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STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF INDIANA MICHIGAN POWER)
COMPANY, AN INDIANA CORPORATION, FOR)
AUTHORITY TO INCREASE ITS RATES AND)
CHARGES FOR ELECTRIC UTILITY SERVICE,)
FOR APPROVAL OF: REVISED)
DEPRECIATION RATES; ACCOUNTING)
RELIEF; INCLUSION IN BASIC RATES AND)
CHARGES OF THE COSTS OF QUALIFIED)
POLLUTION CONTROL PROPERTY;)
MODIFICATIONS TO RATE ADJUSTMENT)
MECHANISMS; AND MAJOR STORM)
RESERVE; AND FOR APPROVAL OF NEW)
SCHEDULES OF RATES, RULES AND)
REGULATIONS)

CAUSE NO. 44075

APPROVED: NOV 02 2011

PREHEARING CONFERENCE ORDER OF THE COMMISSION

Presiding Officers:

Kari A.E. Bennett, Commissioner
Jeffery A. Earl, Administrative Law Judge

On September 23, 2011, Petitioner, Indiana Michigan Power Company, an Indiana Corporation, ("Petitioner" or "I&M") filed its petition with the Indiana Utility Regulatory Commission ("Commission") in this matter. Petitioner's to Intervene in this Cause were filed by the following: Steel Dynamics, Inc.; the City of Fort Wayne, Indiana; Citizens Action Coalition of Indiana ("CAC"); Inovateus Solar LLC; Indiana Michigan Industrial Group; the Kroger Co.; Ecos Energy; and the City of South Bend, Indiana. Petitioner filed an objection to the Petition to Intervene filed by Ecos Energy on October 25, 2011, but does not object to any of the other potential intervenors.

The Presiding Officers previously granted the Petitions to Intervene filed by Steel Dynamics, Inc., the City of Fort Wayne, and Citizens Action Coalition of Indiana by Docket Entries. The Commission now GRANTS the Petitions to Intervene filed by Inovateus Solar LLC, Indiana Michigan Industrial Group, the Kroger Co., and the City of South Bend, Indiana. The Petition to Intervene filed by Ecos Energy will be taken under advisement pending Ecos Energy's response to Petitioner's objection.

Pursuant to notice and as provided for in 170 IAC 1-1.1-15, a Prehearing Conference in this Cause was held at 1:30 p.m. on October 20, 2011, in Hearing Room 224, 101 West Washington Street, Indianapolis, Indiana. Proofs of publication of the notice of the Prehearing Conference have been incorporated into the record and placed in the official files of the Commission. The Petitioner

and the Indiana Office of Utility Consumer Counselor (“OUCC”) appeared and participated at the Prehearing Conference. No members of the general public appeared.

Prior to the opening of the record and with the consent of all parties in attendance, an informal discussion was held regarding procedural and scheduling matters in this Cause. The agreement of the parties was then read into the record.

Based upon the agreement of the parties, the Commission now enters the following Findings and Order which shall become a part of the record in this proceeding:

1. Applicability of the Minimum Standard Filing Requirements Rule. I&M filed its Petition pursuant to 170 IAC 1-5 (the “MSFR Rule”) and requested that the Commission enter an Order within the timeline described in 170 IAC 1-5-2.1. On October 6 and 13, 2011, the OUCC, with whom the CAC joined, filed notices that Petitioner’s filing does not comply with the MSFR Rule. Specifically, the OUCC argued that the nature and scope of the relief requested by Petitioner includes issues that do not fall within the ambit of the MSFR Rule and that Petitioner’s filing does not include all of the information required by the MSFR Rule. The OUCC identified the following specific issues, which it believes exceed a petition for a general rate change: creation of a major storm damage restoration reserve; inclusion of the capacity settlement I&M receives as a member of the American Electric Power (“AEP”) Pool in Petitioner’s revenue requirement; and approval of proposed cost allocations and rate design, including the transition to the PJM Open Access Transmission Tariff. Petitioner filed its reply to the notices on October 14 and 19, 2011. In its replies, Petitioner argued that it has complied, or will comply by November 1, 2011, with all filing requirements of the MSFR Rule, and that it should be entitled to the expedited schedule provided for by the rule.

During the Prehearing Conference and Preliminary Hearing, Petitioner indicated its understanding that the timeline for the MSFR Rule would begin to run after its supplemental filing is made on November 1, 2011. With that starting date, 170 IAC 1-5-2.1 contemplates that an Order would be issued by the Commission no later than September 1, 2012. As noted below, the parties have agreed to a procedural schedule that concludes on September 11, 2012. Thus, the final agreed filing date occurs after the deadline for the Commission to issue an Order under the MSFR Rule. 170 IAC 1-5-2.1(e)(2) allows the Presiding Officers to extend the Procedural Schedule to twelve months for good cause and allows an extension beyond twelve months upon a concurrence of a majority of the Commission. However, this prerogative belongs to the Commission, and the extended timeframe cannot be utilized by the parties to negotiate a procedural schedule that exceeds ten months. Therefore, the Commission will not be bound by the time constraints contained in the MSFR rule.

2. Test Year and Accounting Method. The test year for determining Petitioner’s actual and pro forma operating revenues, expenses and operating income under present and proposed rates shall be the twelve (12) months ended March 31, 2011, adjusted for changes that are fixed,

known and measurable for ratemaking purposes and that occur within twelve (12) months following the end of the test year.

3. **Rate Base and Major Project Cutoff date.** The rate base cutoff shall reflect used and useful property as of December 31, 2011. The Major Project cutoff date shall also be December 31, 2011. Petitioner shall prefile updated evidence reflecting any changes to the rate base cutoff on or before February 3, 2012.

4. **Notice to Customers.** Petitioner shall provide evidence of its compliance with 170 IAC 4-1-18(C) to provide notice to its customers within forty-five (45) days of filing a petition with the Commission for a change in its base rates which fairly summarizes the nature and extent of the proposed changes.

5. **Petitioner's Prefiling Date.** Petitioner prefiled with the Commission its prepared testimony and exhibits constituting its case-in-chief on or before September 23, 2011. Copies of same shall be served upon all parties of record.

6. **Evidentiary Hearing on Petitioner's Case-In-Chief.** Petitioner shall present its the case-in-chief in an evidentiary hearing to commence at 9:30 a.m. on February 20, 2012, in Hearing Room 222, 101 West Washington Street, Indianapolis, Indiana, and will continue as necessary through March 2, 2012. At such time, Petitioner's direct evidence shall be presented and its witnesses examined.

7. **Field Hearings.** Field Hearings will be convened in this Cause in Fort Wayne, Indiana, Muncie, Indiana, and South Bend, Indiana, at times and places to be announced by the Commission in a Docket Entry.

8. **OUCC's and Intervenors' Prefiling Date.** The OUCC and any Intervenors shall prefile with the Commission the prepared testimony and exhibits constituting their respective cases-in-chief on or before April 27, 2012. Copies of same shall be served upon all parties of record.

9. **Cross-Answers and Petitioner's Rebuttal Prefiling.** The OUCC and any Intervenors shall prefile with the Commission their respective cross-answering testimony and evidence, and Petitioner shall prefile with the Commission its prepared rebuttal testimony on or before May 25, 2012. Copies of same shall be served upon all parties of record.

10. **Responses to Cross-Answers.** Any motions to strike cross-answering evidence, motion by the OUCC or any Intervenors to file rebuttal to cross-answering testimony, or motion by Petitioner to file supplemental rebuttal shall be filed on or before June 1, 2012.

11. **Evidentiary Hearing on the Parties' Cases-In-Chief.** In the event this Cause is not settled, the cases-in-chief of the OUCC and any Intervenors shall be presented in an evidentiary hearing to commence at 9:30 a.m. on June 18, 2012, in Hearing Room 222, 101 West Washington

Street, Indianapolis, Indiana, and shall continue as necessary through June 29, 2012. At such time, the direct evidence of the OUCC and any Intervenors shall be presented and their respective witnesses examined. Thereafter, Petitioner shall present its prefiled rebuttal evidence as well as any additional evidence rebutting evidence adduced on cross-examination of the OUCC's or Intervenors' witnesses, and the OUCC and any Intervenors shall present their respective cross-answering evidence. If the parties reach settlement, the agreement and supporting testimony and exhibits shall be submitted to the Commission five (5) business days prior to the Evidentiary Hearing.

12. Discovery. Discovery is available for all parties and shall be conducted on an informal basis. Any response or objection to a discovery request shall be made within ten (10) calendar days of the receipt of such request until April 27, 2012. Between April 27, 2012, and May 25, 2012, responses or objections to discovery requests shall be made within five (5) business days of the receipt of such request. Thereafter, responses or objections to discovery requests shall be made within four business days. Discovery requests and responses/objections to discovery sent after 5 pm Monday through Thursday, after Noon of Friday, or on a Saturday or Sunday, shall be deemed to have been sent on the next business day. In addition, the parties have agreed to same-day service of discovery by electronic means or hand-delivery.

13. Prefiling of Workpapers. When prefilng technical evidence with the Commission, each party shall file copies of the work papers used to produce that evidence within two (2) business days after the prefilng of such technical evidence. Copies of same shall also be served on the other parties to this Cause. When submitting workpapers to the Commission, two (2) copies of each document shall be filed with the Secretary of the Commission.

14. Number of Copies/Corrections. With the exception of work papers, the parties shall file with the Commission an original and five (5) copies of all prefiled testimony and exhibits. Any corrections to prefiled testimony shall be made in writing as soon as possible after discovery of the need to make such corrections. Although the Commission's rules require that original copies be one-sided, it is the Commission's preference that duplicate copies use both sides of the paper.

Parties may also elect to file documents with the Commission using the Commission's Electronic Filing System in lieu of filing paper documents. Pursuant to the terms and conditions of the Electronic Filing System, documents filed electronically are deemed filed the date they are submitted, subject to verification and acceptance by the Commission, and will receive an electronic file stamp. For filings greater than thirty (30) pages in length, a party shall file with the Commission an original and (1) paper copy within two (2) business days of the electronic filing. When supplying such copies, the party must provide a copy of the email reflecting the electronic filing was accepted by the Commission.

15. Objections to Prefiled Testimony and Exhibits. Any objections to the admissibility of prefiled testimony or exhibits shall be filed with the Commission and served on all parties of record no less than two (2) business days prior to the date scheduled for commencement of the hearing at which the testimony or exhibit will be offered into the record.

16. **Intervenors**. Any party permitted to become an Intervenor in this Cause shall be bound by the record as it stands at the time its Petition to Intervene is granted, pursuant to 170 IAC 1-1.1-11.

17. **Post-Hearing Briefs**. In addition to the Procedural Schedule detailed above, the Parties have agreed to the following post-hearing briefing schedule. Petitioner shall file a proposed order on or before July 16, 2012. The OUCC and any Intervenors shall file exceptions to the proposed order on or before August 15, 2012, and cross-responses to each other's exceptions on or before August 31, 2012. Petitioner shall file its reply on or before September 11, 2012.

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

1. The determinations of the Prehearing Conference set forth in this Order are made a part of the record in this Cause and shall be binding on all present and future parties of record during the proceedings of this Cause.

2. This Order shall be effective on and after the date of its approval.

ATTERHOLT, BENNETT, LANDIS, MAYS AND ZIEGNER CONCUR:

APPROVED: NOV 02 2011

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



Brenda A. Howe
Secretary to the Commission