

ORIGINAL

Commissioner	Yes	No	Not Participating
Zay	√		
Deig	√		
Swinger	√		
Veleta	√		
Ziegner	√		

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

**VERIFIED PETITION OF INDIANA MICHIGAN)
POWER COMPANY (I&M), AN INDIANA) CAUSE NO. 45164 RA 6
CORPORATION, FOR APPROVAL OF AN)
ADJUSTMENT TO ITS RATES THROUGH ITS) APPROVED: MAR 25 2026
RESOURCE ADEQUACY RIDER.)**

ORDER OF THE COMMISSION

Presiding Officers:

Bob Deig, Commissioner

Steve Henke, Administrative Law Judge

On October 20, 2025, Indiana Michigan Power Company (“I&M” or “Petitioner”) filed a Verified Petition for approval of an adjustment to its rates through its Resource Adequacy Rider (“RAR”). Also on October 20, 2025, I&M filed the testimony, attachments, and workpapers of Caleb R. Loveman and Daniel O. Grover. On January 20, 2026, the Indiana Office of Utility Consumer Counselor (“OUCC”) filed the testimony of Kaleb G. Lantrip. On January 30, 2026, Petitioner filed a notice of intent not to file rebuttal.

The Commission held an evidentiary hearing in this Cause at 9:30 a.m. on February 17, 2026, in Room 224 of the PNC Center, 101 West Washington Street, Indianapolis, Indiana. Petitioner and the OUCC appeared and participated at the hearing by counsel. The testimony and exhibits of the parties were admitted into the record without objection.

Based upon the applicable law and the evidence presented, the Commission finds:

1. Notice and Jurisdiction. Notice of the evidentiary hearing in this Cause was given and published as required by law. I&M is a public utility under Ind. Code § 8-1-2-1(a). Under Ind. Code § 8-1-2-42, the Commission has jurisdiction over changes in I&M’s schedules of rates and charges. Therefore, the Commission has jurisdiction over I&M and the subject matter of this Cause.

2. Petitioner’s Characteristics and Business. Petitioner is a public electric generating utility, organized and existing under the laws of the State of Indiana, with its principal office and place of business at Indiana Michigan Power Center, Fort Wayne, Indiana. I&M is engaged in rendering electric service in the State of Indiana, and owns and operates plants and equipment in Indiana used for the generation, transmission, delivery, and furnishing of such service to the public.

3. Relief Requested and Background Information. In the May 30, 2018 Order in Cause No. 44967, the Commission approved the RAR as an annual rate adjustment mechanism for I&M’s recovery of incremental changes in purchased power costs, excluding those costs recovered through the fuel adjustment charge, compared to the amount embedded in base rates,

with costs capped on a cumulative basis. Modifications to the RAR were subsequently approved in Cause Nos. 45235, 45576, 45933, and 45164 RA 5 (“RA 5”).

In this filing, I&M seeks approval of a rate adjustment to the RAR factors reflecting I&M’s calendar year 2026 forecast of incremental changes in purchased power expenses and capacity revenues, and approval of I&M’s reconciliation of an under-collection of prior RAR costs and revenues from July 2024 through June 2025 (“Reconciliation Period”). I&M also included a gross revenue conversion factor in the calculation of the revenue requirement.

4. I&M’s Direct Evidence. Mr. Loveman, Regulatory Manager in the Regulatory Services Department for I&M, testified the RAR tracks incremental changes in I&M’s purchased power costs (Accounts 5550027, 5550096, and 5550023) compared to the authorized amount embedded in base rates. He also explained that intercompany purchases (Account 5550004) are included in this Reconciliation Period. He stated I&M also includes capacity sales revenues (Account 4470099) in the RAR, and that the RAR is reconciled annually to ensure customer rates reflect the actual cost of purchased power incurred to provide service. He said this filing reflects, as approved in RA 5: (1) the increase to I&M Indiana’s jurisdictional share of I&M’s Intercompany Power Agreement (“ICPA”) with Ohio Valley Electric Corporation (“OVEC”), (2) the allocation of short-term capacity purchases (“STCP”) between I&M’s Indiana and Michigan retail jurisdictions necessary for I&M to meet its future load obligations primarily driven by expected load growth, and (3) the method for capacity sharing between I&M’s jurisdictions.

Mr. Loveman explained the expenses reflected in the RAR include non-fuel expenses related to I&M’s Unit Power Agreement (“UPA”) with AEP Generating Company to purchase a portion of the power generated at the Rockport Plant, as well as non-fuel expenses related to I&M’s ICPA with OVEC. He said these expenses were forecast in this filing according to their respective agreements, and that the fuel expenses associated with these agreements are recovered through I&M’s fuel cost adjustment filings. He said Account 5550023 includes costs associated with I&M’s capacity purchases consistent with the settlement agreement approved by the Commission’s Order in Cause No. 45546 and other capacity purchases (that is, bilateral contracts). He also said that, like Account 5550023, Account 5550004 includes costs associated with I&M’s capacity purchases to satisfy I&M’s capacity obligation, specifically intercompany purchases via a Federal Energy Regulatory Commission filed polling agreement known as the Power Coordination Agreement.

Mr. Loveman testified as to how the total variance during the Reconciliation Period was calculated. He stated that each month, the expenses embedded in base rates were subtracted from the total jurisdictional expenses and revenues. He also explained how I&M adjusted the allocation of Account 5550096 by increasing the allocation factor applied to this account by I&M’s Michigan allocation factor (that is, demand) as approved by the Commission in RA 5. He said the net expense was then subtracted from net rider revenue to identify the gross over-collection or under-collection. He stated the pro rata amount authorized by the Commission to be returned to or recovered from customers due to past RAR variances was subtracted from the gross variance to identify the net variance to be incorporated into the proposed revenue requirement. He explained that the remaining components include the carrying charges on the development costs approved in Cause No. 46083 (“46083 Order”).

He explained that confidential Page 2 of Attachment CRL-1 to Petitioner's Exhibit 1 shows the calculation of the STCP allocation to Indiana for the Reconciliation Period as well as the Retail-to-Retail ("RTR") Purchase utilizing the methodology approved by the Commission in RA 5. He said Page 3 of Attachment CRL-1 to Petitioner's Exhibit 1 shows the weighted average cost of capital for the 12-month period ending June 30, 2025, used in calculating the carrying charges on the unamortized balance of Lawrenceburg Capacity Purchase Agreement ("CPA") development costs, as authorized in the 46083 Order, for recovery in the RAR. He explained that Page 4 of Attachment CRL-1 to Petitioner's Exhibit 1 shows the calculation of I&M's Lawrenceburg CPA development costs proposed for recovery in this filing. Confidential Page 5 of Attachment CRL-1 to Petitioner's Exhibit 1 shows the calculation of I&M's forecast Account 5550023 and RTR Capacity Purchases expense. Finally, he said Page 6 of Attachment CRL-1 to Petitioner's Exhibit 1 demonstrates how the proposed revenue requirement was calculated, which is equal to the Indiana-jurisdictional forecast of the four accounts in the RAR (including RTR Capacity Purchases) and the CPA development costs, less the amount of those accounts in I&M's Indiana base rates, plus the variance and gross-up revenue components.

Mr. Loveman next discussed how I&M forecasted the amounts shown in the relevant accounts. He stated I&M forecasts capacity net sales (Account 4470099) to be approximately \$7.3 million because I&M currently forecasts to have a net positive capacity position for the 2026/2027 Delivery Year. He noted that, for the calendar year 2026, Account 5550027 will only concern Rockport Unit 1. He stated the forecast of approximately \$78.8 million is a decrease from the RA 5 forecast because non-fuel UPA expenses related to Rockport Unit 1 have decreased. Mr. Loveman testified that I&M forecasts Account 5550096 based on its ICPA with OVEC, and that the forecast is approximately \$30.5 million.

Mr. Loveman testified I&M's forecasted RTR capacity purchase expense (Accounts 5550023 and 5550004) in the first five months of 2025 is based on bilateral contracts (*i.e.*, short-term capacity purchases) for the 2025 to 2026 PJM delivery year allocated to I&M's Indiana jurisdiction. He said I&M's forecast purchased power capacity expense in the last seven months of 2026 is based on the Power Purchase Agreements ("PPA") for Kelly Creek Wind and Grand Ridge Energy I, as detailed in Cause No. 46238, allocated to I&M's Indiana jurisdiction, and RTR Capacity Purchases for the period.

Mr. Loveman next explained the Montpelier CPA development costs and how they are to be allocated. He said these costs include the expenses I&M incurs related to internal resource support and outside services that are reasonable and necessary to develop and finalize the CPA and obtain approval of the resource. He stated I&M created a specific workorder to collect the charges associated with the development of the previously approved clean energy PPA projects and the Montpelier CPA. He said, as approved by the Commission in Cause Nos. 45868 and 45869, development costs were allocated based on the installed capacity value of other projects and the Montpelier CPA, with 43% allocated to the Montpelier CPA. As provided on Attachment SRG-1 to Petitioner's Exhibit 2, Page 4, in I&M's RA 5 filing, October 2023 was the last month development costs were incurred that related to the Montpelier CPA. Therefore, no additional development costs associated with the Montpelier CPA have been included in this filing. He explained that beginning August 2025, the month following the final order in RA 5, I&M has included a monthly amortization amount of \$9,403 in its monthly accounting to amortize the

approved Montpelier CPA costs over a period of two years. In the instant cause, Petitioner's Exhibit 1, Attachment CRL-1, Page 4, reflects the monthly amortization of \$9,403 during the calendar year 2026.

Mr. Loveman similarly discussed the Lawrenceburg CPA development costs included in this RAR filing and how they are to be allocated. He said these costs include the expenses I&M incurs related to internal resource support and outside services that are reasonable and necessary to develop and finalize the CPA and obtain approval of the resource. He said, per the 46083 Order approving the Lawrenceburg CPA development costs for ratemaking treatment in the RAR, development costs are allocated based on the installed capacity value of the Lawrenceburg CPA, with the Lawrenceburg CPA representing 62.23% of the total capacity acquired through the 2023 All Source Request for Proposals. Further, as approved in the 46083 Order, Lawrenceburg CPA development costs are allocated utilizing the Indiana retail jurisdictional factor of 87.1712%. He explained that Attachment CRL-1 to Petitioner's Exhibit 1 shows the Lawrenceburg CPA development costs incurred June 2024 through July 2025 totaling \$130,648 (Indiana jurisdictional), as well as eight months of carrying charges on the monthly unamortized balance totaling \$146,085. I&M continues to accrue carrying charges on the unamortized balance per the 46083 Order. Petitioner's Exhibit 1's Attachment CRL-1, Page 4 shows the monthly amortization of Lawrenceburg CPA development costs approved in RA 5, the monthly amortization of the costs incurred during the Reconciliation Period, and the monthly carrying charges calculated on the unamortized balance using the pre-tax, weighted average cost of capital.

Mr. Loveman concluded that the forecast expenses and revenues included in the proposed revenue requirement are reasonable because they are based on the latest information available at the time this filing was developed.

Mr. Grover, Regulatory Consultant in the Regulated Pricing and Analysis Department of American Electric Power Service Corporation, explained I&M's calculation of the proposed RAR adjustment factors and supported I&M's revised and updated RAR tariff. Mr. Grover testified the proposed RAR factors were calculated using the rate design methodology established in Cause No. 45933, Petitioner's most recent base rate case. He also stated demand factors were calculated for the General Service, Large General Service, Industrial Power, and Electric Heating General tariff classes based on each class's projected billing demands for the calendar year 2026. He said a jurisdictional revenue credit associated with I&M's interruptible customer billing demands/energy was allocated among the tariff classes as part of the RAR factor calculation. He also explained that Petitioner included in its rate design an incremental revenue credit associated with its special contract customer. Mr. Grover testified that the rate impact of the new RAR factor on residential customer using 1,000 kWh of electricity per month would be a monthly rate decrease of \$2.11 or 1.2%, based upon I&M's rates in effect as of October 8, 2025.

5. OUC's Evidence. Mr. Lantrip, Senior Utility Analyst in the Electric Division of the OUC, discussed the Cause No. 45933 impacts on the RAR tracker, the costs I&M proposes to track in RA 6 and how they are allocated, and I&M's support for the forecasted capacity revenues and costs. He testified that based on his analysis and review of I&M's most recently approved base rate case, Cause No. 45933, he does not oppose I&M's proposed RAR factors.

He confirmed I&M’s calculated rate impact and explained that the proposed RAR factor on a typical residential bill for a customer using 1,000 kWh each month would be a charge of \$0.73. This is a decrease of \$2.11 from the current RAR factor.

6. Commission Discussion and Findings. Under the RAR, I&M tracks recovery of incremental changes in purchased power costs, excluding those costs recovered through the fuel adjustment charge, compared to the amount embedded in base rates. I&M also includes capacity sales revenues in this rider. Furthermore, per Cause Nos. 45869 and 46083, certain CPA development costs are included in the RAR. In RA 5, I&M was granted approval: (1) to increase Indiana’s retail jurisdictional share of the its ICPA with OVEC by what has been historically allocated to I&M’s Michigan retail jurisdiction, (2) to allocate STCP between Petitioner’s Indiana and Michigan retail jurisdictions necessary for I&M to meet its future load obligations primarily driven by expected load growth, and (3) of a methodology for RTR purchases between its Indiana and Michigan retail jurisdictions.

I&M’s proposed RAR factors reflect the January 1, 2026 through December 31, 2026 forecasted level of purchase power expenses to be included for recovery, along with the reconciliation of July 2024 through June 2025 RAR costs and revenues to actual costs and revenues. No evidence presented challenged the reasonableness of I&M’s forecasted expenses, and we find them reasonable for purposes of calculating the RAR. Similarly, no evidence presented challenged I&M’s calculation of the costs included in the revenue requirement, and we find them reasonable for purposes of calculating the RAR. There was no evidence presented challenging I&M’s calculation of Indiana’s retail jurisdictional share of the ICPA with OVEC or RTR purchases between its Indiana and Michigan retail jurisdictions, and we find them reasonable for purposes of calculating the RAR. Petitioner’s Exhibit 2, Attachment DOG-2 sets forth the RAR factors for each customer class as follows:

Tariff Class	¢/kWh	\$/kW
RS, RS-TOD, RS-TOD2 and RS-OPES, RSD, RS-PEV and RS-CPP	0.0730	--
GS (up to 4,500 kWh)	0.0590	--
GS (over 4,500 kWh), LGS and LGS-TOD	0.0000	--
GS (over 10 kW), LGS and LGS-TOD	--	0.181
GS-LM-TOD, GS-TOD2, GS Unmetered, GS-TOD, GS-PEV, Public and Fleet PEV, GS-CPP and LGS-LM-TOD	0.0590	--
IP and CS-IRP2	0.0000	0.242
MS	0.0713	--
WSS	0.0436	--
IS	0.0247	--
EHG	0.0000	0.131
OL	0.0030	--
SLS, ECLS, SLC, SLCM and FW-SL	0.0032	--

Upon implementation, a residential customer using 1,000 kWh of electricity per month will see a monthly rate decrease of \$2.11 or 1.2%.

7. **Confidentiality.** On October 20, 2025, Petitioner filed a Motion for Protection and Nondisclosure of Confidential and Proprietary Information in this Cause, which was supported by affidavit showing that projected demand, aggregate and individual resources and contracts, capacity positions, and forecast data concerning one or more of I&M's generation resources to be submitted to the Commission was trade secret information as defined in Ind. Code § 24-2-3-2 and should be treated as confidential in accordance with Ind. Code §§ 5-14-3-4 and 8-1-2-29. In a Docket Entry dated October 29, 2025, the Presiding Officers found the information should be held confidential on a preliminary basis. After reviewing the information and consideration of the affidavit, we find the information is trade secret information as defined in Ind. Code § 24-2-3-2, is exempt from public access and disclosure pursuant to Ind. Code §§ 5-14-3-4 and 8-1-2-29, and shall be held as confidential and protected from public access and disclosure by the Commission.

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

1. I&M's reconciliation and forecasted level of RAR expenses and revenues, including capacity sales revenues, allocation of OVEC ICPA costs, retail-to-retail purchases, and CPA development costs, is approved.

2. Prior to implementing the approved rates, I&M shall file the tariff and applicable rate schedules under this Cause for approval by the Commission's Energy Division. Such rate shall be effective on or after the Order date subject to Division review and agreement with the amounts reflected.

3. The information filed by Petitioner in this Cause pursuant to the Motion for Protection and Nondisclosure of Confidential and Proprietary Information is deemed confidential pursuant to Ind. Code § 5-14-3-4, is exempt from public access and disclosure by Indiana law and shall be held confidential and protected from public access and disclosure by the Commission.

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

ZAY, DEIG, SWINGER, VELETA, AND ZIEGNER CONCUR:

APPROVED: MAR 25 2026

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

_____ on behalf of
Dana Kosco
Secretary of the Commission