIATION RATES BY THE REMAINING LIFE METHOD										
BASED ON DEPRECIABLE PLANT IN SERVICE AT DECEMBER 31, 2016										
AVERAGE LIFE GROUP (ALG) METHOD ACCRUAL RATES										
IN		Change in Rockport Unit 2 DSI depreciation rates based on OUCC and IG recommendation and Account 370 depreciation rates based on IG recommendation.								
ACCOUNT		ORIGINAL	NET	TOTAL TO BE	CALCULATED	ALLOCATED	REMAINING TO	AVG	RECOMMENDED	
NO.	TITLE	COST (I)	SALVG	RECOVERED	DEPRECIATION	ACCUMULATE	BE RECOVERED	REMAIN	ANNUAL	ACCRUAL
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	AMOUNT	%
									(X)	(XI)
TRANSMISSION PLANT										
350.1	Land Rights	59,005,326	1.00	59,005,326	19,636,112	21,189,476	37,815,850	43.37	871,936	1.48%
352.0	Structures & Improvements	24,008,047	1.18	28,329,495	10,074,637	10,871,616	17,457,879	47.04	371,128	1.55%
353.0	Station Equipment	713,521,789	0.97	692,116,135	143,100,038	154,420,325	537,695,810	40.46	13,289,565	1.86%
354.0	Towers & Fixtures	233,328,402	1.20	279,994,082	156,712,707	169,109,857	110,884,225	28.18	3,934,855	1.69%
355.0	Poles & Fixtures	163,079,386	1.53	249,511,461	35,294,683	38,086,757	211,424,704	45.50	4,646,697	2.85%
356.0	OH Conductor & Devices	260,285,941	1.34	348,783,161	150,770,479	162,697,555	186,085,606	36.33	5,122,092	1.97%
357.0	Underground Conduit	2,312,343	1.00	2,312,343	1,098,501	1,185,401	1,126,942	26.25	42,931	1.86%
358.0	Underground Conductor	6,010,548	1.15	6,912,130	2,180,004	2,352,459	4,559,671	44.50	102,465	1.70%
359.0	Roads and Trails	<u>347,294</u>	1.00	<u>347,294</u>	<u>81,453</u>	<u>87,897</u>	<u>259,397</u>	49.76	<u>5,213</u>	1.50%
Total Transmission Plant		<u>1,461,899,076</u>	<u>1.14</u>	<u>1,667,311,427</u>	<u>518,948,614</u>	<u>560,001,343</u>	<u>1,107,310,084</u>	<u>39.01</u>	<u>28,386,882</u>	<u>1.94%</u>
DISTRIBUTION PLANT										
360.1	Land Rights	13,770,217	1.00	13,770,217	2,798,636	3,044,000	10,726,217	51.79	207,110	1.50%
361.0	Structures & Improvements	14,811,177	1.10	16,292,295	2,790,557	3,035,213	13,257,082	62.15	213,308	1.44%
362.0	Station Equipment	244,926,449	1.03	252,274,242	36,122,689	39,289,662	212,984,580	42.84	4,971,629	2.03%
363.0	Storage Battery Equipment	5,488,900	1.00	5,488,900	2,743,560	2,984,095	2,504,805	7.50	333,974	6.08%
364.0	Poles, Towers, & Fixtures	259,353,877	1.78	461,649,901	108,848,960	118,392,043	343,257,858	25.22	13,610,542	5.25%
365.0	Overhead Conductor & Devices	416,967,574	1.10	458,664,331	81,633,703	88,790,749	369,873,582	27.13	13,633,379	3.27%
366.0	Underground Conduit	86,716,318	1.00	86,716,318	18,879,086	20,534,266	66,182,052	41.46	1,596,287	1.84%
367.0	Underground Conductor	228,330,495	1.00	228,330,495	43,827,082	47,669,520	180,660,975	40.40	4,471,806	1.96%
368.0	Line Transformers	306,878,569	1.06	325,291,283	126,605,665	137,705,524	187,585,759	12.22	15,350,717	5.00%
369.0	Services	172,328,184	1.20	206,793,821	57,039,568	62,040,380	144,753,441	27.52	5,259,936	3.05%
370.0	Meters (3)	<u>91,342,472</u>	<u>1.22</u>	<u>111,437,816</u>	<u>37,086,661</u>	<u>40,445,835</u>	<u>70,991,981</u>	<u>11.46</u>	<u>6,194,763</u>	<u>6.78%</u>
371.0	Installations on Custs. Prem.	26,350,180	1.23	32,410,721	11,035,669	12,003,196	20,407,525	8.57	2,381,275	9.04%
373.0	Street Lighting & Signal Sys.	<u>20,562,372</u>	1.12	<u>23,029,857</u>	<u>12,588,570</u>	<u>13,692,244</u>	<u>9,337,613</u>	8.16	<u>1,144,315</u>	5.57%
Total Distribution Plant		<u>1,887,826,784</u>	<u>1.18</u>	<u>2,222,150,197</u>	<u>542,000,406</u>	<u>589,626,727</u>	<u>1,632,523,470</u>	<u>23.53</u>	<u>69,369,040</u>	<u>3.67%</u>
GENERAL PLANT										
390.0	Structures & Improvements	39,061,743	0.99	38,671,126	9,429,738	8,675,549	29,995,577	37.81	793,324	2.03%
391.0	Office Furniture & Equipment	6,993,750	0.95	6,644,063	3,257,080	2,996,579	3,647,484	11.22	325,088	4.65%
393.0	Stores Equipment	131,918	1.00	131,918	31,918	29,365	102,553	18.97	5,406	4.10%
394.0	Tools Shop & Garage Equipment	13,215,370	1.00	13,215,370	5,838,646	5,371,672	7,843,698	8.93	878,354	6.65%
395.0	Laboratory Equipment	395,858	0.99	391,899	210,446	193,615	198,284	9.26	21,413	5.41%
396.0	Power Operated Equipment	543,715	1.00	543,715	268,679	247,190	296,525	12.65	23,441	4.31%
397.0	Communication Equipment	43,321,533	1.00	43,321,533	11,891,533	10,940,449	32,381,084	19.59	1,652,939	3.82%
398.0	Miscellaneous Equipment	<u>10,197,450</u>	0.91	<u>9,279,680</u>	<u>2,832,556</u>	<u>2,606,009</u>	<u>6,673,671</u>	20.84	<u>320,234</u>	3.14%
Total General Plant		<u>113,861,337</u>	<u>0.99</u>	<u>112,199,304</u>	<u>33,760,596</u>	<u>31,060,428</u>	<u>81,138,876</u>	<u>20.18</u>	<u>4,020,198</u>	<u>3.53%</u>
Total Depreciable Plant		<u>7,760,059,783</u>	<u>1.09</u>	<u>8,428,605,985</u>	<u>3,167,982,029</u>	<u>2,897,545,729</u>	<u>5,531,060,257</u>	<u>19.53</u>	<u>283,164,702</u>	<u>3.65%</u>

Notes:

(1) Production Plant includes 2017 forecasted plant additions totaling \$156,089,819 for Steam Plant; \$360,290,695 for Nuclear; and \$3,462,967 for Hydro. Accumulated depreciation was also adjusted to add depreciation on the forecasted additions.

(2) Change in Rockport Unit 2 DSI based on OUCC's and IG's recommendation that the Rockport Unit 2 DSI continue to be depreciated through 2025.

(3) Account 370 will have a depreciation rate set at 6.78% as calculated by IG witness Andrews and includes a change in the theoretical reserve, an allocated accumulated depreciation of \$40.4 million, and a remaining life of 11.46 years. As a result of accepting IG Witness Andrews's recommended depreciation rates, theoretical reserve, and allocated accumulated depreciation, the total Distribution Plant accumulated depreciation reserve must be re-allocated impacting the depreciation rates for all other Distribution Plant accounts.



**AFFIDAVIT OF ANDREW J. WILLIAMSON**

Andrew J. Williamson, upon his oath, deposes and states:

1. I am employed as Director of Regulatory Services for Indiana Michigan Power Company (I&M), a subsidiary of American Electric Power Company, Inc. (AEP). My business address is P.O. Box 60, Fort Wayne, Indiana 46801. 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.


2. I acknowledge that I am of requisite age and capacity to testify to the matters stated herein. I have personal knowledge of the facts set forth in this Affidavit and the documents filed in support of I&M's Phase-In Rider Compliance Filing. The representations therein are true and correct to the best of my knowledge, information and belief.

3. I am familiar with the books and records of I&M. The Company maintains its books and records in accordance with accounting principles generally accepted in the United States of America (GAAP) and in conformance with the FERC Uniform System of Accounts (US of A), as adopted by this Commission.

4. I certify that the net plant in service for I&M as of December 31, 2018 on an Indiana retail basis is \$3,242,573,140 as reflected on Item 1 of I&M's compliance filing.

Further the Affiant sayeth nothing more.

Dated: January 11, 2019

  
\_\_\_\_\_  
Andrew J. Williamson

STATE OF INDIANA       )  
                                  ) ss:  
COUNTY OF ALLEN       )

Subscribed and sworn to before me, a Notary Public, in and for said County and State this 11 day of January 2019.

  
\_\_\_\_\_  
Regina M. Sistevaris

My Commission Expires: January 7, 2023  
My County of Residence: Allen County, Indiana

Indiana Michigan Power Company  
Determination of Phase In Rate - Phase 2 Adjustment Factors

Total Revenue Requirement	\$ (1,081,078)							
	Class Demand Revenue Assignment (1)	Class Energy Revenue Assignment (2)	Class Total Revenue Assignment (3) = (1) + (2)	Forecast Billing Demand (kVA or kW) (4)	Forecast Billing Energy (kWh) (5)	\$ / kVA or kW Rate (6) = (1) / (4)	\$ / kWh Rate (7) = (2) / (5)	Revenue Verification
RS		\$ (487,619)	\$ (487,619)		4,130,419,470		\$ (0.000118)	\$ (487,389)
GS		\$ (198,432)	\$ (198,432)		1,839,673,084		\$ (0.000107) *	\$ (196,845)
LGS	\$ (174,912)	\$ (179)	\$ (175,091)	6,855,880	2,367,437,065	\$ (0.026)	\$ -	\$ (178,253)
LGS-LM-TOD		\$ (744)	\$ (744)		9,917,165		\$ (0.000075)	\$ (744)
IP / IRP-Firm / Juris-IRI	\$ (190,049)	\$ (270)	\$ (190,319)	8,609,962	4,063,339,608	\$ (0.022)	\$ -	\$ (189,419)
MS		\$ (3,094)	\$ (3,094)		31,318,029		\$ (0.000099)	\$ (3,100)
WSS		\$ (7,875)	\$ (7,875)		137,692,630		\$ (0.000057)	\$ (7,848)
IS		\$ (282)	\$ (282)		1,118,879		\$ (0.000252)	\$ (282)
EHG		\$ (685)	\$ (685)		5,998,852		\$ (0.000114)	\$ (684)
OL		\$ (9,258)	\$ (9,258)		39,252,434		\$ (0.000236)	\$ (9,264)
SL		\$ (7,679)	\$ (7,679)		61,708,024		\$ (0.000124)	\$ (7,652)
Total	\$ (364,961)	\$ (716,117)	\$ (1,081,078)	15,465,842	12,687,875,240			\$ (1,081,480)
								\$ (402)

\* Revised after revenue verification

LGS-LM-TOD Rate Design				
Step 1 - Solve for LGS LM-TOD Revenue Requirement				
		Phase-in		
		Demand	Energy	Total
Total LGS Sec PRA Revenue Requirement		\$ (167,796)	\$ (169)	\$ (167,966)
	kWh			
LGS SEC	2,169,894,362			
LGS LM-TOD	9,917,165			
LGS TOD SEC	66,580,876			
Total LGS Secondary kWh	2,246,392,403			
LGS SEC Energy Rate		\$ (0.000075)	\$ -	\$ (0.000075)
LGS LM-TOD PRA Revenue Requirement (\$)		\$ (744)	\$ -	\$ (744)

Indiana Michigan Power Company												
Phase-In Rate Adjustment - Phase 2 Credit Allocation												
<u>Label</u>	<u>Function</u>	Total <u>Retail</u> 1	<u>RS</u> 2	Total <u>GS</u>	Total <u>LGS</u>	Total <u>IP</u>	<u>MS</u> 14	Total <u>WSS</u>	<u>EHG</u> 18	<u>IS</u> 19	<u>OL</u> 20	<u>SL</u> 21
Net Electric Plant in Service (\$)	PRODUCTION	1,891,932,057	750,964,861	335,929,393	327,122,772	449,143,649	5,736,438	15,481,265	1,147,459	264,996	2,455,288	3,685,934
	TO_TRAN	709,623,207	282,325,675	125,813,663	122,138,181	168,522,994	2,111,147	5,824,301	430,051	101,265	935,888	1,420,041
	DISTPRI	655,024,239	298,610,293	119,769,657	119,598,731	106,391,258	1,693,016	5,199,606	405,869	116,334	1,250,427	1,989,050
	DISTSEC	469,275,328	279,394,560	90,829,203	75,985,601	14,241,016	1,581,873	2,466,432	390,829	378,918	1,556,391	2,450,505
	ENERGY	2,728,096	911,597	405,711	537,819	812,185	6,912	29,999	1,324	247	8,671	13,632
	CUSTOMER	231,509,712	136,239,591	49,688,905	5,436,226	1,642,635	284,736	501,132	114,365	86,031	22,565,838	14,950,254
	TOTAL	3,960,092,639	1,748,446,576	722,436,532	650,819,330	740,753,737	11,414,122	29,502,735	2,489,896	947,791	28,772,503	24,509,416
Net Electric Plant in Service Excluding TO_TRAN (\$)	PRODUCTION	1,891,932,057	750,964,861	335,929,393	327,122,772	449,143,649	5,736,438	15,481,265	1,147,459	264,996	2,455,288	3,685,934
	TO_TRAN											
	DISTPRI	655,024,239	298,610,293	119,769,657	119,598,731	106,391,258	1,693,016	5,199,606	405,869	116,334	1,250,427	1,989,050
	DISTSEC	469,275,328	279,394,560	90,829,203	75,985,601	14,241,016	1,581,873	2,466,432	390,829	378,918	1,556,391	2,450,505
	ENERGY	2,728,096	911,597	405,711	537,819	812,185	6,912	29,999	1,324	247	8,671	13,632
	CUSTOMER	231,509,712	136,239,591	49,688,905	5,436,226	1,642,635	284,736	501,132	114,365	86,031	22,565,838	14,950,254
Net Electric Plant in Service Excluding TO_TRAN (%)	TOTAL	3,250,469,432	1,466,120,902	596,622,868	528,681,149	572,230,743	9,302,975	23,678,433	2,059,846	846,526	27,836,615	23,089,375
	DEMAND	3,016,231,624	1,328,969,714	546,528,253	522,707,104	569,775,923	9,011,328	23,147,303	1,944,157	760,248	5,262,106	8,125,489
	ENERGY	2,728,096	911,597	405,711	537,819	812,185	6,912	29,999	1,324	247	8,671	13,632
	CUSTOMER	231,509,712	136,239,591	49,688,905	5,436,226	1,642,635	284,736	501,132	114,365	86,031	22,565,838	14,950,254
	TOTAL	3,250,469,432	1,466,120,902	596,622,868	528,681,149	572,230,743	9,302,975	23,678,433	2,059,846	846,526	27,836,615	23,089,375
	DEMAND	92.79%	40.89%	16.81%	16.08%	17.53%	0.28%	0.71%	0.06%	0.02%	0.16%	0.25%
Net Electric Plant in Service Excluding TO_TRAN (%)	ENERGY	0.08%	0.03%	0.01%	0.02%	0.02%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	CUSTOMER	7.12%	4.19%	1.53%	0.17%	0.05%	0.01%	0.02%	0.00%	0.00%	0.69%	0.46%
	TOTAL	100.00%	45.10%	18.35%	16.26%	17.60%	0.29%	0.73%	0.06%	0.03%	0.86%	0.71%
Compliance PRA Revenue Requirement (Item 1)		Total <u>Retail</u> 1	<u>RS</u> 2	Total <u>GS</u>	Total <u>LGS</u>	Total <u>IP</u>	<u>MS</u> 14	Total <u>WSS</u>	<u>EHG</u> 18	<u>IS</u> 19	<u>OL</u> 20	<u>SL</u> 21
		\$ (1,003,173)	\$ (442,004)	\$ (181,771)	\$ (173,848)	\$ (189,503)	\$ (2,997)	\$ (7,699)	\$ (647)	\$ (253)	\$ (1,750)	\$ (2,702)
	DEMAND											
	ENERGY	\$ (907)	\$ (303)	\$ (135)	\$ (179)	\$ (270)	\$ (2)	\$ (10)	\$ (0)	\$ (0)	\$ (3)	\$ (5)
	CUSTOMER	\$ (76,998)	\$ (45,312)	\$ (16,526)	\$ (1,808)	\$ (546)	\$ (95)	\$ (167)	\$ (38)	\$ (29)	\$ (7,505)	\$ (4,972)
	TOTAL	\$ (1,081,078)	\$ (487,619)	\$ (198,432)	\$ (175,835)	\$ (190,319)	\$ (3,094)	\$ (7,875)	\$ (685)	\$ (282)	\$ (9,258)	\$ (7,679)

**PHASE-IN RATE ADJUSTMENT (PRA)**

The Phase-In Rate Adjustment (PRA) allows the Company to phase-in base rate adjustments that appropriately align base rate expenses, as they occur, and as approved by the Commission. All customer bills subject to the provisions of this rider shall be adjusted by the PRA adjustment factor per billing kWh and kW or kVA as follows:

Phase 2 Rates		
Tariff Class	¢/kWh	\$/kW or \$/kVA
RS, RS-TOD, RS-TOD2 and RS-OPES/PEV	-0.0118	--
GS, GS-TOD and GS-TOD2	-0.0107	--
LGS and LGS-TOD	-0.0000	-0.026
LGS-LM-TOD	-0.0075	--
IP and CS-IRP2	-0.0000	-0.022
MS	-0.0099	--
WSS	-0.0057	--
IS	-0.0252	--
EHG	-0.0114	--
OL	-0.0236	--
SLS, ECLS, SLC, SLCM and FW-SL	-0.0124	--

**ISSUED BY  
TOBY L. THOMAS  
PRESIDENT  
FORT WAYNE, INDIANA**

**EFFECTIVE FOR ELECTRIC SERVICE  
RENDERED ON AND AFTER JANUARY 11, 2019**

**ISSUED UNDER AUTHORITY OF THE  
INDIANA UTILITY REGULATORY COMMISSION  
DATED MAY 30, 2018  
IN CAUSE NO. 44967**