

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

FILED

September 8, 2017

INDIANA UTILITY
REGULATORY COMMISSION

VERIFIED PETITION OF INDIANA MICHIGAN)
POWER COMPANY (I&M), AN INDIANA)
CORPORATION, FOR APPROVAL OF A CLEAN)
ENERGY PROJECT AND QUALIFIED)
POLLUTION CONTROL PROPERTY AND FOR)
ISSUANCE OF CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY FOR USE OF)
CLEAN COAL TECHNOLOGY; FOR ONGOING)
REVIEW; FOR APPROVAL OF ACCOUNTING)
AND RATEMAKING, INCLUDING THE TIMELY)
RECOVERY OF COSTS INCURRED DURING)
CONSTRUCTION AND OPERATION OF SUCH)
PROJECT THROUGH I&M'S CLEAN COAL)
TECHNOLOGY RIDER; FOR APPROVAL OF)
DEPRECIATION PROPOSAL FOR SUCH)
PROJECT; AND FOR AUTHORITY TO DEFER)
COSTS INCURRED DURING CONSTRUCTION)
AND OPERATION, INCLUDING CARRYING)
COSTS, DEPRECIATION, TAXES, OPERATION)
AND MAINTENANCE AND ALLOCATED)
COSTS, UNTIL SUCH COSTS ARE REFLECTED)
IN THE CLEAN COAL TECHNOLOGY RIDER OR)
OTHERWISE REFLECTED IN I&M'S BASIC)
RATES AND CHARGES.)

CAUSE NO. 44871

INDUSTRIAL GROUP'S AND OUCC'S
JOINT RESPONSE TO INDIANA MICHIGAN POWER COMPANY'S
SUBMISSION OF ADDITIONAL INFORMATION

The I&M Industrial Group ("Industrial Group"), and the Office of Utility Consumer Counselor ("OUCC"), by their respective counsel, file this response to I&M's Submission of Additional Information concerning the consent decree, Rockport Unit 2 and the likelihood of I&M renewing the lease. The additional information filed by I&M emphasizes the need for this Commission to establish significant ratepayer protections if the Commission approves a Certificate of Public Convenience and Necessity ("CPCN") for the installation of Selective

Catalytic Reduction (“SCR”) technology on Rockport Unit 2. In support of this response, the Industrial Group and OUCC state:

1. On October 21, 2016, I&M filed its Verified Petition for approval of the installation of the SCRs and the issuance of a CPCN, including a request for timely recovery of the cost incurred during the construction and operation of the SCR project and other ratemaking approvals.

2. Both the Industrial Group and the OUCC filed testimony raising significant concerns regarding I&M’s request given the many uncertainties surrounding the future use of Rockport Unit 2.

3. The Industrial Group made several recommendations on how the Commission could provide ratepayer protections if it were to approve the SCR project and grant a CPCN. Those recommendations included: requiring I&M to depreciate the SCR equipment over at least 20 years rather than the 10 year depreciation I&M proposed; preventing I&M from passing along any stranded cost for the SCR to ratepayers if I&M does not renew the Rockport Unit 2 lease; placing a cap on the Rockport Unit 2 SCR costs to be recovered through I&M’s environmental rider; and requiring I&M to propose a contingency plan soon to address what it will do to provide the capacity to serve its retail customers if it does not renew the Rockport Unit 2 lease.

4. On July 21, 2017, after the record had closed in this case and briefing was completed, I&M notified the Commission of a motion it had filed, along with several of its affiliates, in the United States District Court for the Southern District of Ohio (“District Court”), which sought to modify aspects of the consent decree that governs the Rockport Plant including proposed modifications to eliminate the requirements to install SCR technology on Rockport Unit 2 and to toll the deadline for installing the SCR technology while the motion was pending.

5. On August 10, 2017, I&M filed additional information concerning the status of its request to modify the consent decree and notified the Commission that the District Court had tolled the deadline for the installation of the Rockport Unit 2 SCR system by 60 days so that the parties could pursue resolution of the motion.

6. The additional information serves to reinforce the Industrial Group's and OUCC's concerns with the uncertainties surrounding whether Rockport Unit 2 will be available to I&M to continue to provide service to its customers past 2022 when the lease expires. The new information that I&M has requested, a modification of the consent decree to eliminate the requirement to install the SCR on Rockport Unit 2, introduces even more uncertainty around whether I&M will even have to install the proposed SCR technology. The numerous uncertainties surrounding I&M's continued access to Rockport Unit 2 and the uncertainty now of whether the SCR technology will even be required to be installed emphasizes the need for the Commission to provide the ratepayer protections proposed by the Industrial Group and the OUCC if the Commission grants the CPCN request.

WHEREFORE, in light of all of the evidence in this case and the new information that I&M has filed pertaining to the consent decree requirements, the Industrial Group and OUCC request that, if the Commission approves the installation of the SCR technology and grants I&M a CPCN for the project, the Commission also impose all of the ratepayer protections recommended by the Industrial Group and the OUCC in this case.

Respectfully submitted,

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CERTIFICATE OF SERVICE

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