STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

IN THE MATTER OF THE VERIFIED PETITION OF INDIANA MICHIGAN POWER COMPANY FOR APPROVAL OF AN ADJUSTMENT TO ITS RATES THROUGH ITS DEMAND SIDE MANAGEMENT/ENERGY EFFICIENCY PROGRAM COST RIDER COMMENCING WITH THE BILLING MONTH OF JANUARY 2013	)	CAUSE NO. 43827 DSM 2 APPROVED: DEC 19 2012

ORDER OF THE COMMISSION

Presiding Officers:
Kari A. E. Bennett, Commissioner
Aaron A. Schmoll, Senior Administrative Law Judge

On August 27, 2012, Indiana Michigan Power Company ("Petitioner," "Company" or "I&M") filed a Petition with the Indiana Utility Regulatory Commission ("IURC" or "Commission") for the approval of an adjustment to its rates through I&M's Demand-Side Management/Energy Efficiency Program Cost Rider ("DSM/EE Program Cost Rider") commencing with the beginning of the first billing cycle for the billing month of January 2013. On August 27, 2012, I&M also filed its direct testimony and exhibits. On November 27, 2012, the Indiana Office of Utility Consumer Counselor ("OUCC") filed its direct testimony. On December 3, 2012, I&M responded to the Commission's Docket Entry dated November 30, 2012.

Pursuant to notice given and published as required by law, proof of which was incorporated into the record of this Cause by reference and placed in the official files of the Commission, a public hearing was held on December 5, 2012 at 10:00 a.m. in Room 222, PNC Center, 101 W. Washington Street, Indianapolis, Indiana. Petitioner and OUCC participated in the hearing. At the hearing, Petitioner and the OUCC offered their respective prefiled testimony and exhibits, which were admitted into evidence without objection, and waived cross-examination of all witnesses. No members of the general public appeared.

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

1. **Notice and Jurisdiction.** Due, legal and timely notice of the evidentiary hearing in this Cause was given and published by the Commission as required by law. Petitioner operates a public utility and, as such, is subject to the jurisdiction of the Commission in the manner and to the extent provided by the Public Service Commission Act, as amended, and other pertinent laws of the State of Indiana. Accordingly, the Commission has jurisdiction over Petitioner and the subject matter of this proceeding.

2. **Petitioner's Organization and Business.** I&M, a wholly-owned subsidiary of American Electric Power Company, Inc. ("AEP"), is a corporation organized and existing under the laws of the State of Indiana, with its principal offices at One Summit Square, Fort Wayne, Indiana. I&M is engaged in rendering electric service in the State of Indiana and owns, operates, manages and controls plant and equipment within the State of Indiana that are used for the generation, transmission, distribution and furnishing of such service to the public.

3. **Background.** In its Order issued March 4, 2009 in Cause No. 43306, the Commission authorized I&M to establish a DSM/EE Program Cost Rider with an initial tracker amount of $0 subject to subsequent approval of DSM programs. On March 17, 2010 in Cause No. 43769, the Commission approved a settlement agreement regarding I&M's Phase I DSM/EE programs and authorized I&M to implement a set of DSM/EE programs for a two year term (April 1, 2010 through March 31, 2012) and further approved revisions to I&M's DSM/EE Program Cost Rider tariff. By orders issued on September 22, 2010 and December 7, 2010 in Cause No. 43827, the Commission approved I&M's request for cost recovery of net lost revenues and shared benefit via I&M's DSM/EE Program Cost Rider. On April 27, 2011 in Cause No. 43959, the Commission approved I&M's proposed Three Year DSM Plan to comply with the Commission's December 9, 2009 Phase II Order in Cause No. 42693 ("DSM Generic Order") and authorized associated cost recovery, including lost revenues and shared benefit via I&M's DSM/EE Program Cost Rider. On April 27, 2011, the Commission approved revisions to I&M's tariff to implement the new factors approved in Cause No. 43959.

I&M's DSM/EE Program Cost Rider is subject to annual adjustment and reconciliation. I&M's current DSM/EE Rider factors were approved on November 22, 2011 in Cause No. 43827 DSM 1, and became effective the first billing cycle of December 2011.

4. **Relief Requested.** In its Verified Petition, Petitioner seeks Commission approval for an adjustment of the DSM/EE Program Cost Rider to be effective with the beginning of the first billing cycle for the billing month of January 2013 (which begins December 31, 2012) or the first full billing month following a Commission Order in this Cause. I&M's request includes the reconciliation of DSM program costs, net lost revenues and shared benefit for April 1, 2011 through April 30, 2012 and a projection of DSM program costs, net lost revenues and shared benefit for a forecast period of January 2013 to December 31, 2013 ("PY 4").

5. **Petitioner's Case-in-Chief.** I&M Witness Jon C. Walter, Manager of Regulatory Support, testified in support of: 1) the calculations used to develop the DSM/EE Program Cost Rider factors; 2) the reconciliation of I&M's DSM/EE Program Year ("PY") 2 costs, PY 1 and PY 2 net lost revenues and shared benefit; and 3) the forecast of costs, net lost revenues, and shared benefit for PY 4. Walter Direct at 2. Mr. Walter testified that I&M seeks to reconcile DSM/EE Program Cost Rider revenues based on estimated costs of the programs, estimated net lost revenues, and estimated shared benefit to actual DSM/EE program cost, net lost revenues and shared benefit performance based upon results for April 2011 through April 2012. Mr. Walter stated I&M seeks to reflect in the revised billing factor the forecast of DSM/EE program costs, net lost revenues, and shared benefit for PY 4. *Id.* at 4. Mr. Walter stated that the Program Implementation Oversight Board (OSB) has defined PY 1 as April 1, 2010 through March 31, 2011 and PY 2 as April 1, 2011 through March 31, 2012. *Id.* at 5.

Mr. Walter testified that I&M's Core programs were offered to customers during 2011 as directed by the Commission in the Phase II Order in Cause No. 42693 and achieved satisfactory results. *Id.* at 5. Mr. Walter noted that the independent EM&V for PY 1 is complete and that the reports contained changes to individual measure deemed savings estimates, verified energy savings, and the evaluated net to gross ratio for each program. See also Petitioner's Exhibit JCW-11. *Id.* at 6. Mr. Walter explained that the deemed savings values used in the gross reported energy savings for PY 2 reflect prospective use of these deemed savings changes. *Id.* at 6. Mr. Walter stated that I&M is providing the calculations to reflect retrospective application of the evaluated net to gross ratio for each program which yields final net savings for PY 1. See Petitioner's Exhibit JCW-3. Mr. Walter further explained that these same evaluated net to gross ratios are also used prospectively for PY 2, PY 3 and PY 4 net savings estimates, as applicable. The shared benefit for PY 1 has also been revised to reflect the application of evaluated net savings. See Petitioner's Exhibit JCW-6. *Id.* at 6.

Mr. Walter discussed the budget for EM&V. Mr. Walter stated I&M worked collaboratively to assess the level of analysis to be performed as part of the EM&V process and determined that additional rigor was merited and adjusted each program's EM&V budget accordingly. As a result of this adjustment, Mr. Walter testified that the OSB members collaboratively agreed that the funds to cover the costs associated with the agreed-upon additional PY 1 EM&V services shall be allocated from the carried-over unspent, indirect program funds from PY 1. See also Petitioner's Exhibit JCW-1. *Id.* at 7-8.

Mr. Walter testified that I&M's inclusion of net lost revenues and shared benefit in the DSM/EE Program Cost Rider is consistent with the Commission's Order in Cause No. 43827. Mr. Walter stated that pursuant to the Commission's September 22, 2010 approval of I&M's request for net lost revenues in Cause No 43827 and the Commission's December 7, 2010 approval of I&M's request for Reconsideration in Cause No. 43827, I&M updated its DSM/EE Program Cost Rider to include the recovery of net lost revenues and shared benefit for PY 1. *Id.* at 8.

Mr. Walter addressed the impact of the Commission Order in Cause No 43959 on I&M's DSM/EE Program Cost Rider. In Cause No. 43959, the Commission approved I&M's Core and Core Plus DSM/EE programs, ratemaking recognition for timely recovery of associated costs, net lost revenues, and shared benefit through the DSM/EE Program Cost Rider, associated accounting authority and approval of I&M's proposed Residential Peak Reduction Tariff. As a result of the approval of I&M's Three Year DSM Plan in Cause No. 43959 and the attendant effect on the number, size and scope of programs, the OSB determined that PY 2 would now be May 1, 2011 to April 30, 2012 and the reconciliation/actual year in this filing would include April 2011 plus the defined PY 2 period (May 1, 2011 to April 30, 2012). *Id.* at 8-9. Mr. Walter stated that the OSB recently decided, at I&M's request, to change the definition for program implementation and reporting purposes to a calendar year ("CY") basis. Mr. Walter explained that I&M requested this change to streamline program reporting and to align with the reporting period for the statewide Core program implementation and Commission-mandated energy efficiency goals as set forth in the Phase II Generic Order, Cause No. 42693. *Id.* at 9.

Mr. Walter testified that the DSM/EE Program Cost Rider consists of two components. The first component is the reconciliation (over/under recovery) of DSM/EE Program Cost Rider revenues against actual program costs, net lost revenues performance and reported shared benefit performance for April 2011 and PY 2. (May 1, 2011 through April 30, 2012). The second component is a projection of DSM/EE costs, net lost revenues and shared benefit for the forecast period January 1, 2013, to December 31, 2013, (PY 4). *Id.* at 10.

Mr. Walter further explained that the reconciliation component of the DSM/EE Program Cost Rider reconciles three main categories: (1) revenues received during the reconciliation period (April 2011 and PY 2) and the actual costs (cost reconciliation), (2) net lost revenues performance based on estimated reported savings (net lost revenues reconciliation), and (3) shared benefit performance based on estimated reported savings and program costs during that same time period (shared benefit reconciliation). *Id.* at 10-11. Mr. Walter testified that true ups are also included in the net lost revenues reconciliation to adjust PY 1 reported net lost revenues and shared benefit to verified and evaluated net lost revenues and shared benefit. A prior period over-recovery of $882,228 is accounted for in the reconciliation component of this filing, as reflected in Petitioner's Exhibit DEH-1. *Id.* at 11.

Mr. Walter described the cost reconciliation category of the DSM/EE Program Cost Rider reconciliation. He testified that DSM/EE program costs for PY 2 were estimated (forecasted) in Cause No. 43827 DSM 1 and then recovered via the rider rate approved in that filing. The reconciliation adjusts for the variance between the amount recovered during the months in which the approved DSM/EE Program Cost Rider program cost portion of the factor was in effect and the actual program costs incurred during that time period. *Id.* at 11.

Mr. Walter described the net lost revenues reconciliation category of the DSM/EE Program Cost Rider reconciliation. Mr. Walter stated that PY 2 net lost revenues were estimated (forecasted) in Cause No. 43827 DSM 1 based upon expected program energy savings performance. Mr. Walter explained that the reconciliation adjusts for the variance between the amount recovered during the months in which the approved net lost revenues portion of the factor was in effect and the reported net lost revenues experienced through actual program implementation. *Id.* at 11-12.

Mr. Walter described the shared benefit reconciliation category of the DSM/EE Program Cost Rider reconciliation. Mr. Walter explained that shared benefit is estimated based upon expected program net benefit performance using reported energy savings and the reconciliation adjusts for the variance between the amount recovered during the months in which the approved shared benefit portion of the factor was in effect and the shared benefit achieved from reported energy savings through implementation of programs that qualify for shared benefit. *Id.* at 13. Mr. Walter stated that the energy savings used in this filing are the reported savings from the program implementation vendors. He further stated that the reported shared benefit for PY 1 has been reconciled to verified and evaluated shared benefit. *Id.* at 14. Mr. Walter explained the calculations for net lost revenues and shared benefit for the actual period. *Id.* at 14-15.

Pursuant to the Commission's Order in Cause No. 43827 DSM 1, the current DSM/EE Program Cost Rider rates are designed to recover $18,402,853 of DSM/EE program costs, net lost

revenues and shared benefit. *Id.* at 14. Mr. Walter reported that for the period April 1, 2011, through April 30, 2012, I&M has over-recovered $14,144,871. See also Petitioner's Exhibit JLB-1. *Id.* at 16. Mr. Walter described the mitigating factors that influenced the over-recovery. Mr. Walter stated that I&M has successfully implemented 14 of the 18 programs approved in Cause No. 43959. However, only nine (9) of these 14 programs were implemented and produced energy savings during PY 2. Mr. Walter added that program implementation has been slowed due to current economic conditions and extended contract negotiations with implementation vendors. Mr. Walter stated that one last factor that has influenced the over recovery is higher participation in programs that yield a lower realization rate (cents/KWh) than programs with higher realization rates. *Id.* at 17. Mr. Walter testified that I&M expects that the over recovery from the previous program year will diminish as program participation increases. *Id.* at 18.

Mr. Walter explained the methodology used by I&M to develop the proposed DSM adjustment/forecast factors. According to Mr. Walter, I&M's DSM/EE program expenditures are forecasted annually for the respective program year and are reconciled to actual revenues in a subsequent annual filing for that same time period. Estimated DSM/EE program costs recovered from customers will be reconciled against actual DSM/EE program costs for the respective program year. The net lost revenues for the forecast period were calculated by multiplying the estimated and adjusted reported energy savings achieved for each program by the net lost revenues fixed cost factor. The shared benefit incentive for the forecast period is calculated by multiplying the forecasted Utility Cost Test net benefit for each designated program by the approved shared benefit incentive percentage for that program. Mr. Walter supported the DSM/EE program approved costs for PY 2. See also Petitioner's Exhibit JCW-1. *Id* at 19.

Next, Mr. Walter explained how the expenditures for the DSM/EE programs are recorded. Per Mr. Walter, expenditures for DSM/EE programs are recorded in I&M's accounting systems using individual project numbers, in conjunction with the account numbers, to separate costs for accounting and reporting purposes. The PY 2 expenditures used in the reconciliation over/under determination are actual "per books" costs that have been accounted for according to the strict PY definition of May 1, 2011 through April 30, 2012 plus the month of April 2011. However, the "per books" cost differs somewhat from the actual PY 2 costs shown in Petitioner's Exhibit JCW-1 due to the one month lag experienced in program implementation vendor invoicing. I&M's accounting process requires an estimate of services received during the month to be recorded when an invoice has not been received by the closing date of the books for the same month. *Id.* at 19-20.

Mr. Walter described the process of accounting for net lost revenues. According to Mr. Walter, I&M books an estimate of net lost revenues for each month of a program year. Implementation vendors report measures implemented for each month, usually with a two to three week lag after the end of the reporting month. I&M books an estimate of net lost revenues based on implementation vendor reporting. Many subsequent activities, including but not limited to data cleansing from I&M and implementation vendors, adjustments to deemed savings values from EM&V vendors, and OSB review and determinations, create the need for adjustments and corrections to estimated Per Book values. The process of booking estimates and then revising to more fully determined values inherently and ultimately leads to corrections and adjustments made to Per Books values. See also Petitioner's Exhibit JLB-1 and Exhibit DEH-1. *Id.* at 20-21.

Mr. Walter provided the actual DSM/EE expenditures for each DSM/EE program for PY 2 and the approved forecast budgets for PY 4. See Petitioner's Exhibit JCW-1. Mr. Walter further provided the Cause No. 43959 approved energy savings amounts, the reported PY 2 gross energy savings, and the forecasted gross energy savings for PY 4. See Petitioner's Exhibit JCW-2. Mr. Walter supported the verified and evaluated results for PY 1 for net lost revenues and provided the net lost revenues estimated for PY 2 using reported results for PY 2, both for a full year and an adjusted year using the half-year convention. See Petitioner's Exhibits JCW-3 and JCW-4. Further, Mr. Walter provided a summary of net lost revenues by program year. See Petitioner's Exhibit JCW-5. Last, Mr. Walter supported I&M's revision to PY 1 shared benefit performance using verified and evaluated energy savings in lieu of the reported energy savings used in the Cause No. 43827 DSM 1 filing and a calculation of shared benefit performance using reported results for PY 2. See Petitioner's Exhibit JCW-6 and JCW-7. *Id.* at 21-23.

Mr. Walter testified that I&M is requesting $34,662,855 in forecasted DSM/EE program costs. He further testified that I&M is requesting $14,963,394 in forecasted net lost revenues and forecasted shared benefit of $2,130,503. The total forecasted DSM/EE costs were determined to be $51,756,752. *Id.* at 23.

I&M witness Jeffrey Brubaker, American Electric Power Service Corporation ("AEPSC") Director of Regulatory Accounting Services, sponsored a comparison of revenues I&M has collected through its DSM/EE Program Cost Rider to actual DSM costs including calculated net lost revenues and shared benefits during the reconciliation period (April 2011 through April 2012). Brubaker Direct at 2.

Mr. Brubaker testified that beginning in April 2010, I&M has deferred monthly, as a regulatory asset, any under-recovery and, as a regulatory liability, any over-recovery of the DSM/EE Program Cost Rider revenues for future recovery or refund through the yearly true-up to actual. The under or over-recovery is calculated by comparing revenues collected through the DSM/EE Program Cost Rider to actual DSM costs, calculated net lost revenues and calculated shared benefit. If the DSM/EE Program Cost Rider revenues are less than the DSM costs including net lost revenues and shared benefit, I&M records the under-recovery as a regulatory asset. If the DSM/EE Program Cost Rider revenues are greater than the DSM costs including net lost revenues and shared benefit, I&M records the over-recovery as a regulatory liability. *Id.* at 3.

Mr. Brubaker testified that I&M has an over-recovery balance of $14,144,871 for Program Year 2 of the DSM/EE Program Cost Rider as shown on Petitioner's Exhibit JLB-1 for the reconciliation period of April 2011 through April 2012. *Id.* at 3. Mr. Brubaker explained that I&M has a cumulative over-recovery balance of $15,014,272 for the DSM/EE Program Cost Rider recorded on the balance sheet as of April 30, 2012. *Id.* at 4. Mr. Brubaker provided a reconciliation of the over-recovery balance of $15,014,272 on I&M's balance sheet as of April 30, 2012 and the over-recovery balance of $14,144,871 for Program Year 2 of the DSM/EE Program Cost Rider as follows:

$15,014,272	Balance per April 30, 2012 balance sheet
(789,526)	Over recovery from Program Year 1
(79,875)	April 2012 net lost revenues recorded in May 2012
$14,144,871	Program Year 2 Balance. *Id.* at 4.

I&M witness Daniel High, AEPSC Regulatory Consultant, testified in support of I&M's Petition for and adjustment to its DSM/EE Program Cost Rider. Mr. High testified that he used the historic over/under recovery balances sponsored by Company witness Brubaker and the projected program cost, net lost revenues and shared benefit sponsored by Company witness Walter to calculate the total DSM/EE Rider revenue requirement. High Direct at 2.

Mr. High stated the DSM/EE revenue requirement for PY 4 of $38,142,510 was used in calculating the proposed DSM/EE Program Cost Rider rates. *See* Petitioner's Exhibit DEH-1. *Id.* at 3. Mr. High explained that the revenue requirement calculation includes: (i) the prior period over collection; (ii) adjustments to the prior period actual net lost revenues and shared benefits; and (iii) PY 4 program costs, net lost revenues and shared benefits. Mr. High testified that the program cost allocations, shown on Petitioner's Exhibit DEH-2, were accomplished by allocating direct costs based upon the Settlement Agreement and Orders in Cause Nos. 43769 and 43959. *Id.* at 3.

Mr. High explained the allocation calculation used in this proceeding. According to Mr. High, program costs were provided by Company witness Walter. *See also* Petitioner's Exhibit JCW-1. Residential direct program costs are allocated to the residential tariff classes and the commercial and industrial program costs are allocated to the commercial and industrial tariff classes, excluding non-metered customers. Seventy-five percent (75%) of Renewables and Demonstration are allocated to the residential class. The remaining twenty-five percent (25%) of Renewables and Demonstration costs are allocated to the commercial and industrial tariff classes, excluding non-metered customers. In recognition of the limited ability of SGS tariff class customers to take advantage of all components of the proposed commercial and industrial programs, the allocation of costs to that class was limited to approximately 10% of total commercial and industrial costs.

Mr. High stated that, Section J, Paragraph 5 of the Settlement Agreement approved in Cause No. 43769 provides that: "With the exception of a direct load control program, additional direct and indirect DSM/EE costs included in the DSM/EE Program Cost Rider or otherwise recognized for ratemaking purposes will not be allocated to industrial customers during the four year period set forth in the Settlement Agreement approved in Cause No. 43306." The Settlement Agreement in Cause No. 43306 also provided that: "In the event a direct load control program is proposed, the cost allocation for such program may be presented to the Commission for decision. If after four (4) years from the date of the Final Order, a DSM/EE program is proposed for industrial classes, allocation of the costs for such program to the industrial classes may also be proposed in a proceeding where approval of such program is sought." *Id.* at 4.

Mr. High further testified that any shortfall created by the above limitations was allocated among the remaining commercial and industrial tariff classes. I&M's proposed Rider rates includes these limitations of the allocation to the SGS and Industrial tariff classes. Continuation of these limitations is consistent with the Rider rates approved in Cause No. 43959. *See* Petitioner's Exhibit DEH-2. *Id.* at 5.

Mr. High testified that there were modifications made to the proposed rate design process relative to the Company's previously filed DSM/EE Rider rate design. Mr. High stated that to mitigate increases for tariffs Irrigation Service (IS), Municipal Service (MS) and Electric Heating General (EHG), the increases were limited to the same increase per kWh as tariff Small General Service (SGS). Absent this limitation, the resulting increases for tariffs IS, MS and EHG would have been disproportionate to the increases for other classes. *Id.* at 5.

Mr. High stated that the forecast period used in the DSM/EE Program Cost Rider rate design process includes a forecast period of January 1, 2013 through December 31, 2013. Therefore, the kWh values utilized in the rate design for the DSM/EE Program Cost Rider reflect the projected energy for each tariff class in calendar year 2013. *Id.* at 5.

Mr. High testified that I&M seeks to make the new DSM/EE Program Cost Rider rates effective for all bills rendered for electric services beginning with the first billing cycle for January 2013. Last, Mr. High stated that upon implementation, residential customers using 1,000 kWh of electricity per month would see a monthly rate increase of $0.77 or 0.9%. Petitioner's Exhibit DEH-4 shows the percentage increases at various "typical" usage levels for I&M's major tariff schedules.

6. **OUCC's Evidence.** Mr. Wes R. Blakley, OUCC Senior Utility Analyst, described the review and analysis he conducted, presented background information and explained his view of Petitioner's request. Mr. Blakley testified that the reconciliation period for this tracker is April 1, 2011 to April 30, 2012, and that Petitioner had an over recovery of $845,989 from program year 1 and a $12,768,253 over recovery from program year 2. He said the reconciliations along with Petitioner's forecast for program year 4 of $51,756,752 produces the DSM revenue billing revenue requirement of $38,142,510 to be billed starting January 2013 through December 2013. He testified that his Schedule 1 used information provided by Petitioner in its exhibits to arrive at the DSM-2 adjustment factor. He said his calculation matches Petitioner's calculation of its DSM adjustment factor for residential customers on Exhibit DEH-2. He concluded that the exhibits filed by Petitioner support the figures used in calculating the DSM adjustment factor.

7. **Commission Discussion and Findings.** Based on the evidence presented, the Commission finds that I&M's request is reasonable and should be approved. As shown in Petitioner's Exhibit DEH-1, I&M's DSM/EE forecast revenue requirement for PY 4 is $38,142,510, which is the difference between the total PY 4 forecast revenue requirement of $51,756,752 and the over-collection amount of $13,614,242 from PY 1 and PY 2. The forecast revenue requirement for PY 4 of $38,142,510 shall be recovered through the DSM/EE Program Cost Rider. As shown on Petitioner's Exhibit DEH-2, this amounts to an increase of $19,739,657 from the current DSM/EE Program Cost Rider levels. We find Petitioner should be authorized to apply its requested DSM/EE Program Cost Rider adjustment to its Indiana retail tariffs for the billing months of January through December 2013. Mr. High sponsored Petitioner's Exhibit DEH-3, which sets forth the proposed DSM/EE Program Cost Rider factors for each customer class as follows:

Tariff Class	¢/kWh
RS, RS-TOD, RS-TOD2 and RS-OPES	0.2761
SGS (Excluding Unmetered) and SGS-TOD	1.0033
MGS and MGS-TOD	0.8085
LGS and LGS-TOD	0.1154
IP, CS-IRP and CS-IRP2	0.0006
MS	1.0562
WSS	0.3049
IS	2.9132
EHS	0.3751
EHG	1.3780

Using currently effective rates, Mr. High sponsored Petitioner's Exhibit DEH-4 showing anticipated increases by service class. He also stated that, upon approval of I&M's proposal, overall rates will increase by approximately $0.77 or 0.9% for a typical residential customer using 1000 kWh per month. *Id.* at 6.

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

1. Indiana Michigan Power Company is authorized to implement its requested DSM/EE Program Cost Rider factors.

2. Petitioner shall place into effect the DSM/EE Program Cost Rider factors approved herein, applicable to bills rendered beginning with the later of the first billing cycle for the billing month of January 2013, or upon filing with the Electricity Division of this Commission, Tariff Sheet No. 51 consistent with the findings set forth herein amendment, as shown in Petitioner's Exhibit DEH-3.

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

ATTERHOLT, BENNETT, LANDIS, MAYS AND ZIEGNER CONCUR:

APPROVED: DEC 19 2012

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

Brenda A. Howe

Brenda A. Howe
Secretary to the Commission