



Indiana Michigan Power Company Improving Procedural Efficiencies

Introduction

Indiana Michigan Power Company (I&M or Company) hereby submits comments on the Indiana Utility Regulatory Commission's (IURC or Commission) request for input and feedback on improving procedural efficiencies. I&M appreciates the cooperative process that has been facilitated by the Commission to obtain and consider input to determine potential improvements to the docketed case process to ensure each case record is as robust as possible for Commission decision-making.

I. Improve the information provided in initial filings and petitions to ensure better education and background on issues being presented

Issue: Detail needed in case-in-chief and direct testimony: Getting more information up front, rather than waiting for rebuttal

I&M Response: I&M strives to present the evidence in its case-in-chief that is relevant to the scope of a case and necessary to meet I&M's burden of proof. The amount of detail contained in a filing can vary based upon the type of case and issues being raised. For example, in a tracker proceeding, the method for calculating the revenue requirement uses established concepts and principles and, absent new issues, a utility's filing is prepared in a manner to allow for an administratively efficient review. Likewise, a base rate proceeding, which can be complex in nature, still relies upon well-established ratemaking practices without going into the full history of why those practices exist and are reasonable or how the practices has been applied over time.

I&M recognizes that the issues raised in a base rate or certificate of need (CPCN) proceeding can be varied and complex in nature and I&M works hard to provide the level of detail necessary for the Commission, OUCC and intervenors to undertake a comprehensive review. However, even in these types of docketed proceedings, a utility again follows many well-established ratemaking practices. For base rate proceedings, the development of the fair return, depreciation studies, and cost of service services all utilize established concepts and principles. Likewise, in a base rate proceeding, rate base is based on the Test Year cut-off date with a focus on new additions, not evidence regarding the history of the entire system development and plant in service.

In a perfect world, one would present detailed testimony and briefing on each and every one of the myriad issues presented in complex cases such as a general rate case or CPCN proceeding and disprove each and every flawed argument made by the numerous parties and witnesses. Yet, that is not practical and cannot reasonably be expected within the timeframe allowed for requests submitted under prescribed time limits such as a rate



case under Ind. Code § 8-1-2-42.7 or a request for a clean energy project under Ind. Code § 8-1-8.8-11(d).

Ultimately, the amount of information required to be provided in a utility’s case-in-chief should be consistent with the adversarial process of an administrative proceeding.

Issue: Improved pilot program requests: Creating standard for information necessary in pilot program requests.

I&M Response: I&M undertakes pilot projects to test new or experimental ideas. This helps I&M, its stakeholders, and the IURC learn what may work on a larger scale, as well as where to improve. Past and current pilot projects have involved energy efficient/demand side-management, electric vehicles, advanced metering infrastructure, and rates that vary based on when electricity is used. I&M recognizes that having a standard process to evaluate pilot projects can help the IURC and stakeholders decide whether expanding these programs is beneficial to customers, but any standard should remain flexible enough for a utility to be able to address new or cutting edge issues.

I&M supports the Commission’s interest in establishing objective criteria for the Commission to utilize when evaluating proposed utility pilot projects. A few elements that should be kept in mind as stakeholders undertake this objective is that utility pilot programs can benefit from speed, flexibility and funding. In addition, while pilots are designed and implemented according to best practice and the unique objectives of each pilot, not all pilots will perform as intended and may need to be redesigned or operate on modified timelines.

Pilots programs are important to I&M as it undertakes the process of looking at how the utility business is developing and how customer interests are changing. I&M works with customers when they come to us in search of a solution to an energy issue. Often times, I&M is challenged to find a solution that can then be offered to customers using existing regulatory paradigms. If a standardized pilot program protocol is developed, it should be done so with flexibility that can help I&M (and other utilities) address customer needs.

Pilots provide a utility the ability to “drive before we buy.” A pilot can allow a utility to evaluate innovative business options and technologies and validate assumptions and expectations. As the Commission considers pilot program standardizations, certain key considerations should be considered:

- **Agility and flexibility:** Any standardized criteria adopted by the Commission should recognize the potential need to make changes to the pilot project quickly and with flexibility.
- **Ability to address customer competitive needs:** New services and emerging technologies are important from a customer competitive standpoint and utilities need a path forward to explore.



- Ability to address unique utility needs and characteristics: Utility uniqueness and the pros and cons of a “one size fits all” approach should be considered when developing standardized criteria. Utility customer composition can vary, service territories are different, and utilities can operate in different regional transmission organizations with different market structures. Some utilities operate in multiple jurisdictions. In addition, utility infrastructure can vary, including the status of meter technology, SCADA and distribution systems.
- Customer Participation: Customer ability to opt in and opt out of pilots is a consideration in pilot development.
- Risk issues: The goal of a pilot is to learn, and the outcome of the pilot is ancillary to this goal. The technology tested in a pilot may or may not bring the benefits expected or as large of a benefit, but the learning from the pilot is the goal.

The reality is there will be increased penetration of clean energy resources and other emerging technologies which can benefit from a robust test and learn process. Potential areas for pilot proposals range from electric vehicle infrastructure, distributed generation, microgrids, and storage. With this range of potential areas in mind, it is important that as part of the process in developing standardized pilot program requirements, the Commission begins with defining a pilot program. In particular, questions to consider as part of this undertaking include:

- What constitutes a pilot?
- Should pilot reporting be required and formalized?
- What are the utilities’ current pilot processes?
- What happens when pilots do not result in permanent programs?
- How are lessons learned from the pilot used?
- Should more uniform Commission guidance on pilots be provided? Should such guidance depend on the size, type, or nature of the pilot?

Establishing a standard set of pilot program filing requirements should include consideration of the issues addressed above, along with a look back at past Commission approved pilots, identification of pilot best practices and utility and stakeholder input.

Issue: Amendment to 170 IAC 1-5 Minimum Standard Filing Requirements (“MSFRs”) (likely including changing the name of the rule): Updating MSFRs to reflect Ind. Code § 8-1-2-42.7 requirements and options (such as forward-looking test year) and evaluating current MSFRs for outdated requirements

I&M Response: I&M is committed to continuously improving information provided to the Commission in the MSFRs. With the move to using a projected test year, I&M has been able to adapt the existing MSFRs to accommodate the information applicable to a forecasted test year. I&M was able to do this successfully in Cause Nos. 44967 and 45235.



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In considering MSFR revisions, the Commission should maintain the existing MSFRs while making language changes to accommodate the utilities that file a forecasted test year. The addition of new MSFRs should be limited as the underlying purpose of standard rate case filing requirements is not designed nor intended to replace other aspects of a contested rate case proceeding such as discovery, evidentiary hearings, and briefing.

I&M supports the elimination of MSFRs which are not used as part of the Commission, OUCC and other parties' analysis of a rate application filing. However, before MSFRs are eliminated or revised, interested parties should collaboratively discuss how the MSFRs should be modified in order to improve efficiency and accommodate the increased use of forward looking test periods.

II. Improve the organization of information in docketed cases to ensure consistency from all parties

Issue: Indexing of issues: Providing indexes of all issues addressed in petitions, direct testimony, and rebuttal

I&M Response: An index of issues can be helpful in providing a brief summary of a complex case and can provide an overview of the key case issues and drivers. However, an index of issues is not a replacement for a utility's case-in-chief. Nor is an index a replacement for what is actually presented in a utility's testimony and attachments, in light of the fact that revisions to regulatory filings are not uncommon. An index should not be required to be prepared by the utility in filings that are routine in nature.

Issue: Consistent accounting schedules: Adopting a standard IURC presentation for select rate accounting schedules.

I&M Response: Additional guidance should be provided by the Commission on the types of accounting schedules under consideration. In general, I&M agrees that standardized accounting schedules in certain complex regulatory matters can make the review and processing of the case more orderly. However, utility flexibility regarding the presentation of accounting schedules should be retained. The use of standardized schedules should not be required when it imposes a requirement on a utility to prepare or conduct the compilation of data or the performance of analyses which the Company has not already done. Likewise, standardized accounting schedules should not include requiring the utility to compile information or perform alternative calculations or analyses for the benefit of other parties.



Issue: Proper proposed orders: Drafting proposed orders consistent with the record and from the Commission's perspective

I&M Response: I&M seeks to offer proposed orders that are consistent with the record before the Commission. We strive to present proposed orders that provide the Administrative Law Judge a full and complete description of the record as an aid to the ALJ. I&M would welcome guidance on whether this is useful in preparing the Commission's order and on any other means of enhancing the value of proposed orders to the Commission.

Conclusion

I&M requests that if the Commission decides to implement new procedural efficiencies that it should also allow for a transition period for utilities to comply with new requirements. If a utility cannot comply with a filing requirement, it should be permitted to state why and to have a case filed and considered complete pending the utility's achievement of efforts necessary to comply with the new or revised requirements. In addition, the Commission should provide for the option for a utility to obtain a waiver of a filing requirement.

I&M appreciates the opportunity to comment on the above topics aimed at improving procedural efficiencies, and looks forward to further discussion with the Commission and other parties as this process develops.