

ORIGINAL

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

VERIFIED PETITION OF INDIANA MICHIGAN)
 POWER COMPANY ("I&M"), AN INDIANA)
 CORPORATION, PURSUANT TO INDIANA CODE)
 CHAPTER 8-1-8.8 AND 8-1-2-23, 8-1-2-10, 8-1-2-12, 8-1-)
 2-14, AND 8-1-2-42(a), AND 5-14-3-4 AND 8-1-2-29,)
 REQUESTING THAT THE COMMISSION: (1) FIND)
 THAT I&M'S PROPOSED LIFE CYCLE)
 MANAGEMENT PROJECT AT THE DONALD C.)
 COOK NUCLEAR PLANT IS REASONABLE AND)
 NECESSARY; (2) APPROVE THE ESTIMATED)
 CONSTRUCTION COSTS AND SCHEDULE OF THE)
 PROPOSED LIFE CYCLE MANAGEMENT)
 PROJECT; (3) AUTHORIZE I&M TO RECOVER, ON)
 A TIMELY BASIS VIA A PERIODIC RATE)
 ADJUSTMENT MECHANISM, THE COSTS AND)
 EXPENSES ASSOCIATED WITH THE LIFE CYCLE)
 MANAGEMENT PROJECT (INCLUDING STUDY,)
 ANALYSIS AND DEVELOPMENT COSTS, IN)
 ADDITION TO CONSTRUCTION, FINANCING, AND)
 OTHER COSTS); (4) GRANT I&M AUTHORITY TO)
 DEFER SUCH COSTS ON AN INTERIM BASIS)
 UNTIL SUCH COSTS ARE REFLECTED IN I&M'S)
 RETAIL ELECTRIC RATES; AND (5) GRANT I&M)
 SUCH FURTHER RELIEF AS MAY BE NECESSARY)
 OR APPROPRIATE)

CAUSE NO. 44182

APPROVED:

SEP 19 2013

ORDER OF THE COMMISSION ON RECONSIDERATION

Presiding Officers:

David E. Ziegner, Commissioner

Loraine L. Seyfried, Chief Administrative Law Judge

On July 17, 2013, the Indiana Utility Regulatory Commission ("Commission") entered its final Order in this Cause ("Order"). On August 5, 2013, the Indiana Michigan Power Industrial Group ("I&M IG") filed a Petition for Reconsideration ("Motion"), in which the Citizens Action Coalition ("CAC") joined on August 9, 2013. Indiana Michigan Power Company ("I&M") filed its Response to the Motion on August 15, 2013. On August 19, 2013, I&M IG filed its Reply to I&M's Response.

1. **Relief Requested by I&M IG.** In its Motion, I&M IG requests that the Commission reconsider its final Order as it relates to an independent expert monitor. I&M IG argues that because

the cost of the expert monitor will be paid for by ratepayers, the consumer parties to this proceeding should exercise exclusive control over the monitor's work. Specifically, the expert monitor should report exclusively to the OUCC, and the OUCC should be given sole control and direction over the monitor's work. In addition, the Commission should designate testimonial technical staff and only that staff from the Commission should have access to information received from the expert monitor. I&M IG argues that I&M should not be given any authority over the expert monitor because such influence would impair the monitor's independence.

2. **I&M's Position.** Initially, I&M argues that the Motion should be denied because it amounts to a new request and argument not previously presented to the Commission. Even if the Commission considers the Motion, the Order expressed the Commission's preference for "parallel treatment" on this issue with the Michigan Public Service Commission ("MPSC"). I&M argues that having the expert monitor report to the OUCC without any involvement from I&M would be costly, inefficient, and unduly burdensome because I&M would be required to hire two monitors for the Life Cycle Management Project ("LCM Project"). Further, I&M asserts that the system or process directed in the Order is reasonable and similar to what other state Commissions have ordered.

3. **Commission Discussion and Findings.** In this Cause, I&M proposed to engage an independent expert monitor to assist in the proposed ongoing review process before the Commission. No parties objected to I&M's proposal, nor did they offer any evidence concerning the process or procedure for utilizing the monitor's services. Therefore, the Commission established a process that was designed to parallel the approach established by the MPSC, which would provide for cost and other efficiencies in monitoring the progress of the LCM Project and offer information in an open and transparent manner to the Commission and all the parties. In approving I&M's proposal, the Commission found that,

[t]he independent expert monitor shall file update reports in I&M's six-month ongoing review proceedings. I&M shall meet with Commission staff, the OUCC and the other parties within thirty (30) days of the date of this Order to discuss the contents of the update reports to be filed in the ongoing review proceedings. The independent expert monitor shall also file in I&M's first ongoing review proceeding any updates prepared and filed with the Michigan Public Service Commission. Reasonable costs associated with such an independent monitor may be recovered via the LCM Rider.

Order at 62-63.

Based upon our review of the Motion and responses thereto, the Commission finds that the Motion should be denied, but that further clarification of the process established in the Order should be provided. As set forth in our Order, the independent expert monitor is to be retained by I&M. We do not view this fact to be synonymous with I&M having unreasonable discriminatory control over the independent expert monitor's update reports. We note that the ultimate recovery of the independent expert monitor cost from Indiana ratepayers carries a reasonableness requirement. At a

minimum, we expect that the independent expert monitor would sponsor its update report in the LCM Rider proceedings and would be available for purposes of discovery and cross-examination at the evidentiary hearing. Similarly, we fully expect the update reports to contain the monitor's review of both I&M's progress on the LCM Project and the information provided to the Commission by I&M in the LCM Rider proceedings. Accordingly, any control I&M may attain in providing the efficient contractual retention of an expert can be balanced with the public interest of the Commission's intended independent monitoring of the LCM Project.

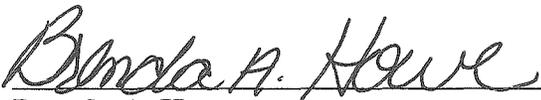
IT IS THEREFORE ORDERED BY THE INDIANA UTILITY REGULATORY COMMISSION that:

1. The Indiana Michigan Power Industrial Group's Petition for Reconsideration is denied.
2. This Order shall be effective on and after the date of its approval.

ATTERHOLT, MAYS AND ZIEGNER CONCUR; BENNETT AND LANDIS ABSENT:

APPROVED: SEP 19 2013

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



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