

OFFICIAL
EXHIBITS

STATE OF INDIANA
INDIANA UTILITY REGULATORY COMMISSION

IURC
JOINT

IN THE MATTER OF THE VERIFIED)
PETITION OF INDIANA MICHIGAN)
POWER COMPANY FOR APPROVAL OF)
DEMAND SIDE MANAGEMENT (DSM))
PLAN, INCLUDING ENERGY)
EFFICIENCY (EE) PROGRAMS, AND)
ASSOCIATED ACCOUNTING AND)
RATEMAKING TREATMENT, INCLUDING)
TIMELY RECOVERY THROUGH I&M'S)
DSM/EE PROGRAM COST RIDER OF)
ASSOCIATED COSTS, INCLUDING)
PROGRAM OPERATING COSTS, NET)
LOST REVENUE, AND FINANCIAL)
INCENTIVES.)

EXHIBIT No. 2
10-15-20 LR
DATE REPORTER

CAUSE NO. 45285

STIPULATION AND SETTLEMENT AGREEMENT

Indiana Michigan Power Company ("I&M") and Intervenor City of South Bend ("City") (collectively the "Settling Parties" and individually "Settling Party") solely for purposes of compromise and settlement and having been duly advised by their respective staff, experts, and counsel, stipulate and agree that the terms and conditions set forth below represent a fair, just and reasonable resolution of the matters set forth below, subject to their incorporation by the Indiana Utility Regulatory Commission ("Commission") into a Final Order¹ without modification or further condition that may be unacceptable to any Settling Party. If the Commission does not approve this Stipulation and Settlement Agreement ("Settlement Agreement") in its entirety, the entire Settlement Agreement shall be null and void and deemed withdrawn, unless otherwise agreed to in writing by the Settling Parties.

¹ "Final Order" as used herein means an order issued by the Commission as to which no person has filed a Notice of Appeal within the thirty-day period after the date of the Commission order.

I. TERMS AND CONDITIONS

1. **Rate Certainty.** The City needs price certainty to make the commitment to retrofit their lights to LED. I&M and City agree that a negotiated customer specific contract solution should be used to address the City's concerns regarding the Public Efficient Streetlight (PES) DSM Program and the City's LED retrofit needs. A customer specific contract will provide that rates for PES LED lights shall not increase for five years from the date of the last retrofit. I&M and the City agree to meet no later than six months prior to the end of the five year term to negotiate the contract's extension. If the contract is not extended the City may then choose to take service under the then applicable PES rates or standard LED rates. The customer specific contract will provide that the rates for PES LED lights will remain subject to the Commission-approved tracker surcharges and tracker rate adjustments applicable to standard service customers.

2. **PES DSM Rebate Credit.** In future rate cases, I&M will not propose to credit or allocate the respective PES DSM Program per fixture rebate to any other LED or old technology streetlight rates or class. I&M will propose that the PES DSM LED retrofit capital cost rebate for LEDs funded by the DSM program shall remain a reduction in the underlying costs used to set rates for PES installed LED streetlights only and I&M will fully defend that position unless the City requests or agrees otherwise.

3. **Customer LED Choice.** The City shall be allowed to choose the wattage and lumen output of each replacement LED fixture from the portfolio of LED options listed by I&M in this Cause. Doing so allows the City to install the size of LED lumen output fixture that the City views as best meeting the City's nighttime safety and public use needs of each neighborhood or area. Fixture selections made by the City that deviate from I&M's recommended one-for-one replacement size could be subject to a higher or lower monthly tariff rate, depending upon the agreed-upon PES rate of the fixture selected. I&M and the City agree to collaborate to determine PES Program overall cost effectiveness, including an assessment of LED streetlight O&M and energy savings and the impact of City fixture size selections. I&M will continue to separately record actual streetlight O&M expense to FERC Accounts 585 and 596. I&M will provide a reasonably accurate calculation and estimate of the annual O&M expense and O&M savings resulting from the replacement of HPS fixtures with LED fixtures at the time of its next base rate case and reasonably prior to the meeting agreed to above in Paragraph 1.

4. **Photo Cell Rate Reduction.** I&M will allow the City to elect to have I&M install longer life approximate 15 year or longer photocells and thereby decrease the frequency and cost of photo cell replacements resulting in a per light monthly rate savings of \$0.685. Doing so reduces I&M's maintenance frequency and costs and in turn reduces the cost to be incurred by the City in participating in the PES Program.

5. **I&M DSM Plan.** Approval of this Stipulation resolves all of South Bend's concerns regarding I&M's pending DSM Plan. South Bend agrees to support Commission approval of this Stipulation in lieu of its opposition to the DSM Plan, including the PES Program.

6. **Uplift "No Pole" Rate.** For the installation of LED lamps at new locations on existing wood poles (i.e., new LED installations on existing wood poles not covered by the PES program), the Rate per Lamp per Month as set forth in Tariff E.C.L.S. shall be reduced by the pole cost in a 30-day filing to be promptly made with the Commission to establish new rates, as shown in the attached Exhibit 1 for new LED lamps on existing poles.

II. PRESENTATION OF THE SETTLEMENT AGREEMENT TO THE COMMISSION

1. The Settling Parties will incorporate the terms of this Settlement Agreement into a streetlight contract to be approved in this Cause and included as an exhibit to the Settling Parties' testimony supporting the Settlement Agreement. The Settling Parties shall support this Settlement Agreement before the Commission and request that the Commission expeditiously accept and approve the Settlement Agreement and streetlight contract. The concurrence of the Settling Parties with the terms of the Settlement Agreement is expressly predicated upon the Commission's approval of the Settlement Agreement in its entirety without any modification or any condition that may be unacceptable by any Settling Party.

2. The Settling Parties shall jointly move for the Commission for leave to file the Settlement Agreement and supporting evidence. I&M and the City will file testimony specifically supporting the Settlement Agreement. The Settling Parties agree to provide each other with an opportunity to review drafts of testimony supporting the Settlement Agreement and to consider the input of the other Settling Parties. Such evidence, together with the evidence previously prefiled by the Settling Parties, will be offered into evidence without objection from the Settling Parties, and the Settling Parties hereby waive cross-examination of each other's witnesses. The Settling Parties will submit this Settlement Agreement and evidence conditionally, and that, if the Commission fails to approve this Settlement Agreement in its entirety without any change or with condition(s) unacceptable to any Settling Party, the Settlement Agreement and supporting evidence may be withdrawn and the Commission will continue to hear Cause No. 45285 with the proceedings resuming at the point they were suspended by the filing of this Settlement Agreement.

3. The Settling Parties shall jointly agree on the form, wording and timing of public/media announcement (if any) of this Settlement Agreement and the terms thereof. No Settling Party will release any information to the public or media prior to the aforementioned announcement. The Settling Parties may respond individually without prior approval of the other Settling Parties to questions from the public or media, provided that such responses are consistent with such announcement and do not disparage any of the Settling Parties. Nothing in this Settlement Agreement shall limit or restrict the Commission's

ability to publicly comment regarding this Settlement Agreement or any Order affecting this Settlement Agreement.

III. EFFECT AND USE OF SETTLEMENT AGREEMENT

1. It is understood that the Settlement Agreement is reflective of a negotiated settlement and neither the making of this Settlement Agreement nor any of its provisions shall constitute an admission by any Settling Party in this or any other litigation or proceeding except to the extent necessary to implement and enforce its terms. It is also understood that each and every term of the Settlement Agreement is in consideration and support of each and every other term.

2. The Settlement Agreement shall not constitute and shall not be used as precedent by any person or entity in any other proceeding or for any other purpose, except to the extent necessary to implement or enforce the terms of this Settlement Agreement.

3. The Settlement Agreement is solely the result of compromise and except as provided herein, is without prejudice to and shall not constitute a waiver of any position that any Settling Party may take with respect to any or all of the items resolved here and in any future regulatory or other proceedings.

4. The Settling Parties agree that the additional evidence offered in support of the Settlement Agreement and the previously prefiled evidence constitute substantial evidence sufficient to support this Settlement Agreement and provides an adequate evidentiary basis upon which the Commission can make any findings of fact and conclusions of law necessary for the approval of

the Settlement Agreement, as filed. The Settling Parties shall prepare and file an agreed proposed order with the Commission as soon as reasonably possible after the filing of this Settlement Agreement and the final evidentiary hearing.

5. The communications and discussions during the negotiations and conferences and any materials produced and exchanged concerning the Settlement Agreement all relate to offers of settlement and shall be privileged and confidential, without prejudice to the position of any Settling Party, and are not to be used in any manner in connection with any other proceeding or otherwise.

6. The undersigned Settling Parties have represented and agreed that they are fully authorized to execute the Settlement Agreement on behalf of their respective clients, and their successors and assigns, which will be bound thereby.

7. The Settling Parties shall not appeal or seek rehearing, reconsideration, or a stay of the Commission Order approving the Settlement Agreement in its entirety and without change or condition(s) unacceptable to any Settling Party (or related orders to the extent such orders are specifically implementing the provisions of this Settlement Agreement). The Settling Parties shall support or not oppose the Settlement Agreement in the event of any appeal or a request for a stay by a person not a party to this Settlement Agreement or if this Settlement Agreement is the subject matter of any other state or federal proceeding. The provisions of the Settlement Agreement shall be enforceable by any Settling Party before the Commission and thereafter in any state court of competent jurisdiction as necessary.

8. This Settlement Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

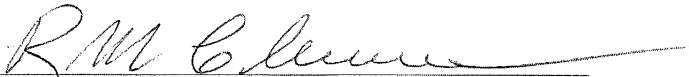
ACCEPTED and AGREED as of the 3rd day of August, 2020.



Marc E. Lewis
Indiana Michigan Power Company
Vice-President Regulatory and External Affairs
Indiana Michigan Power Center
Fort Wayne, Indiana 46802

Indiana Michigan Power Company

I&M has not yet provided South Bend a draft Streetlight contract. Therefore South Bend conditionally accepts and signs this Settlement Agreement contingent on I&M providing South Bend an acceptable draft streetlight contract by August 7, 2020.



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Attorney for City of South Bend

<u>Lamp Type & Size</u> (1)	Current Tariff ECLS Rate On Wood Pole with Overhead Circuitry (2)	Estimated Installed <u>Cost of Pole</u> (3)	Monthly Pole <u>Cost</u> (4)=(3)*0.95%	Proposed Rate On <u>Existing</u> Wood Pole with Overhead Circuitry (5) = (2) - (4)
LED				
4,800 Lumen - 41 Watt	\$12.05	\$531.19	\$5.05	\$7.00
8,500 Lumen - 88 Watt	\$13.05	\$531.19	\$5.05	\$8.00
14,000 Lumen - 139 Watt	\$14.70	\$531.19	\$5.05	\$9.65
23,000 Lumen - 219 Watt	\$17.50	\$531.19	\$5.05	\$12.45