

ORIGINAL

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

IN THE MATTER OF THE PETITION OF)
INDIANA MICHIGAN POWER COMPANY)
FOR AUTHORIZATION OF A NEW PJM) CAUSE NO. 43774 PJM 4
COST RIDER ADJUSTMENT CHARGE)
APPLICABLE FOR THE BILLING MONTHS) APPROVED:
OF JANUARY THROUGH DECEMBER 2014)

OCT 01 2014

ORDER ON REHEARING

Presiding Officers:
David E. Ziegner, Commissioner
Aaron A. Schmoll, Senior Administrative Law Judge

On May 14, 2014, the Commission issued its Order in this Cause (the "Order"). On June 3, 2014, Indiana Michigan Power Company ("I&M" or "Petitioner") filed its Petition for Reconsideration ("Petition"). On June 13, 2014, the Indiana Office of Utility Consumer Counselor ("OUCC") and I&M Industrial Group ("Industrial Group") filed their Response to I&M's Petition. On June 20, 2014, I&M filed its Reply to the OUCC and Industrial Group Response.

On July 30, 2014, I&M, the OUCC and I&M Industrial Group (collectively, the "Parties") filed a Joint Motion To Reopen The Record, For Leave To Submit Settlement Agreement To Resolve The Issues In Proceeding And Defer Commission Deadlines Related To Ruling On The Reconsideration ("Joint Motion"). On July 31, 2014, the Commission issued a docket entry granting the Parties' request to reopen the record, extending the deadline for the Commission to act on the Petition for Reconsideration to October 3, 2014, and scheduling a settlement hearing for August 27, 2014.

On August 8, 2014, I&M filed the settlement testimony and exhibits of Marc E. Lewis, I&M's Vice President, Regulatory-External Relations, which included a copy of the Settlement Agreement. Also on August 8, 2014, the OUCC filed the testimony of Duane P. Jasheway, Utility Analyst with the OUCC, in support of the Settlement Agreement.

The Commission conducted a public settlement hearing on August 27, 2014 at 10:00 a.m. in Room 222 of the PNC Center, 101 W. Washington Street, Indianapolis Indiana. I&M, the OUCC and the Industrial Group appeared and participated in the hearing. No members of the general public appeared. At the hearing, the Commission accepted into the record the settlement testimony and exhibits filed by I&M and the OUCC.

The Commission, based upon the applicable law, the evidence herein, and being duly advised, now finds as follows:

1. **Commission Notice and Jurisdiction.** Notices of the hearing in this Cause were given and published as required by law. Proofs of publication of the notices are contained in the official files of the Commission. I&M is a public utility as defined in Ind. Code §8-1-2-1(a). Under Indiana Code § 8-1-2-42(a) (“Section 42(a)”), the Commission has jurisdiction over changes in I&M’s schedules of rates and charges. Therefore, the Commission has jurisdiction over Petitioner and the subject matter of this Cause.

2. **Stipulation and Settlement Agreement.** The Settlement Agreement entered into by the Parties in this Cause is attached hereto and incorporated herein by reference. Specifically, the Settlement Agreement provides that:

1. The terms of this Agreement are intended to address the issue of the recovery of certain PJM costs through I&M’s PJM Rider initially denied in the May 14, 2014 Order (“Contested Costs”). The Parties have reached a mutual agreement on how to account for these Contested Costs over the 2013-2017 rider periods. The estimated amount of the Contested Costs for 2013 through 2017 that I&M will forego is shown on Exhibit A of the Agreement, totaling \$79,360,415.
2. During the period covered by the rider from January 1, 2015 and ending December 31, 2017, the PJM Rider will be modified to include 43.5% of the Indiana jurisdictional share of the Contested Costs.
3. The Contested Costs are identified as the costs presented in this proceeding that are above the \$80,257,524 reflected in base rates¹ and exclude the PJM Regional Transmission Expansion Planning (“RTEP”) costs, which are already approved for recovery in the PJM Rider as a result of the Commission’s Order in Cause No. 44075.
4. The Contested Costs to be included in the PJM Rider as a result of this Agreement were identified in the prefiled direct testimony of Petitioner’s Witness David Roush:
 - a. Network Integration Transmission Service (“NITS”), pursuant to PJM OATT Attachments H-14 and H-20, which includes credits for Point-to-Point Transmission Service;
 - b. Transmission Owner Scheduling, System Control and Dispatch Service, pursuant to PJM OATT Schedule 1A;
 - c. PJM Expansion Cost Recovery Charges (“ECRC”), pursuant to PJM OATT Schedule 13; and
 - d. AEP RTO Start-up Cost Recovery Charges (“SCRC”), pursuant to PJM OATT Attachment H-14.

¹ Mr. Lewis explained in his settlement testimony (at 5) that the reference in the Settlement Agreement to “\$80,257,524 million” is meant to be \$80,257,524 total and not modified by an extra million.

5. Effective January 1, 2015 through December 31, 2017, the return on equity (“ROE”) component of the weighted average cost of capital (“WACC”) used in all of Petitioner’s capital riders will be reduced from 10.2% to 9.95% for filings related to this period of time.
6. During the January 1, 2015 through December 31, 2017 period of this Agreement, if Petitioner receives approval to adjust depreciation rates outside of a basic rate case in a manner that would reduce its Indiana jurisdictional depreciation expense, that reduction in depreciation expense will be implemented in rates when the depreciation rate change is effective in a manner agreed upon by the Parties, or as otherwise approved by the Commission, in the depreciation proceeding.
7. The recovery of the Contested Costs is limited to Contested Costs incurred during the January 1, 2015 through December 31, 2017 period. Parties may take any position they deem appropriate regarding the recovery of the Contested Costs in basic rates or the PJM Rider, after the three-year window identified in the Agreement.

3. Testimony in Support of Settlement. Mr. Lewis and Mr. Jasheway both testified in support of the Settlement and summarized its key terms.

Mr. Lewis explained that following the Order in this Cause, the parties met to discuss the issues and the means by which they could be resolved in a manner that was fair and balanced to customers and shareholders. He explained that the Parties dedicated significant time and effort to understand the issues and the perspective of each party, including consideration of the evidence presented to the Commission. He explained that the Settlement resolves the recovery of the Contested Costs for the period of January 1, 2015 through December 31, 2017 (“Settlement Period”) and provides the exclusive manner for recovery of the Contested Costs. The Settlement also provides for the use of a reduced ROE in the application of the WACC in I&M’s capital riders, a potential credit for reduced depreciation expense, and the reimbursement of legal expenses incurred by the Industrial Group. Mr. Lewis described each of the key Settlement provisions in detail and explained that the Settlement, taken as a whole, represents the result of arms-length negotiations by a diverse group of stakeholders with differing views on the issues raised in the docket. Party experts were involved with legal counsel in the development of both the conceptual framework and the details of the Settlement. He said many hours were devoted by the Parties to discussions, the collaborative exchange of information, and settlement negotiations. Mr. Lewis concluded that the Settlement is in the public interest and should be approved.

Mr. Jasheway explained that the Settlement establishes a reasonable settlement on a balanced plan that addresses the issues and is in the best interest of ratepayers. He stated that I&M has agreed not to seek recovery of the Contested Costs incurred in 2013 and 2014, and that the Contested Costs incurred during the period 2015 through 2017 will be shared between ratepayers (43.5%) and shareholders (56.5%). The estimated Contested Costs will be reconciled to the actual costs through the PJM Rider. He explained that Contested Costs incurred after December 31, 2017 will not be subject to the conditions of the Settlement, *i.e.* they will cease to be included in the PJM Rider in the absence of further proceedings by I&M before the

Commission. However, there may be costs from the Settlement Period that require reconciliation in 2018. Mr. Jasheway clarified that the ROE reduction applies, in this period, to both current and future capital riders that may be established and become effective during the 2015-2017 Settlement Period. Mr. Jasheway recommended that the Commission approve the Settlement.

4. Commission Discussion and Findings. In this Cause, I&M had requested that the PJM Rider previously approved by the Commission be modified to include recovery of certain incremental PJM costs incurred by I&M as a member of the PJM regional transmission organization. The Industrial Group and OUCC opposed I&M's request and we denied it in our May 14, 2014 Order. However, we encouraged I&M "to work with its stakeholders to reach an agreement on a balanced plan. . . ." Order at 7. The record reflects that I&M approached the other Parties and that all Parties have worked collaboratively and in good faith to reach what they consider a balanced result that resolves the concerns presented in this proceeding for settlement purposes.

Settlements presented to the Commission are not ordinary contracts between private parties. *United States Gypsum, Inc. v. Indiana Gas Co.*, 735 N.E.2d 790, 803 (Ind. 2000). When the Commission approves a settlement, that settlement "loses its status as a strictly private contract and takes on a public interest gloss." *Id.* (quoting *Citizens Action Coalition v. PSI Energy*, 664 N.E.2d 401, 406 (Ind. Ct. App. 1996)). Thus, the Commission "may not accept a settlement merely because the private parties are satisfied; rather [the Commission] must consider whether the public interest will be served by accepting the settlement." *Citizens Action Coalition*, 664 N.E.2d at 406.

Furthermore, any Commission decision, ruling, or order – including the approval of a settlement – must be supported by specific findings of fact and sufficient evidence. *United States Gypsum*, 735 N.E.2d at 795 (citing *Citizens Action Coalition v. Public Service Co.*, 583 N.E.2d 330, 331 (Ind. 1991)). The Commission's own procedural rules require that settlements be supported by probative evidence. 170 IAC 1-1.1-17(d). Therefore, before the Commission can approve the Settlement, we must determine whether the evidence in this Cause sufficiently supports the conclusions that the Settlement is reasonable, just and consistent with the purpose of Ind. Code ch. 8-1-2, and that such agreement serves the public interest.

Our May 10, 2014 Order granted I&M's proposed PJM factors, but denied I&M's request to include additional items that I&M had previously stated, in Cause No. 44075, that it would not track. In denying that portion of I&M's request, the Commission suggested that I&M work with its stakeholders to develop an alternate plan that balanced the utility and customer interests. The evidence of record indicates that the Settlement Agreement is the result of extensive, frank, arms-length negotiations between the Parties. The terms of the Settlement Agreement are supported by the evidence and represent a reasonable resolution of the issues presented to the Commission. Further, approval of the Settlement Agreement resolves the contested cost recovery without further expenditure of the time and resources of the Parties and Commission. Accordingly, we conclude that the Settlement Agreement is reasonable, just and consistent with the purpose of Ind. Code ch. 8-1-2 and serves the public interest.

In this proceeding, the Commission analyzed the evidence and the Settlement Agreement to determine that it properly balances the interests of the utility, the customers, and the overall

public interest. The Parties' testimony in support of the Settlement has enabled the Commission to understand the mechanics of the Settlement provisions and to determine that the Settlement Agreement is supported by the evidence of record. The Commission further finds that the Settlement is reasonable and in the public interest, and shall be approved in its entirety.

5. **Effect of the Settlement Agreement.** The Parties agree that the Settlement Agreement should not be used as precedent in any other proceeding or for any other purpose, except to the extent necessary to implement or enforce its terms. Consequently, with regard to future citation of the Settlement Agreement, we find that our approval herein should be construed in a manner consistent with our finding in *Richmond Power & Light*, Cause No. 40434 (IURC March 19, 1997).

IT IS THEREFORE ORDERED BY THE INDIANA UTILITY REGULATORY COMMISSION that:

1. The Settlement Agreement, attached hereto and incorporated herein by reference, is approved.
2. Petitioner shall be, and hereby is, authorized to modify its PJM Rider consistent with the Settlement Agreement.
3. Petitioner shall use a 9.95% return on equity component for the weighted average cost of capital used in all of I&M's capital riders in determination of rider rates for the period of January 1, 2015 through December 31, 2017.
4. This Order shall be effective on and after the date of its approval.

STEPHAN, MAYS-MEDLEY AND ZIEGNER CONCUR; WEBER ABSENT:

APPROVED: OCT 01 2014

I hereby certify that the above is a true and correct copy of the Order as approved.



**Brenda A. Howe,
Secretary to the Commission**

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

IN THE MATTER OF THE PETITION OF)
INDIANA MICHIGAN POWER COMPANY)
FOR AUTHORIZATION OF A NEW PJM)
COST RIDER ADJUSTMENT CHARGE) CAUSE NO. 43774 PJM-4
APPLICABLE FOR THE BILLING MONTHS)
OF JANUARY THROUGH DECEMBER)
2014

STIPULATION AND SETTLEMENT AGREEMENT

Indiana Michigan Power Company ("I&M" or "Company"), Intervenor Industrial Group ("Industrials"), and the Indiana Office of Utility Consumer Counselor ("OUCC"), (collectively the "Parties" and individually "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 all matters pending before the Commission in this Cause:

A. TERMS AND CONDITIONS

The Settling Parties stipulate and agree that the terms of this Settlement Agreement are intended to address the issue of the recovery of certain PJM costs listed at the end of Paragraph 2 below (the "Contested Costs") through I&M's PJM Rider discussed in this proceeding but initially denied in the May 14, 2014 Order in this Cause ("May 14 Order"). The Parties have reached a mutual agreement on how to account for these Contested Costs over the 2013-2017 rider periods. To effectuate this result, the Parties have agreed to the following terms:

1. This agreement is not intended in any way to impact other costs currently recovered in the PJM Rider or future costs that may be added to the PJM Rider. This agreement covers solely the costs identified in this agreement as the Contested Costs.

2. The estimated amount of the Contested Costs for 2013 through 2017 is shown on Exhibit A. I&M shall only recover the Indiana jurisdictional share of the Contested Costs incurred for the 2015-2017 period in accordance with and to the extent authorized under this Settlement Agreement. Effective during the period covered by the rider from January 1, 2015 and ending December 31, 2017, the PJM Rider will be modified to include 43.5% of the Indiana jurisdictional share of the Contested Costs. No Party will seek to modify or otherwise change the 43.5% recovery of the Indiana jurisdictional share of the Contested Costs for the period 2015-2017 in any proceeding before the Commission regardless of any order of the Commission or any other event. The Contested Costs are identified as the costs presented in this proceeding that are above the \$80,257,524 million reflected in base rates and exclude the PJM Regional Transmission Expansion Planning ("RTEP") costs, which are already approved for recovery in the PJM rider as a result of the Commission Decision in Cause No. 44075. The Contested Costs to be included in the PJM Rider as a result of this Settlement Agreement are the following identified in the record in the prefiled direct testimony of Company witness David Roush:

1. Network Integration Transmission Service (NITS), pursuant to PJM OATT Attachments H-14 and H-20, which includes credits for Point-to-Point Transmission Service;

2. Transmission Owner Scheduling, System Control and Dispatch Service, pursuant to PJM OATT Schedule 1A;
 3. PJM Expansion Cost Recovery Charges (ECRC), pursuant to PJM OATT Schedule 13; and
 4. AEP RTO Start-up Cost Recovery Charges (SCRC), pursuant to PJM OATT Attachment H-14.
3. As a term of settlement, solely for purposes of compromise, and without prejudice to any position of a party or finding of the Commission in a subsequent proceeding, effective January 1, 2015 through December 31, 2017, the return on equity ("ROE") component of the weighted average cost of capital ("WACC") used in all of I&M's capital riders will be reduced from 10.2% to 9.95% for filings related to this period of time. The reduced ROE will be effective in I&M's capital riders, in order to determine the capital costs incurred, during the period January 1, 2015 through December 31, 2017. This ROE shall be applied to these I&M riders through December 31, 2017, even if the Commission issues an Order in a new basic rate case and authorizes a different ROE. On January 1, 2018, the ROE component of the WACC used in I&M's capital riders will change prospectively for costs incurred in those riders after that date to the authorized ROE approved in I&M's then most recent basic rate proceeding unless the Commission authorizes a different ROE to be effective on or after January 1, 2018.
4. During the January 1, 2015 through December 31, 2017 period of this Settlement Agreement, if I&M receives approval to adjust depreciation rates outside of a basic rate case in a manner that would reduce its Indiana jurisdictional depreciation expense, that reduction in depreciation expense will be implemented in rates when the depreciation rate change is effective in a manner

agreed upon by the Parties, or as otherwise approved by the Commission, in the depreciation proceeding. Parties may take any position they deem appropriate regarding I&M's request to adjust depreciation rates if filed by I&M.

5. This Settlement Agreement to allow the recovery of the Contested Costs is limited to Contested Costs incurred during the January 1, 2015 through December 31, 2017 period. Parties may take any position they deem appropriate regarding the recovery of the Contested Costs in basic rates or the PJM Rider, beyond the three-year window identified in this Settlement Agreement.
6. The Parties agree to jointly move the Commission to suspend or defer the consideration of the Petition for Reconsideration and the subsequent timeframes for consideration outlined under Rule 170 IAC 1-1.1-22(e)(5), and to reopen the record to allow for consideration of this Settlement Agreement. If the Settlement Agreement is not approved in its entirety or is modified in any way unacceptable to any Party, the Parties agree to request the Commission issue an order on reconsideration before it would otherwise be deemed denied by operation of rule under 170 IAC 1-1.1-22(e)(5) as the record stood on July 23, 2014¹.
7. Nothing in this Settlement Agreement forfeits the right of I&M to seek and be granted approval from the Commission to include any new PJM charge or material modification of an existing PJM charge in the PJM Tracker as provided in the Commission Order in Cause 43306; provided, however, that I&M's recovery of the Contested Costs incurred shall be limited to 43.5% of Indiana jurisdictional share of the Contested Costs for the period 2015-2017.

¹ July 23, 2014 is the date of the Commission conference at which the Order on Reconsideration was to be issued by the Commission and the date on which the parties requested the Commission remove the order from its consideration.

8. I&M agrees to reimburse litigation expenses and fees of IG and Lewis & Kappes in the amount of \$100,000. I&M will not seek to include this amount in the revenue requirement of any general or other rate case or otherwise seek to recover this amount from customers.

B. PRESENTATION OF THE SETTLEMENT TO THE COMMISSION

1. The Parties shall support this Settlement Agreement before the Commission and request that the Commission expeditiously accept and approve the Settlement Agreement. The concurrence of the Parties with the terms of this 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 Party.
2. The Parties shall jointly move for leave to file this Settlement Agreement and supporting evidence and to reopen the record to accept such filing. Such evidence together with the evidence previously prefiled by the Parties in this Cause will be offered into evidence without objection and the Parties agree to waive cross-examination. The Parties propose to 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 Party, the Settlement and supporting evidence shall be withdrawn and the Parties agree to request the Commission issue an Order on Reconsideration on the issues raised in the June 2, 2014 I&M Petition for Reconsideration.

3. The Parties shall jointly agree on the form, wording and timing of public/media announcement (if any) of this Settlement Agreement and the terms thereof.

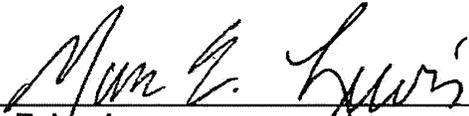
C. EFFECT AND USE OF SETTLEMENT

1. It is understood that this 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 Party to this Settlement Agreement in this or any other litigation or proceeding. It is also understood that each and every term of this Settlement Agreement is in consideration and support of each and every other term.
2. This Settlement Agreement shall not constitute and shall not be used as precedent by any person 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. This 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 of the Parties may take with respect to any or all of the items resolved here and in any future regulatory or other proceedings.
4. The Parties agree that the evidence of record and the additional evidence offered in support of this Settlement Agreement constitutes 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 this Settlement Agreement, as

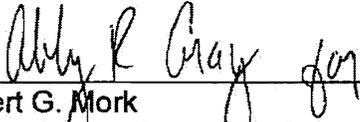
filed. The Parties shall prepare and file an agreed proposed order with the Commission as soon as reasonably possible.

5. The communications and discussions during the negotiations and conferences and any materials produced and exchanged concerning this Settlement Agreement all relate to offers of settlement and shall be privileged and confidential, without prejudice to the position of any Party, and are not to be used in any manner in connection with any other proceeding or otherwise.
6. The undersigned Parties have represented and agreed that they are fully authorized to execute the Settlement Agreement on behalf of their designated clients, and their successors and assigns, who will be bound thereby.
7. The Parties shall not appeal or seek rehearing, reconsideration or a stay of the Final Order approving this Settlement Agreement in its entirety and without change or condition(s) unacceptable to any Party. The Parties shall support or not oppose this 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 this Settlement Agreement shall be enforceable by any Party before the Commission and thereafter in any state court of competent jurisdiction as necessary.
8. This Settlement Agreement may be executed in two (2) 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 30th day of July, 2014

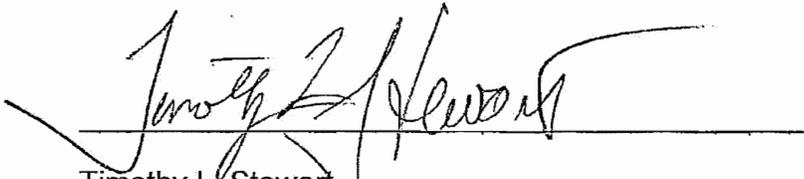


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A handwritten signature in black ink, appearing to read "Timothy L. Stewart", is written over a horizontal line. The signature is fluid and cursive.

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EXHIBIT A

Indiana Michigan Power Company
Indiana Retail NITS

<u>Period</u>	Actual & Estimated NITS <u>Expense</u>	<u>Base Rate</u> <u>Recovery</u>	<u>Incremental</u> <u>Recovery</u>	<u>Total</u> <u>Recovery</u>	<u>Expenses</u> <u>Foregone</u>
Test Year	\$80,257,524	\$80,257,524		\$80,257,524	\$0
2013	\$81,753,827	\$80,257,524	\$0	\$80,257,524	\$1,496,303
2014	\$95,268,236	\$80,257,524	\$0	\$80,257,524	\$15,010,712
2015	\$105,987,473	\$80,257,524	\$11,192,528	\$91,450,052	\$14,537,421
2016	\$116,621,181	\$80,257,524	\$15,818,191	\$96,075,715	\$20,545,466
2017	\$129,408,875	\$80,257,524	\$21,380,838	\$101,638,362	\$27,770,513

Exhibit 2

Purpose:

Illustrate application of Cause 43774 PJM-4 Settlement Term 3, reduce the return on equity (ROE) component of the weighted average cost of capital (WACC) from 10.2% to 9.95% used exclusively in all of I&M's capital riders inclusive of the settlement period January 1, 2015 through December 31, 2017.

Assumptions:

- \$1M Initial Non-AFUDC Plant-In-Service Investment + \$100k/Month Thereafter
- 7.5% AFUDC
- 3.5% Annual Depreciation Rate
- Capital Structure = 45% Debt, 15% ADIT, 40% Equity
- Nominal Debt Rate 5%

Capital Rider Example									
	Nov-14	Dec-14	PJM-4 Settlement Period				Jan-18	Feb-18	
			Jan-15	Feb-15	→	Nov-17			Dec-17
Non-AFUDC	1,000,000	1,100,000	1,200,000	1,300,000	→	4,600,000	4,700,000	4,800,000	4,900,000
AFUDC	75,000	82,500	90,000	97,500	→	345,000	352,500	360,000	367,500
Gross Plant In-Service	1,075,000	1,182,500	1,290,000	1,397,500	→	4,945,000	5,052,500	5,160,000	5,267,500
Accum Depreciation	0	(3,135)	(6,584)	(10,347)	→	(310,406)	(324,829)	(339,566)	(354,616)
Net Plant	1,075,000	1,179,365	1,283,416	1,387,153	→	4,634,594	4,727,671	4,820,434	4,912,884
WACC Rate	0.528%	0.528%	0.519%	0.519%	→	0.519%	0.519%	0.528%	0.528%
WACC Return	5,671	6,221	6,663	7,202	→	24,061	24,544	25,428	25,915

After-Tax WACC Determination - Prior to 1/1/15 & After 12/31/17

Cost of Debt 5% @ 45%	2.3%
ADIT 0% @ 15%	0.0%
ROE 10.2% @ 40%	4.1%
Annual WACC =	6.3%
Monthly WACC =	0.528%

After-Tax WACC Determination - 1/1/15 through 12/31/17

Cost of Debt 5% @ 45%	2.3%
ADIT 0% @ 15%	0.0%
ROE 9.95% @ 40%	4.0%
Annual WACC =	6.2%
Monthly WACC =	0.519%