

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 THROUGH A PHASE IN RATE)
ADJUSTMENT; AND FOR APPROVAL OF RELATED)
RELIEF INCLUDING: (1) REVISED DEPRECIATION)
RATES; (2) ACCOUNTING RELIEF; (3) INCLUSION IN)
RATE BASE OF QUALIFIED POLLUTION CONTROL)
PROPERTY AND CLEAN ENERGY PROJECT; (4))
ENHANCEMENTS TO THE DRY SORBENT INJECTION)
SYSTEM; (5) ADVANCED METERING)
INFRASTRUCTURE; (6) RATE ADJUSTMENT)
MECHANISM PROPOSALS; AND (7) NEW SCHEDULES)
OF RATES, RULES AND REGULATIONS.)

CAUSE NO. 45235

INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR

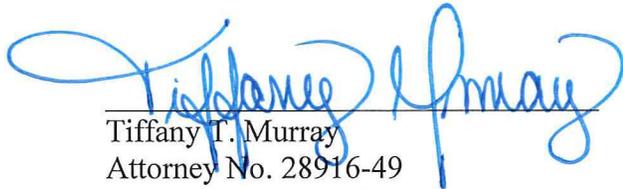
PUBLIC'S EXHIBIT NO. 10

TESTIMONY OF OUCC WITNESS

LAUREN M. AGUILAR

August 20, 2019

Respectfully submitted,



Tiffany T. Murray
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TESTIMONY OF OUCC WITNESS LAUREN M. AGUILAR
CAUSE NO. 45235
INDIANA MICHIGAN POWER COMPANY

I. INTRODUCTION

1 **Q: Please state your name, business address, and employment capacity.**

2 A: My name is Lauren M. Aguilar, and my business address is 115 W. Washington
3 St., Suite 1500 South, Indianapolis, IN, 46204. I am employed as a Utility Analyst
4 in the Electric Division for the Indiana Office of Utility Consumer Counselor
5 (“OUCC”). Appendix A is a summary of my qualifications.

6 **Q: What is the purpose of your testimony in this proceeding?**

7 A: I present my analysis of Indiana Michigan Power Company’s (“I&M” or
8 “Petitioner”) proposals related to:

9 (1) Advanced Meter Infrastructure (“AMI”) opt-out;

10 (2) IM Green Rider;

11 (3) Plugged-in Electric Vehicle (“PEV”) Pilot;

12 (4) Environmental Consumables and Emission Allowance Cost Recovery;

13 and

14 (5) Coal Combustion Residuals (“CCR”) pond closure costs.

15 **Q: What have you done to evaluate I&M’s request in this Cause?**

16 A: I reviewed testimony and exhibits submitted in I&M’s case-in-chief regarding the
17 five (5) proposals listed above. I generated discovery requests and reviewed
18 responses, and I participated in teleconferences with I&M. I reviewed prior
19 relevant Commission orders, and applicable Federal and Indiana law and
20 regulations. I read relevant materials available from the United States

1 Environmental Protection Agency (“U.S. EPA”) an the Indiana Department of
2 Environmental Management (“IDEM”).

3 **Q: To the extent you do not address a specific item or adjustment, should it be**
4 **construed to mean you agree with the company’s proposal?**

5 A: No. Excluding any specific adjustments or amounts I&M proposes does not
6 indicate my approval of those adjustments or amounts, but rather the scope of my
7 testimony is limited to the specific items addressed herein.

II. AMI OPT-OUT

8 **Q: Does your testimony address I&M’s request for cost recovery of its AMI**
9 **deployment?**

10 A: No. OUCC witness Anthony A. Alvarez discusses AMI deployment and the
11 OUCC’s recommendation to deny I&M’s request for cost recovery of the proposed
12 deployment. I address and recommend modifications to I&M’s proposed AMI opt-
13 out program, which is relevant only if the Indiana Utility Regulatory Commission
14 (“Commission”) rejects Mr. Alvarez’s AMI recommendation.

15 **Q: What is I&M proposing regarding an AMI opt-out program?**

16 A: I&M is proposing to allow customers to opt-out of AMI by refusing the installation
17 of a meter. However, I&M will then charge the customer a \$16.48 monthly fee.¹
18 I&M states the monthly charge is to recover the costs for manual meter reading. If
19 a customer chooses to opt-out of AMI after the meter change-out, there is a one-
20 time charge of \$80.30 to change the meter back to a radio frequency meter, the
21 same type currently installed.²

¹ Direct Testimony of Kurt C. Cooper, page 9, Figure KCC-2.

² *Id.*

1 **Q: Should the monthly fee be the only option for a customer who wishes to opt-**
2 **out of AMI?**

3 A: No. I&M should also offer a self-read program, in which a customer may read their
4 own meter and report the meter reading monthly to I&M at no additional charge.

5 **Q: Will I&M permit a customer to participate in a self-read program in order to**
6 **avoid the AMI opt-out fee?**

7 A: No. I&M originally stated in response to OUCC discovery it would allow self-
8 reads, but has subsequently withdrawn this option for customers.³

9 **Q: What was I&M's initial position on self-reads?**

10 A: Through discovery, the OUCC asked whether I&M customers could, "eliminate the
11 monthly fee associated with opting-out of AMI by reading their own meter," and
12 in its original response I&M stated, "[y]es, the process will follow the Company's
13 current process to allow self-reads and the monthly AMI opt-out charge will be
14 waived in those cases."⁴ Additionally, the OUCC issued a follow-up data request
15 on the same subject, to which I&M responded:

16 A customer is issued meter reading cards in which they record the
17 current meter reading on. Customers are also provided a schedule
18 showing the day that they need to read their meter each month. The
19 customer then calls our Customer Operations Center and provides
20 the month's meter reading to an associate who enters it into the
21 billing system. There is also a website option so interested
22 customers can sign up for self-reads and request meter reading cards
23 and schedules on-line.⁵

³ Attachment LMA-1, I&M Supplemental Response to OUCC DR 10-15, Response to OUCC DRs 21-24 and 28-02.

⁴ Attachment LMA-1, I&M Supplemental Response to OUCC DR 10-15.

⁵ Attachment LMA-1, I&M Response to OUCC DR 21-24.

1 **Q: Did I&M change its response?**

2 A: Yes. I&M supplemented its discovery response stating, "I&M's response to OUCC
3 DR 10-15 was referring to a broader AEP process of accepting customers' self-
4 reads that have been in place. [...] I&M does not intend to accept self reads for opt-
5 out customers."⁶

6 **Q: Should an I&M AMI opt-out customer be given the option to self-read their
7 meter?**

8 A: Yes. Absent a no-cost option, I&M's proposed monthly AMI opt-out program fee
9 is, in effect, a deterrent intended to force I&M customers to convert to AMI.
10 Moreover, based on I&M's Response to OUCC DR 21-24 and its supplemental
11 answer to OUCC DR 10-15, it appears AEP's broader process permits self-read.
12 I&M has provided no compelling reason why self-read should not be offered to
13 AMI opt-out customers in its service territory.

14 **Q: If your recommendation to allow AMI opt-out customers to self-read their
15 meters is accepted, should I&M provide this information to customers?**

16 A: Yes. I&M should communicate to customers the ways in which they can avoid fees
17 associated with the AMI deployment by incorporating the following information
18 into all AMI program materials, including materials described in Mr. Lucas'
19 testimony:

- 20 (1) Any customer who wishes to opt-out of AMI can avoid both the one-
21 time charge and the monthly charge (as the OUCC recommends I&M
22 be required to allow a no-cost self-read option); and
23 (2) Actions the customer must take to avoid each charge.

⁶ Attachment LMA-1, I&M Response to OUCC DR 28-02.

1 **Q: Did I&M describe its AMI customer notification process in its case-in-chief**
2 **testimony?**

3 A: Yes, I&M witness David A. Lucas outlines the AMI deployment customer
4 notification process:

5 At least sixty days prior to AMI meter installation, all customers will
6 receive a post card notifying customers of the AMI deployment,
7 providing a high level overview of the benefits of the technology,
8 and providing customers with a link to the page on I&M's website
9 specifically addressing the AMI deployment, as well as a phone
10 number to the call center to answer any questions customers may
11 have. In addition to the post card, I&M will also send an e-mail
12 containing similar information to customers with an e-mail address
13 on file.

14

15 At least ten days prior to AMI meter installation, all customers will
16 receive a phone call from I&M to notify them of a date range they
17 will be receiving their new AMI meter and providing them with a
18 phone number to call if they have any questions or concerns.⁷

19 **Q: Is the OUCC recommending progress reports for AMI opt-out and, if so, what**
20 **information should be included?**

21 A: Yes. The OUCC recommends I&M provide the OUCC and the Commission
22 quarterly progress reports through the end of any AMI deployment. This quarterly
23 report should include information on the status of AMI deployment, including an
24 update of I&M's regional deployment map and projected deployment schedule, and
25 a list of all AMI opt-out requests. The progress reports should start the first full
26 calendar quarter after any AMI deployment begins.

⁷ Direct Testimony of David A. Lucas, page 39, lines 9 to 17.

1 **Q: Please explain how recommendations for AMI opt-out affect**
2 **recommendations for AMI deployment.**

3 A: Recommendations for AMI opt-out are needed only if I&M deploys AMI. The
4 OUC is recommending AMI deployment costs be denied; therefore, testimony
5 regarding AMI opt-out is not meant to override that recommendation.

III. PROPOSED IM GREEN RIDER

6 **Q: What is I&M's proposed IM Green Rider?**

7 A: I&M proposes to consolidate its existing Green Power Rider ("GPR") and
8 Renewable Energy Option ("REO") into a single IM Green Rider. I&M asserts the
9 new program will allow customers the opportunity to purchase Renewable Energy
10 Certificates ("RECs") from I&M generating resources at a market price based upon
11 the S&P Global Energy Credit Index for the New Jersey Class 1 RECs.⁸ I&M plans
12 to offer a custom agreement option for larger commercial or industrial customers
13 based on the same market price; however, this option also includes an additional
14 administrative fee.⁹

15 **Q: Why is I&M proposing to consolidate the existing GPR and REO into the new**
16 **IM Green Rider?**

17 A: I&M witness Kurt C. Cooper indicates the reason is to give customers an efficient
18 mechanism to purchase RECs.¹⁰

19 **Q: What are RECs?**

20 A: RECs represent the environmental attributes derived from generating electricity
21 from renewable sources. One REC is equivalent to one-megawatt hour ("MWh")

⁸ Cooper Direct, page 17, lines 20 to 21.

⁹ *Id.* page 18, lines 5 to 13.

¹⁰ Cooper Direct, page 18, lines 15 to 16.

1 of renewable electricity generated.¹¹ RECs emerged as a compliance instrument
2 for state Renewable Portfolio Standards (“RPS”) in order for utilities to
3 demonstrate compliance by purchasing or supplementing a defined percentage of
4 power sold to retail consumers from renewable sources. RECs allow lawmakers
5 and regulators to discern renewable energy from traditional sources of energy.
6 Voluntary REC markets serve utilities, individuals, or businesses wishing to
7 purchase certified renewable electricity voluntarily in areas without an RPS.

8 **Q: Do RECs have monetary value?**

9 A: Yes.

10 **Q: How is I&M proposing to price IM Green Rider RECs?**

11 A: Currently, pricing for RECs generated at I&M’s solar facilities, approved in Cause
12 No. 44511, is linked to a Pennsylvania Solar REC index. I&M proposes
13 eliminating this link and replacing the pricing index with the S&P Global Energy
14 Credit Index for the New Jersey Class 1 RECs, which also includes wind RECs.¹²

15 **Q: Does the OUCC support I&M’s proposal to consolidate the GPR and REO
16 into a single IM Green Rider?**

17 A: Yes. Changing the index used for pricing RECs should enable more customers to
18 participate in an affordable manner. The current pricing for RECs in I&M’s GPR
19 and REO is high, inefficient, and likely the driving factor in low participation
20 compared to Indianapolis Power and Light Company’s (“IPL”) green power tariff.¹³

¹¹ Green-e Glossary. Definition of Renewable Energy Certificates: <https://www.green-e.org/glossary>.

¹² Cooper Direct, page 19, lines 18 to 20.

¹³ See Attachment LMA-3. IPL’s 2018 Green Power Tariff Rider Annual Report submitted pursuant to Commission Cause No. 43251, order dated June 27, 2007.

1 **Q: Does the OUCC have suggestions to improve the IM Green Rider program?**

2 A: Yes. I&M should investigate supplying the program with more affordable RECs

3 from the voluntary market. The U.S. EPA states:

4 The voluntary market operates on a supply and demand balance,
5 with REC prices correlated to the amount a voluntary buyer is
6 willing to pay for a product, relative to the available supply of that
7 product. In theory, the voluntary market operates on a supply and
8 demand balance that involves little, if any, overt market distortion
9 on pricing.

10 In contrast, regulatory bodies tend to interject market price
11 distortion into mandatory markets by setting targets and penalties
12 (e.g., alternative compliance payments) that regulated entities (e.g.,
13 utilities) must pay in the absence of meeting the regulatory mandate.
14 In some cases, these regulatory targets and associated penalties are
15 resource specific, as is often the case for solar. As a consequence,
16 renewable developers supplying the mandatory market not only
17 know how much supply a regulated entity must buy, but also how
18 much they are willing to pay in order to avoid the penalty of the
19 alternative compliance payment.¹⁴

20 Participating in a voluntary market could allow I&M to source lower cost RECs,
21 allowing a lower price to be offered to IM Green customers. Additionally, while it
22 appears I&M is not proposing to recover IM Green program marketing costs, the
23 OUCC would oppose any recovery proposal for the IM Green Rider marketing
24 costs from non-participating customers. The program should be self-sustaining.

¹⁴ See <https://www.epa.gov/greenpower/us-renewable-electricity-market#prices>.

1 **Q: Does the OUCC have any concerns related to RECs?**

2 A: Yes. As I explain below, the OUCC has concerns with I&M's overall management
3 of its REC inventory.

4 **Q: How does I&M manage its portfolio of RECs?**

5 A: In response to OUCC discovery, I&M states:

6 Any RECs not subscribed to by customers will be maintained and
7 counted toward I&M's compliance with RPS (Renewable Portfolio
8 Standard) or GHG (Green House Gas) regulations to which it is, or
9 may be, subject. Regardless of any future RPS or GHG mandates,
10 receiving the RECs helps voluntarily reduce GHG emissions per
11 megawatt hour. Also, I&M intends to monitor the value of RECs in
12 the market and may occasionally monetize unsubscribed RECs and
13 flow the benefits back to customers through the FAC.¹⁵

14 I&M further states:

15 I&M may occasionally monetize unsubscribed RECs based upon
16 market conditions. I&M and AEP continually monitor REC markets
17 as they change and evolve. The conditions under which I&M would
18 monetize unsubscribed RECs cannot be specified because it will
19 depend on the market conditions as they exist at that time.¹⁶

20 The OUCC reviewed I&M's inventory from January 1, 2016 and found the majority
21 of RECs in I&M's portfolio are held until they expire.¹⁷ I&M states, "[b]y not
22 monetizing (selling) the unsubscribed RECs, I&M and its customers are able to
23 claim that certain amounts of generation and energy consumption are carbon
24 free."¹⁸

¹⁵ Attachment LMA-1, I&M Response to OUCC DR 19-03.

¹⁶ Attachment LMA-1, I&M Response to OUCC DR 19-04.

¹⁷ CONFIDENTIAL Attachment LMA-2, I&M Response to OUCC DR 19-02_Confidential_Attachment_1.xlsx.

¹⁸ Attachment LMA-1, I&M Response to OUCC DR 19-05.

1 **Q: Are there rules governing claims regarding RECs?**

2 A: Yes. The Federal Trade Commission (“FTC”) promulgated extensive rules
3 regarding RECs, commonly referred to as the green guides.¹⁹ 6 CFR § 260.5
4 governs carbon offsets and states:

5 (a) Given the complexities of carbon offsets, sellers should employ
6 competent and reliable scientific and accounting methods to
7 properly quantify claimed emission reductions and to ensure that
8 they do not sell the same reduction more than one time.

9 (b) It is deceptive to misrepresent, directly or by implication, that a
10 carbon offset represents emission reductions that have already
11 occurred or will occur in the immediate future. To avoid deception,
12 marketers should clearly and prominently disclose if the carbon
13 offset represents emission reductions that will not occur for two
14 years or longer.

15 (c) It is deceptive to claim, directly or by implication, that a carbon
16 offset represents an emission reduction if the reduction, or the
17 activity that caused the reduction, was required by law.

18 6 CFR § 260.15 (d) governs Renewable Energy Claims and states:

19 If a marketer generates renewable electricity but sells renewable
20 energy certificates for all of that electricity, it would be deceptive
21 for the marketer to represent, directly or by implication, that it uses
22 renewable energy. A pertinent takeaway from the rules is a utility,
23 business, or individual cannot claim the power it supplied or used is
24 renewable or “green” unless it retires RECs equal to the amount of
25 energy supplied or used.

26 In other words, claims of renewable energy or carbon offsets must have
27 corresponding retired RECs.

¹⁹ See 6 CFR Part 260, <https://www.ftc.gov/sites/default/files/attachments/press-releases/ftc-issues-revised-green-guides/greenguides.pdf>.

1 **Q: Do RECs expire?**

2 A: Yes. Although jurisdictions vary, a common shelf life of a REC is three (3) years
3 after generation of the REC. One market I&M is choosing to participate in is New
4 Jersey, where the RECs expire in three (3) years.²⁰

5 **Q: Please explain the OUCC's concern with I&M's strategy for unsubscribed**
6 **RECs.**

7 A: I&M currently has a large inventory of RECs it does not monetize, and only actively
8 retires RECs that customers purchase through its green power riders. This issue is
9 further compounded by I&M's general claims that "[b]y not monetizing (selling)
10 the unsubscribed RECs, I&M and its customers are able to claim that certain
11 amounts of generation and energy consumption are carbon free."²¹ However, the
12 FTC's requirement is: "[a] utility, business, or individual cannot claim the power it
13 supplied or used is renewable or 'green' or provides a carbon offset unless it retires
14 RECs equal to the amount of energy supplied or used."²² Allowing the RECS to
15 expire is not the same as retiring. I&M's practice to retain RECs, while not selling
16 them or retiring them, may run afoul of the FTC green guide obligations. Moreover,
17 I&M's practice of retaining unsubscribed RECs and not attempting to monetize
18 them in a REC market denies customers the monetary benefits from selling RECs.

²⁰ See <https://www.pjm-eis.com/~media/pjm-eis/documents/rps-comparison.ashx>.

²¹ Attachment LMA-1, I&M Response to OUCC DR 19-05.

²²Per Federal Trade Commission ("FTC") guidelines 6 CFR § 260.15 (d).

1 **Q: Does I&M have resources that generate RECs?**

2 A: Yes. I&M has wind RECs in its portfolio from purchase power agreements.²³ I&M
3 has made investments in solar projects, such as those approved in Cause 44511.²⁴
4 I&M further seeks Commission permission to construct, own, and operate the
5 South Bend Solar Project (“SBSP”), now pending in Cause 45245.²⁵ However,
6 I&M does not sell RECs associated with its renewable generation into the market
7 for the benefit of ratepayers. Instead, I&M states it is supplying customers with a
8 portion of their power from renewable energy for their benefit without actively
9 retiring any of the RECs to represent this claim.

10 **Q: How should I&M retire RECs?**

11 A: I&M should only retire RECs customers subscribe through its renewable energy
12 programs. Through participation in these programs, customers have affirmatively
13 chosen to support renewable energy. To the extent customers have chosen not to
14 participate in a renewable energy program, I&M is under no obligation to provide
15 general reassurance to its customers that I&M, and its customers, are supporting
16 renewable energy, unless I&M retires the RECs and compensates customers for the
17 loss of monetization.

²³ See Headwaters Wind Farm LLC, Commission Cause No. 44362, Final Order dated November 25, 2013; Wildcat I Wind Farm, LLC, Commission Cause No. 44034, Final Order dated September 21, 2001; Fowler Ridge II Wind Farm, LLC, Commission Cause No. 43750, Final Order dated January 6, 2010; Fowler Ride Wind Farm, LLC, Commission Cause No. 43328, Final Order dated November 28, 2007.

²⁴ Commission Cause No. 44511, Final Order dated February 4, 2015.

²⁵ The OUCC has filed its testimony in this Cause, which concluded I&M's proposal is not cost effective, among other things.

1 **Q: What is the OUCC's recommendation regarding unsubscribed RECs?**

2 A: The OUCC recommends I&M monetize unsubscribed RECs and pass the proceeds
3 onto ratepayers through the Fuel Clause Adjustment ("FAC") for the benefit of all
4 ratepayers.²⁶

5 **Q: What is the OUCC's recommendation regarding I&M's proposed IM Green
6 Rider?**

7 A: The OUCC does not oppose I&M's proposal to consolidate the GPR and REO into
8 a single IM Green Rider. The OUCC recommends I&M investigate supplying the
9 programs offered through the IM Green Rider with more affordable RECs from the
10 voluntary market so that the IM Green Rider will allow customers who want
11 renewable energy to purchase it at an economical rate.

**IV. ENVIRONMENTAL CONSUMABLES AND EMISSIONS ALLOWANCES
COST RECOVERY**

12 **Q: What is I&M requesting in this Cause regarding its Environmental Cost Rider
13 ("ECR")?**

14 A: I&M proposes to embed \$21,785,467 in base rates for all pollution control projects'
15 consumable expenses and emission allowance costs and track any incremental costs
16 through the ECR.²⁷ As a basis for this cost recovery, I&M states the environmental
17 consumable and allowance emissions costs vary greatly.²⁸

²⁶ Northern Indiana Public Service Company, LLC, ("NIPSCO") sells blocks of RECs and passes the proceeds through its FAC (Commission Cause No. 38706-FAC-122, Petitioner's Exhibit No. 2, Verified Direct Testimony of Benjamin J. Turner, page 8, lines 10 to 14.)

²⁷ Verified Direct Testimony of Andrew J. Williamson, page 43, lines 15 to 18.

²⁸ *Id.*, page 44, lines 3 to 5.

1 **Q: Are there more stringent environmental regulations or restrictions on**
2 **Rockport that would cause I&M's environmental consumables or emission**
3 **allowance costs to vary or increase over the next few years?**

4 A: Other than the Consent Decree²⁹ discussed by OUCC witness Cynthia M.
5 Armstrong, there are no presently known regulations that would lead to an increase
6 in I&M's environmental consumable or emissions allowance costs. Under the
7 current administration, the U.S. EPA has taken a conservative approach to pollution
8 regulation, often resulting in less strict pollution limits. Additionally, Rockport
9 Unit 2 will retire from I&M service on December 2022, when the lease expires.³⁰

10 **Q: Has the capacity factor for Rockport varied recently?**

11 A: No. Rockport's capacity factor has not varied greatly recently, and I&M has
12 submitted no information to suggest it will vary in the future.

13 **Q: Do I&M's proposed adjustments in this Cause suggest variability in**
14 **environmental consumables and emissions allowance costs?**

15 A: No. In forecasting the 2020 test year expenses, I&M added what it recommends to
16 embed in rates for environmental consumables to account for the increased sodium
17 bicarbonate usage needed to support the proposed Enhanced DSI and to account for
18 the previously approved Unit 2 Selective Catalytic Reduction ("SCR").³¹ As Ms.
19 Armstrong explains, I&M's requested relief for the Enhanced DSI capital
20 expenditure should be denied.³² Therefore, the Commission should also deny any
21 associated operation and maintenance ("O&M") for the sodium bicarbonate
22 increases.

²⁹ AEP's Fifth Modification to the Consent Decree, <https://www.epa.gov/sites/production/files/2013-08/documents/fifthmotiva-amendedcd.pdf>.

³⁰ Verified Direct Testimony of Toby L. Thomas, page 32, lines 6 to 7.

³¹ See Kerns Direct, page 21, lines 2 to 8 and page 22, lines 1 to 4.

³² Ms. Armstrong recommends denial of recovery of the Enhanced DSI costs for both Rockport Units 1 and 2. I supplement this recommendation with additional reasons for denial for recovery of Rockport Unit 2.

1 Even if the Commission ultimately allows for recovery of the Enhanced DSI
2 project for Rockport Units 1 and 2, there is still no need to track the expenses for
3 capital projects embedded in rates, as OUCC witness Wes R. Blakley explains.
4 I&M witness Timothy C. Kerns' figure TCK-7 lists 2018 allowance expenses to be
5 \$1,224,000; I&M is projecting \$1,160,001 in the test year.³³ This is a small
6 difference from 2018 to the test year, suggesting very little variability.

7 **Q: Does I&M have reason to assume emission allowance costs will vary?**

8 A: No. I&M's annual consumption of emission allowances has decreased
9 significantly over the last ten (10) years, lowering its annual emissions allowance
10 costs. I&M added an SCR for pollution control to Rockport Unit 2 as approved in
11 Cause No. 44871.³⁴ The environmental controls installed on both Rockport Units
12 should decrease I&M's reliance on the emission allowance market.

13 **Q: What amount is the OUCC recommending be embedded in base rates for
14 environmental consumables and emission allowance costs?**

15 A: The OUCC is recommending \$13,830,135 be embedded in rates. This is the same
16 amount as I&M's proposed level adjusted for the removal of sodium bicarbonate
17 costs associated with the proposed Enhanced DSI project for both Rockport Unit 1
18 and 2 as discussed by Ms. Armstrong. If the Commission rejects Ms. Armstrong's
19 recommended denial of all Enhanced DSI costs for both Rockport Unit 1 and 2, but
20 accepts her alternate position to, at a minimum, deny the Rockport Unit 2 costs,
21 then \$17,807,801 should be embedded in base rates. This adjusts for half of the
22 \$7,955,332, which are consumables O&M expenses during the test year³⁵ to

³³ Verified Direct Testimony of Timothy C. Kerns, page 21, Figure TCK-7.

³⁴ Commission Cause No. 44871, order dated March 26, 2018.

³⁵ Kerns Direct, page 31, Figure TCK-9, and work-papers, WP-TCK-2.

1 account for Rockport Unit 2's share of the additional sodium bicarbonate needed
2 for the operation of the enhanced DSI.

V. PLUGGED-IN ELECTRIC VEHICLE PROJECT

3 **Q: Please summarize I&M's proposed PEV Pilot project ("PEV Pilot").**

4 A: I&M proposes a three-year Pilot to encourage PEV adoption, which I&M promotes
5 as "optimizing the overall electric system."³⁶ The components of the Pilot include:
6 (1) Residential and small commercial PEV charging; (2) Multi-unit dwelling
7 ("MUD") PEV charging; (3) Commercial and industrial fleet and workplace PEV
8 charging; and (4) Electric vehicle education and technical development.³⁷ I&M
9 proposes to provide customer rebates for home modifications to install a 240-volt
10 circuit and an additional meter. The 240-volt circuit enables faster charging
11 capabilities and the additional meter allows I&M to provide and track reduced off-
12 peak price to encourage off-peak charging. To receive the off-peak pricing,
13 customers would require an additional meter, which I&M recommends be an AMI
14 meter, with access to a dedicated 240-volt circuit.³⁸

15 **Q: What is meant by "optimize the overall electric system"?**

16 A: I&M witness Jeffrey W. Lehman claims throughout his testimony that I&M must
17 align PEV charging away from the default peak charging times to off-peak charging
18 times at a customer's home to utilize unused off-peak capacity. Mr. Lehman further
19 claims the utility is most suited to incentivize the best charging behaviors of PEV

³⁶ Direct Testimony of Jeffrey W. Lehman, page 3, lines 4 to 5.

³⁷ *Id.*, lines 6 to 9.

³⁸ *Id.*, page 13, lines 12 to 16.

1 customers to create what I&M describes as “downward electricity rate pressure,”
2 (sometimes referred to as downward rate pressure).³⁹

3 **Q: Are I&M’s claims about its proposed PEV Pilot optimizing the overall electric**
4 **system and easing barriers to charging at home supported?**

5 A: No. Mr. Lehman makes numerous claims throughout his testimony regarding
6 optimizing unused off-peak system capacity, but I&M has provided no empirical
7 data other than opinions to support the program’s benefits. The OUCC issued
8 discovery to determine the evidence I&M relied upon to support its PEV Pilot.⁴⁰ In
9 response, I&M could not provide empirical evidence or I&M specific studies.
10 I&M’s discovery responses frequently assert benefits are “based on Mr. Lehman’s
11 general industry experience and knowledge, and not specific documentation or
12 analysis.”⁴¹

13 **Q: What cost recovery is I&M requesting for the PEV Pilot?**

14 A: I&M is requesting \$700,000 annually, or \$2,100,000 for the three-year pilot
15 program. Figure JWL-1 from Mr. Lehman’s testimony is reproduced below:

Program Component	Annual Customer Cap	Total Annual Ports	Enrollment Incentive	New Proposed Rate	Total Annual Cost
Residential/Small Commercial	1,000	1,000	\$500	Yes (RS-PEV/GS-PEV)	\$500,000
MUD	100	400	\$250*	No	\$100,000
C&I Fleet and Workplace	100	400	\$250	No	\$100,000
*Customers can choose <u>either</u> \$250 per port or five year revenue credit				Total	\$700,000

³⁹ *Id.* page 8, line 11.

⁴⁰ Attachment LMA-1, I&M Response to OUCC DRs 10-04, 10-05, 10-6, 10-7, 10-8, 10-9, and 10-10.

⁴¹ Attachment LMA-1, I&M Response to OUCC DRs 10-04 and 10-05.

1 **Q: What supporting evidence did I&M provide comparing these costs to the**
2 **stated benefits?**

3 **A: I&M included WP-JWL-1 to justify the program costs, which is reproduced below:**

IM Plugged in Summary of Benefits: Home Charging										
Year	1	2	3	4	5	6	7	8	9	10
Benefit To Participant	\$104	\$104	\$104	\$104	\$104	\$104	\$104	\$104	\$104	\$104
Benefit To All I&M Customers	\$108	\$108	\$108	\$108	\$108	\$108	\$108	\$108	\$108	\$108
Enrollment Incentive Cost	-\$500									
Cumulative Total	-\$392	-\$284	-\$176	-\$68	\$40	\$148	\$256	\$364	\$472	\$579
TEN YEAR TOTAL BENEFIT TO ALL INDIANA MICHIGAN POWER CUSTOMERS										\$579

4 **Q: Does Figure JWL-3 adequately support I&M's rebate request?**

5 **A:** No. The OUCC issued discovery to I&M asking for a full cost-benefit analysis.
6 I&M directed the OUCC to evidence submitted in I&M's case-in-chief.⁴² To derive
7 the net benefit of \$108, I&M made crude assumptions about how many miles would
8 be driven by a customer and how often a customer would utilize off-peak
9 charging.⁴³ Work Paper JWL-1 presents a different "benefit to customer" at \$106.
10 I&M has provided no basis for either calculation. I&M's workpaper JWL-1 is
11 inadequate as a cost-benefit analysis. It appears to apply only to home charging
12 and only takes into account the possible \$500 per year incentive cost provided to

⁴² Attachment LMA-1, I&M Response to OUCC DR 10-08, 10-07, and 10-06.

⁴³ I&M WP JWL-1, page 2.

1 residential and small commercial, while ignoring the costs of MUD, Commercial
2 & Industrial (“C&I”) Fleet and workplace incentives.

3 **Q: Does the OUCC deny there may be benefits to PEVs and charging programs?**

4 A: No, but as explained above, I&M has not met its burden of providing sufficient
5 information and empirical studies to support its claims of customer benefits that are
6 justified by the contributions customers will make towards subsidizing the charging
7 equipment rebates.

8 **Q: Is this the first time in which I&M has sought approval of a PEV Pilot?**

9 A: No. When I&M requested a PEV tariff in one of its previous rate cases, the
10 Commission’s Final Order stated in part:

11 We do not believe it is appropriate to grant Petitioner cost recovery
12 for an electric vehicle program without that issue being fully
13 explored through a separate proceeding, such as those we have
14 conducted for other utilities with PEV pilot programs. Therefore,
15 we deny Petitioner’s proposed tariff.⁴⁴

16 **Q: Even if I&M had provided adequate evidence, would the OUCC still have
17 concerns with portions of the PEV Pilot?**

18 A: Yes. I&M proposes to offer participating PEV customers a rebate to offset the
19 charging equipment cost. However, I&M provided no empirical evidence to
20 suggest that access to 240V charging equipment is an actual barrier to electric
21 vehicle adoption. Nor has I&M provided evidence to suggest a rebate will
22 overcome the alleged barrier. It stands to reason that if a customer were willing
23 and able to purchase an expensive PEV, the customer would not also need a \$250
24 or \$500 incentive.

⁴⁴ Commission Cause No 44075, page 132, Final Order, ordering paragraph (5) subsection (g), dated February 13, 2013.

1 Moreover, the cost of I&M's proposed rebate will be subsidized by the other
2 rate classes; rates paid by customers who are not participants in the PEV Pilot
3 would nonetheless share the cost of the Pilot. Cautious evaluation of programs
4 funded through customer subsidies must occur as fairness requires that captive,
5 non-participating customers not pay for other customers' incentives. This is
6 especially true when a percentage of the customers paying for a program do not
7 have the financial means to participate, which is the situation with I&M's PEV
8 Pilot. My recommendations reduce the impact of non-participating customers.

9 I&M's proposal to offer reduced rates in exchange for PEV customer
10 charging during the delineated off peak hours should be an adequate incentive for
11 customer participation. Basing the PEV Pilot on only the reduced rate mitigates
12 the subsidy paid by captive, non-participating ratepayers. I&M's PEV Pilot should
13 further include a disincentive for on-peak PEV charging as a way to encourage
14 customers to charge only during the off-peak times.

15 **Q: Why should I&M's PEV Pilot include a disincentive for customers to charge**
16 **during on-peak times?**

17 A: By offering discounts for at-home PEV charging during off-peak times, I&M is
18 incentivizing PEV charging to occur at times of low system stress. By the same
19 token, higher rates should apply for charging during on-peak hours. The proposed
20 PEV Pilot tariff does nothing to disincent individual customers from charging
21 during peak times and using 240V chargers, which could inflict greater system
22 stress. I&M should develop an on-peak PEV charging rate schedule as part of this
23 Pilot.

1 **Q: Has I&M proposed to collect data and report on whether the PEV Pilot is**
2 **meeting certain milestones or goals?**

3 A: No. Pilot programs by their nature are intended to serve as experiments for learning
4 purposes. I&M presented no information about its expectations for this Pilot, nor
5 did it identify information it hopes to obtain from the Pilot's participating
6 customers. Consequently, after the three-year Pilot ends, there are no standards or
7 mechanisms for the OUCC and the Commission to use in evaluating whether the
8 Pilot was a success or to determine whether continued ratepayer funding is still
9 appropriate. Although I&M has offered a similar program in Michigan since
10 2010,⁴⁵ it presented no evidence of lessons learned from the experience. Any
11 funding from ratepayers should be tied to achievement of specific PEV Pilot
12 customer benefit goals.

13 **Q: What does the OUCC recommend regarding the PEV Pilot?**

14 A: The OUCC recommends the Commission deny recovery of I&M's requested
15 \$700,000 rate case amount, which represents the cost of the proposed 240-volt
16 circuit rebate. The OUCC further recommends the Commission approve I&M's
17 proposed PEV off-peak charging tariff, and require I&M also offer an on-peak
18 charging rate that could help offset higher cost of peak energy consumed and further
19 incents off-peaking charging.

⁴⁵ See <https://www.indianamichiganpower.com/info/news/viewRelease.aspx?releaseID=964>.

VI. COAL COMBUSTION RESIDUALS

1 **Q: What is a CCR impoundment?**

2 A: Per the Code of Federal Regulations (“CFR”), “*Coal combustion residuals (CCR)*
3 means fly ash, bottom ash, boiler slag, and flue gas desulfurization materials
4 generated from burning coal for the purpose of generating electricity by electric
5 utilities and independent power producers.” The CFR further states, “A *CCR*
6 *surface impoundment or impoundment* means a natural topographic depression,
7 man-made excavation, or diked area, which is designed to hold an accumulation of
8 CCR and liquids, and the unit treats, stores, or disposes of CCR.”⁴⁶ CCR
9 impoundments are commonly referred to as CCR ponds.

10 **Q: Under what legal authority do U.S. EPA and IDEM regulate CCR ponds?**

11 A: IDEM incorporated the federal rules of the U.S. EPA, 40 CFR 257, Subpart D, into
12 the Indiana Administrative code at 329 Ind. Admin. Code 10.

13 **Q: What are the requirements for a CCR pond closure?**

14 A: 329 I.A.C. 10-9-1(c) states:

15 For a coal combustion residuals impoundment subject to 40
16 CFR 257, Subpart D, final disposal of solid waste in the
17 impoundment at the end of the operation of the
18 impoundment is subject to approval by the commissioner [of
19 IDEM], based on the requirements for coal combustion
20 residuals impoundments in 40 CFR 257.50 through 40 CFR
21 257.106* and on other management practices that are
22 protective of human health and the environment.

23 **Q: Did I&M identify CCR pond closure projects and associated costs necessary**
24 **for its Rockport Plant to comply with the CCR Rule?**

25 A: Yes. Mr. Kerns states, “Rockport’s compliance with the CCR rule – which
26 primarily consists of the discontinued use of the ‘east bottom ash pond’ and inciting

⁴⁶ 40 CFR §257.53.

1 closure – is currently projected to be completed by May 31, 2020 at a total cost of
2 \$4.069 million.”⁴⁷ Rockport’s compliance with the CCR Rule is hereafter referred
3 to as “Rockport Plant CCR Compliance project”.

4 **Q: Did the OUCC request additional information related to I&M’s Rockport**
5 **Plant CCR Compliance project?**

6 A: Yes. The OUCC issued discovery and received a confidential description from
7 I&M regarding all planned activities related to this project.⁴⁸ When asked whether
8 the Rockport Plant CCR Compliance project involves installing new equipment or
9 whether it only includes the cost to close the “east bottom ash pond,” I&M
10 responded “[t]he Rockport Plant CCR Compliance project includes the cost to close
11 the east bottom ash pond.”⁴⁹ The OUCC’s review of I&M’s confidential
12 attachment confirms I&M’s lists activities only relate to the closure of the pond,
13 and do not include any equipment replacement activities.

14 **Q: Please summarize I&M’s request to recover costs associated with the “east**
15 **bottom ash pond” at Rockport.**

16 A: I&M is requesting to recover \$4,069,000 in connection with the “east bottom ash
17 pond” closure as a capital expense in rate base to comply with the CCR rule.

18 **Q: Will “east bottom ash pond” closure activities extend the generating**
19 **capabilities of the Rockport Plant?**

20 A: No. Closure of an ash pond – an asset – results in that asset no longer being used
21 and useful and does not extend the generating capabilities of the Rockport Plant.
22 Noncompliance with the CCR rule regarding the “east bottom ash pond” may result
23 in enforcement action by U.S. EPA or IDEM, but it does not result in the closure

⁴⁷ Kerns Direct, page 14, line 9.

⁴⁸ See CONFIDENTIAL attachment LMA-2, OUCC DR 21-26 Confidential Attachment 4.

⁴⁹ Attachment LMA-1, I&M Response to OUCC DR 22-2.

1 of the plant. Closure costs are not appropriately collected as a capital expenditure
2 that I&M can earn a return of and on.

3 **Q: Has I&M received IDEM approval of a closure plan for the “east bottom ash**
4 **pond”?**

5 A: No. In response to discovery, I&M stated it had not received approval for closure
6 and “[a]pproval of the closure plan by IDEM is required [329 IAC 10-9-1(c)] prior
7 to the beginning of closure activities.”⁵⁰

8 **Q: Has I&M provided evidence showing the east ash pond needs to be closed**
9 **during the timeframe covered by its rate filing?**

10 A: No. I&M has provided no evidence to support the need for this project within the
11 test year.

12 **Q: Is it reasonable to assume I&M will receive approval of a closure plan within**
13 **the test year?**

14 A: No. IDEM has been slow to approve closure plans as it navigates the approval
15 process with the U.S. EPA, and seeks to gain guidance on closure requirements and
16 approval of a CCR permitting program under the Water Infrastructure Improvement
17 for the Nation Act of 2016 (“WIIN Act”).

18 **Q: Please describe the process IDEM must undertake to receive approval of its**
19 **permit program under the WIIN Act.**

20 A: After the promulgation of the U.S. EPA final rule for CCRs on April 17, 2015, the
21 U.S. Congress passed the WIIN Act. Section 2301 of the WIIN Act, codified at 42
22 U.S.C. 6945(d), provides the opportunity for states to seek U.S. EPA approval to
23 operate a state permit program for CCR at least as protective as the federal
24 standards. IDEM must initiate a rulemaking and, once the rule reaches final

⁵⁰ Attachment LMA-1, I&M Response to OUCC DR 21-27.

1 promulgation, IDEM may apply to the EPA for state permit program approval in
2 accordance with provisions of Section 2301 of the WIIN Act.

3 **Q: Where is IDEM in the permit approval process under the WIIN Act?**

4 A: IDEM must follow the rulemaking process set forth in Ind. Code ch. 13-14-9. The
5 process involves multiple opportunities for public comment and input and the
6 opportunity for IDEM and the public to testify before the Environmental Rules
7 Board (established under I.C. ch. 13-13-8). There are several steps in the
8 rulemaking process, and IDEM is in the early stages and has not progressed to
9 issuing draft language. I would not expect the rulemaking to complete until next
10 year. After the rulemaking is complete, IDEM must seek EPA approval for the
11 program as described above.

12 **Q: Is there additional support for why I&M should not be allowed to recover**
13 **these costs?**

14 A: I&M should not recover these costs through future rate adjustments as they have
15 presumably been recognized in past rates through I&M's authorized rate of return.
16 In Cause No. 39353 Phase II, the Commission considered Indiana Gas's recovery
17 of remediation costs related to old manufactured gas plant ("MGP") sites. The
18 Commission denied recovery of the clean-up costs related to the MGP sites.

1 In its Final Order, the Commission stated Indiana Gas' lawful rates already included
2 compensation for any environmental risks through a rate of return that simulates
3 the returns of similarly situated unregulated enterprises:

4 Petitioner was presumptively compensated by the environmental
5 liability it now realizes all along. Rates and charges, until
6 investigated and modified, are presumptively lawful. I.C. 8-1-3-6.
7 These rates and charges are made of many components, of which
8 one is rate of return. A portion of rate of return which state and
9 federal regulators consider is business risk, and the concept is not
10 new. Indeed the *Bluefield Co. v. Public Service Commission*
11 opinion, rendered by the United State Supreme Court, established
12 that the opportunity to be afforded public utilities should simulate
13 that of a similar unregulated enterprise specifically in light of the
14 risks taken by such enterprises. See *Bluefield Co. v. Public Service*
15 *Commission* (1923) 262 U.S. 679, 693. It is thus presumptive that
16 Petitioner and its predecessors and interests received rates which
17 included recognition of such similar risks. We have found
18 Petitioner's environmental risks not to be isolated to public utilities,
19 and so their rates should simulate returns of the environmental risks
20 associated with similar enterprises.⁵¹

21 This Commission Order further acknowledged ratepayers had not only paid
22 these costs directly through insurance premiums included in operation and
23 maintenance costs, but also indirectly as a component of the utility's authorized
24 rate of return, which reflected Indiana Gas's environmental risk:

25 Evidently, Petitioner would have its customers pay not only the
26 premium for its environmental insurance policy, and the business
27 risk component of its rate of return, but the uninsured balance as
28 well. This amounts to no risk for Petitioner's shareholders.
29 Petitioner has not in the past waived environmental business risk as
30 a component of its rate of return and there seems to be a substantial
31 lack, therefore, of the regulatory quid-pro-quo or balancing of
32 interests which we are obligated to maintain in the Petitioner's
33 proposal.⁵²
34

⁵¹ Commission Cause No 39353, Phase II page 51 to 52, Final Order, dated May 3, 1995.

⁵² *Id.* p. 52.

1 The Indiana Gas case is relevant to the “east bottom ash pond” closure costs
2 in this current case because both involve the question of appropriate recovery of the
3 remediation of an asset that is no longer providing service to customers. I&M’s
4 closure costs do not add new equipment to a facility to aid continued operations.
5 As explained above, the closure project is required regardless if Rockport continues
6 to operate or retires. As the above order indicates, CCR closure costs could have
7 presumably been recognized in past rates through I&M’s authorized rate of return.

8 **Q: Please state the OUCC’s conclusion and recommendation regarding I&M’s**
9 **requested \$4,069,000 for the closure of the “east bottom ash pond.”**

10 **A:** I&M did not provide sufficient information to establish the cost will be incurred
11 within the test year. Nor does the OUCC believe the closure extends generating
12 capabilities of Rockport and should not be eligible for a return on the closed asset.
13 Accordingly, the OUCC recommends the Commission deny I&M recovery of its
14 requested \$4,069,000.

VII. RECOMMENDATIONS

15 **Q: What does the OUCC recommend?**

16 **A:** The OUCC recommends the Commission:

17 1) Deny AMI deployment, consistent with the testimony of Mr. Alvarez.

18 However, should the Commission approve AMI deployment, then the
19 OUCC recommends the Commission require I&M to make the following
20 modifications to its AMI opt-out program:

21 a. Incorporate into all informational materials the AMI opt-out charge
22 information as recommended above.

- 1 b. Offer a self-read option as described above.
- 2 2) Approve the IM Green rider, and order I&M to monetize unused RECs
- 3 going forward and pass on the proceeds to ratepayers in the FAC.
- 4 3) Deny I&M's request to track, through the ECR, environmental
- 5 consumables and emissions allowances costs above or below the embedded
- 6 base rate amount and instead embed \$13,830,135 for such costs in base
- 7 rates, as recommended by Mr. Blakley.
- 8 4) Deny recovery of the \$700,000 annual cost of charging equipment rebates
- 9 associated with I&M's proposed PEV Pilot. Instead, the OUCC
- 10 recommends the Commission approve I&M's proposed off-peak PEV
- 11 charging tariff and require I&M to offer an on-peak charging tariff at a rate
- 12 higher than the average cost of energy.
- 13 5) Deny I&M's \$4,069,000 request for Rockport Plant CCR Compliance
- 14 project costs associated with the closure of its east bottom ash pond.

15 **Q: Does this conclude your testimony?**

16 A. Yes.

APPENDIX A

1 **Q: Summarize your professional background and experience.**

2 A: I graduated from Michigan State University in 2008 with a Bachelor of Science
3 degree in Environmental Science and Management. I graduated from Florida State
4 University College of Law in May 2011 with a Juris Doctorate and Environmental
5 Law certificate. I spent over two years while in law school as a certified legal
6 intern, providing pro bono legal services to poverty level residents of Tallahassee,
7 FL. I worked in the legal department of Depuy Synthes, a Johnson & Johnson
8 Company, where I assisted with patent filings and nondisclosure agreements.
9 Starting in 2013, I worked for the Indiana Department of Environmental
10 Management as a rule writer, in which I worked extensively with the public at large,
11 special interests groups, and affected regulated entities to understand the
12 rulemaking process and to respond to their comments on ongoing environmental
13 rules. I joined the OUCC in July of 2017.

14 **Q: Describe some of your duties at the OUCC.**

15 A: I review and analyze utilities' requests and file recommendations on behalf of
16 consumers in utility proceedings. As applicable, my duties may also include
17 analyzing state and federal regulations, evaluating rate design and tariffs,
18 examining books and records, inspecting facilities, and preparing various studies.
19 The majority of my expertise is in environmental science, environmental state and
20 federal regulation, and state agency administration.

21 **Q: Have you testified before the Indiana Utility Regulatory Commission?**

22 A: Yes. I have previously testified in Cause Nos. 42170 ECR -30, 44340 FMCA-9,
23 44340 FMCA-10, 44963, 44978, 44981, 44998, 45010, 45047, 45052, and 45071.

INDIANA MICHIGAN POWER COMPANY
INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR
DATA REQUEST SET NO. OUCC DR 10
IURC CAUSE NO. 45235

DATA REQUEST NO OUCC 10-15

REQUEST

Can I&M customers eliminate the monthly fee associated with opting-out of AMI by reading their own meter? Please explain.

RESPONSE

Yes, the process will follow the Company's current process to allow self-reads and the monthly AMI Opt-out charge will be waived in those cases.

INDIANA MICHIGAN POWER COMPANY
INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR
DATA REQUEST SET NO. OUCC DR 21
IURC CAUSE NO. 45235

DATA REQUEST NO OUCC 21-24

REQUEST

As a follow-up to OUCC DR 10-15, please provide the “Company’s current process to allow self-reads.”

RESPONSE

A customer is issued meter reading cards in which they record the current meter reading on. Customers are also provided a schedule showing the day that they need to read their meter each month. The customer then calls our Customer Operations Center and provides the month’s meter reading to an associate who enters it into the billing system. There is also a website option so interested customers can sign up for self-reads and request meter reading cards and schedules on-line.

INDIANA MICHIGAN POWER COMPANY
INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR
DATA REQUEST SET NO. OUCC DR 28
IURC CAUSE NO. 45235

DATA REQUEST NO OUCC 28-02

REQUEST

Follow up to I&M's response to OUCC DR 10-15, please provide the "Company's current process [for] self-reads". How does I&M intended to inform customers that they may avoid the monthly opt-out charge by participating in the "Company's current process [for] self-reads"?

RESPONSE

I&M's response to OUCC DR 10-15 was referring to a broader AEP process of accepting customers self-reads that have been in place. I&M specific program for self reads is no longer in use since the installation of Radio Frequency (RF) meters throughout the I&M footprint. Therefore, I&M currently does not have customers providing self-reads for routine monthly meter reads.

The "self-read method" has inherent issues related to the customer misreading the meter, forgetting to send in / call in the reading on the meter read date, customer being away from the meter such as being on vacation or away from home during the meter read cycle. For these reasons, I&M does not intend to accept self reads for opt-out customers.

INDIANA MICHIGAN POWER COMPANY
INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR
DATA REQUEST SET NO. OUCC DR 15
IURC CAUSE NO. 45235

DATA REQUEST NO OUCC 15-08

REQUEST

Please provide the AMI Business Case(s) including the financial analysis and all internal documents used and presented to its management in support of I&M's AMI deployment in Indiana.

- a) Please provide a summary the different Business Cases (i.e. A, B, C, or #1, #2, #3, as the case maybe) presented to management.
- b) Please provide the support document showing its approval of and the authorized capital spent for the AMI deployment in Indiana.

RESPONSE

Please see Company's response to OUCC 15-07.

SUPPLEMENTAL RESPONSE

b) The AMI deployment in Indiana is being managed in accordance with I&M's normal business practices. Given the timing of the start of the Indiana AMI deployment, I&M anticipates routing the project through the formal Improvement Requisition (IR) process in the first quarter of 2020. In addition, given the 3-year timeline for this project, I&M anticipates using a phased IR process, meaning that a Phase 1 IR would be issued to cover the cost of the initial meters and the 2020 installation costs. I&M would then revise the IR in late 2020 for the 2021 work scope.

INDIANA MICHIGAN POWER COMPANY
INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR
DATA REQUEST SET NO. OUCC DR 19
IURC CAUSE NO. 45235

DATA REQUEST NO OUCC 19-03

REQUEST

Does AEP have a business strategy for RECs, or does I&M have a business strategy for RECs, if different? If yes, please explain and provide any and all documentation, including information regarding the strategy for obtaining RECs, holding RECs in inventory, and selling RECs.

RESPONSE

I&M objects to the request on the grounds and to the extent the request is overly broad and unduly burdensome, particularly to the extent it seeks "any and all documentation." I&M further objects to the request on the grounds and to the extent it seeks information related to AEP, which is not a party to this proceeding. Subject to and without waiver of the foregoing objection, I&M provides the following response.

Please refer to the testimony of Toby Thomas on page 15, lines 21-23 and page 16, lines 1-4, which state:

Any RECs not subscribed to by customers will be maintained and counted toward I&M's compliance with RPS (Renewable Portfolio Standard) or GHG (Green House Gas) regulations to which it is, or may be, subject. Regardless of any future RPS or GHG mandates, receiving the RECs helps voluntarily reduce GHG emissions per megawatt hour. Also, I&M intends to monitor the value of RECs in the market and may occasionally monetize unsubscribed RECs and flow the benefits back to customers through the FAC.

I&M's and AEP's business strategy for RECs is premised on providing all I&M customers with a diversified mix of energy resources including renewables and supporting the carbon free goals or interests of individual customers by selling RECs to customers via Commission approved programs (i.e. Renewable Energy Option, Green Power Rider) and to continue and expand these programs through I&M's proposed IM Green Program and the agreement with Notre Dame. Further, please see the responses to OUCC DR 19-04 and 19-05.

INDIANA MICHIGAN POWER COMPANY
INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR
DATA REQUEST SET NO. OUCC DR 19
IURC CAUSE NO. 45235

DATA REQUEST NO OUCC 19-04

REQUEST

Under what conditions will I&M monetize RECs?

RESPONSE

I&M objects to the request on the grounds and to the extent the request calls for speculation. Subject to and without waiver of the foregoing objection, I&M provides the following response. While I&M does not currently have plans to monetize unsubscribed RECs, I&M may occasionally monetize unsubscribed RECs based upon market conditions. I&M and AEP continually monitor REC markets as they change and evolve. The conditions under which I&M would monetize unsubscribed RECs cannot be specified because it will depend on the market conditions as they exist at that time.

INDIANA MICHIGAN POWER COMPANY
INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR
DATA REQUEST SET NO. OUCC DR 19
IURC CAUSE NO. 45235

DATA REQUEST NO OUCC 19-05

REQUEST

What benefits do I&M ratepayers gain from not monetizing RECs?

RESPONSE

By not monetizing (selling) the unsubscribed RECs, I&M and its customers are able to claim that certain amounts of generation and energy consumption are carbon free. I&M's customers expect and I&M is committed to provide a diversified mix of energy resources that includes renewable energy. The SBSP, along with I&M's other renewable resources, help meet this expectation and commitment. If I&M were to monetize the unsubscribed RECs, then I&M and its existing and prospective customers would no longer be able to make a claim that part of their generation came from carbon free energy sources. When RECs are sold, the right to claim the environmental attributes is sold as well.

INDIANA MICHIGAN POWER COMPANY
INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR
DATA REQUEST SET NO. OUCC DR 10
IURC CAUSE NO. 45235

DATA REQUEST NO OUCC 10-04

REQUEST

Refer to Witness Lehman's testimony at pages 7 – 8. Please respond to the following:

- a. At p. 7, lines 4-7, Mr. Lehman states: "Conversely, if I&M does not engage to align incentives for customers to charge PEVs during off-peak times, the I&M system is highly likely to see greater peak capacity demands as default charging behavior coincides with existing system peaks, therefore reducing overall system utilization." Please provide all documentation to support this statement.
- b. How does Mr. Lehman define "default charging behavior"?
- c. What are I&M's current "peak capacity demands" as Mr. Lehman uses that phrase at page 7, lines 4 – 7 of his testimony.
- d. At page 8, lines 6-7, please provide all documentation and analysis that supports Mr. Lehman's assertion that "the [IM Plugged In Pilot] program design ensures ... contribution to fixed system costs ... benefitting all I&M customers with downward electricity rate pressure."

RESPONSE

I&M objects to the request on the grounds and to the extent it is overly broad and unduly burdensome, particularly to the extent it requests "all documentation and analysis". I&M further objects to the request on the grounds and to the extent the request seeks an analysis, compilation, study or calculation which I&M has not performed and to which I&M objects to performing. Subject to and without waiver of the foregoing objections, I&M provides the following response.

- a. As explained on page 2 of his testimony, Company witness Lehman's responsibilities as Electric Transportation Program manager include "monitoring industry technologies and evolution, participating in program design, [and] advising internal and external stakeholders on vehicle and charging technologies and systems". The referenced testimony on p. 7, lines 4-7, is not based on any particular outside documentation or sources but rather on witness Lehman's general industry experience and knowledge. Please also see the testimony of Company witness Lehman at p. 11, lines 1-11.
- b. Company witness Lehman is defining "default charging behavior" for purposes of the referenced statement to mean charging a PEV upon arrival at the destination, whether at home or at work. Please see the testimony of Company witness Lehman at p.11, lines 1-11.
- c. The Company's summer and annual peak internal demand for 2018 was 4,369 MW.
- d. The referenced statement is based on witness Lehman's general industry experience and knowledge, and not specific documentation or analysis. That said, please also see

INDIANA MICHIGAN POWER COMPANY
INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR
DATA REQUEST SET NO. OUCC DR 10
IURC CAUSE NO. 45235

the testimony of Company witness Lehman, Figure JWL-3 and WP-JWL-1, which summarize the benefits to all I&M customers per residential and small commercial home charging participant.

INDIANA MICHIGAN POWER COMPANY
INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR
DATA REQUEST SET NO. OUCC DR 10
IURC CAUSE NO. 45235

DATA REQUEST NO OUCC 10-05

REQUEST

Refer to Witness Lehman's testimony at page 10. Please respond to the following:

- a. At lines 2-4, Mr. Lehman states: "Faster adoption of electric transportation technologies when paired with utility programs that accomplish this downward rate pressure benefits all electric utility customers." Please provide all documentation and analysis that supports this assertion.
- b. At lines 4 – through 8, Mr. Lehman states, "Electric utilities can achieve the greatest downward rate pressure benefits by raising awareness with our customers and communities of the benefits of driving electric, along with customer program offerings that align incentives for off-peak PEV charging – both independently and through collaboration with other stakeholders." Please provide all documentation and analysis that supports this assertion.

RESPONSE

I&M objects to the request on the grounds and to the extent it is overly broad and unduly burdensome, particularly to the extent it requests "all documentation and analysis". I&M further objects to the request on the grounds and to the extent the request seeks an analysis, compilation, study or calculation which I&M has not performed and to which I&M objects to performing. Subject to and without waiver of the foregoing objections, I&M provides the following response.

a.-b. As explained on page 2 of his testimony, Company witness Lehman's responsibilities as Electric Transportation Program manager include "monitoring industry technologies and evolution, participating in program design, [and] advising internal and external stakeholders on vehicle and charging technologies and systems". The referenced statements are not based on particular documentation or analysis, but rather on witness Lehman's general industry experience and knowledge. Please also see the testimony of Company witness Lehman, Figure JWL-3 and WP-JWL-1, which summarize the benefits to all I&M customers per residential and small commercial home charging participant.

INDIANA MICHIGAN POWER COMPANY
INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR
DATA REQUEST SET NO. OUCC DR 10
IURC CAUSE NO. 45235

DATA REQUEST NO OUCC 10-06

REQUEST

Refer to Witness Lehman's testimony at page 17. Please provide all documentation and analysis to support the data in Figure JWL-3.

RESPONSE

I&M objects to the request on the grounds and to the extent it is overly broad and unduly burdensome, particularly to the extent it requests "all documentation and analysis". I&M further objects to the request on the grounds and to the extent the request seeks an analysis, compilation, study or calculation which I&M has not performed and to which I&M objects to performing. Subject to and without waiver of the foregoing objections, I&M states, please see WP-JWL-1.

INDIANA MICHIGAN POWER COMPANY
INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR
DATA REQUEST SET NO. OUCC DR 10
IURC CAUSE NO. 45235

DATA REQUEST NO OUCC 10-07

REQUEST

How does I&M define the “Benefit to All I&M Customers” figures as shown in Figure JWL-3. Provide all supporting calculations.

RESPONSE

I&M objects to the request on the grounds and to the extent it is overly broad and unduly burdensome, particularly to the extent it requests “all supporting calculations”. I&M further objects to the request on the grounds and to the extent the request seeks an analysis, compilation, study or calculation which I&M has not performed and to which I&M objects to performing. Subject to and without waiver of the foregoing objections, I&M states that “Benefit to All I&M Customers” for purposes of Figure JWL-3 refers to the cumulative benefit to all I&M customers over a ten-year period per residential and small commercial home charging participant. See WP-JWL-1 for the supporting calculations.

INDIANA MICHIGAN POWER COMPANY
INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR
DATA REQUEST SET NO. OUCC DR 10
IURC CAUSE NO. 45235

DATA REQUEST NO OUCC 10-08

REQUEST

Did I&M perform a cost benefit analysis for the "IM Plugged In Pilot Program"? If yes, please provide. If no, please explain.

RESPONSE

I&M objects to the request on the grounds and to the extent the request seeks an analysis, compilation, study or calculation which I&M has not performed and to which I&M objects to performing. Subject to and without waiver of the foregoing objection, I&M provides the following response.

Yes. A cost benefit analysis specific to home charging is shown in Figure JWL-3 and WP-JWL-1. Due to the proposed customer choice, optionality, and installation cost variability a cost benefit analysis for the entire program as a whole would be speculative, and therefore has not been performed.

INDIANA MICHIGAN POWER COMPANY
INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR
DATA REQUEST SET NO. OUCC DR 10
IURC CAUSE NO. 45235

DATA REQUEST NO OUCC 10-09

REQUEST

Refer to Witness Lehman's testimony at page 17, which states I&M proposes to provide a \$500 "rebate incentive" to customers who participate in the IM Plugged In Pilot Program. Please respond to the following:

- a. How did I&M determine the \$500 amount for the rebate incentive? Provide all supporting analysis.
- b. What is the average cost of "initial electric costs" to provide a "dedicated 240V circuit"? Provide all calculations.
- c. If a PEV customer already has home charging equipment, will I&M require specific materials, equipment, and installers for home charging equipment be used before a customer can participate in the IM Plugged In Pilot Program?

RESPONSE

I&M objects to the request on the grounds and to the extent it is overly broad and unduly burdensome, particularly to the extent it requests "all supporting analysis" and "all calculations". I&M further objects to the request on the grounds and to the extent the request seeks an analysis, compilation, study or calculation which I&M has not performed and to which I&M objects to performing. Subject to and without waiver of the foregoing objections, I&M provides the following response.

a. Please see WP-JWL-1. A \$500 program enrollment incentive was selected to allow a reasonable payback period, and reasonably balance the benefits of the program between the participant and all I&M customers.

b. The cost of electrical installation to support home PEV charging is highly variable, dependent on the layout and conditions of the participant premise. According to an article in BlombergNEF, a proprietary subscription service, US electrical installation costs not including equipment average \$500. The BlombergNEF report will be made available for review and inspection during regular business hours at the law office of Barnes & Thornburg at a mutually agreeable time. In addition, a 2016 study is publicly available from Idaho National Laboratory, which found the average cost for residential installations to be \$1,354:

<https://avt.inl.gov/sites/default/files/pdf/arra/PluggedInSummaryReport.pdf>

c. The only specific equipment that would be necessary for participation is a separate PEV AMI meter on a 240 volt circuit. Please see Company witness Lehman's testimony, p. 15 lines 11-18 and Attachment JWL-1 p. 1.

INDIANA MICHIGAN POWER COMPANY
INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR
DATA REQUEST SET NO. OUCC DR 10
IURC CAUSE NO. 45235

DATA REQUEST NO OUCC 10-10

REQUEST

Refer to Witness Lehman's testimony at page 18. Please respond to the following:

- a. How did I&M determine the \$250 amount for the "per-port rebate" for fleet and workplace charging? Provide all supporting analysis.
- b. What is the average "equipment and installation cost" for workplace and fleet charging? Provide all calculations.
- c. If a PEV customer already has workplace or fleet charging equipment, will I&M require specific materials, equipment, and installers for workplace or fleet charging equipment be used before a customer can participate in the IM Plugged In Pilot Program?

RESPONSE

I&M objects to the request on the grounds and to the extent it is overly broad and unduly burdensome, particularly to the extent it requests "all calculations". I&M further objects to the request on the grounds and to the extent the request seeks an analysis, compilation, study or calculation which I&M has not performed and to which I&M objects to performing. Subject to and without waiver of the foregoing objections, I&M provides the following response.

a. There are many unknowns that exist for fleet and workplace customers, and this proposal will allow the company to better realize benefits to all customers in this application. As explained on page 2 of his testimony, Company witness Lehman's responsibilities as Electric Transportation Program manager include "monitoring industry technologies and evolution, participating in program design, [and] advising internal and external stakeholders on vehicle and charging technologies and systems". Witness Lehman relied on his general industry experience and knowledge in determining the rebate incentive amount, rather than a specific analysis or calculation. The \$250 per-port rebate was selected with the intent to provide a reasonable incentive to encourage deployment. Please see Company witness Lehman's direct testimony, p. 18 lines 5-12, and 16-19.

b. As with residential electrical installations, this cost is highly variable. Average equipment and installation costs are not known at this time, but this proposal will allow the company to collaborate directly with our customers to better quantify and understand these challenges. A study from Idaho National Laboratory found the average installation cost for this application in 2016 to be \$2,223:

<https://avt.inl.gov/sites/default/files/pdf/arra/PluggedInSummaryReport.pdf>

c. The only specific equipment that would be necessary for participation is a separate PEV AMI meter on a 208 or 240 volt circuit. Please note that only new electrical and/or equipment deployments are eligible for this program, as the intent of the program is to encourage the installation of equipment that might not otherwise be installed. Please see Attachment JWL-1 p. 3.

INDIANA MICHIGAN POWER COMPANY
INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR
DATA REQUEST SET NO. OUCC DR 22
IURC CAUSE NO. 45235

DATA REQUEST NO OUCC 22-02

REQUEST

Page 14, lines 7-9, Mr. Kerns discusses Rockport's compliance with the CCR rule. Please respond to the following:

- a. Please provide a description of all activities performed and equipment necessary to support the \$4,069,000 estimate for CCR compliance.
- b. Does the Rockport Plant CCR Compliance project involve installing new equipment or facilities at Rockport, or does it only include the cost to close the "east bottom ash pond"?

RESPONSE

I&M objects to the extent this question seeks information that is confidential, proprietary, competitively sensitive and/or trade secret. I&M further objects to the request on the grounds and to the extent the request is overly broad and unduly burdensome, particularly to the extent the request seeks a description of "all activities performed and equipment necessary". Subject to and without waiver of the foregoing objections, I&M states:

- a. Please see the Company's response to OUCC 21-26, specifically "OUCC 21-26 Confidential Attachment 4". This confidential information is being provided pursuant to the July 6, 2006 Standard Form Nondisclosure Agreement between I&M and the OUCC.
- b. The Rockport Plant CCR Compliance project includes the cost to close the east bottom ash pond.

INDIANA MICHIGAN POWER COMPANY
INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR
DATA REQUEST SET NO. OUCC DR 21
IURC CAUSE NO. 45235

DATA REQUEST NO OUCC 21-27

REQUEST

Page 14, lines 7-9, Mr. Kern discusses Rockport's compliance with the CCR rule. Please respond to the following:

- a. Has I&M received approval from the Indiana Department of Environmental Management ("IDEM") for the closure of the "east bottom ash pond"? If yes, please provide.
- b. Please provide all documentation to support the \$4,069,000 estimate for closure of the "east bottom ash pond".
- c. Please provide the in-service date for the "east bottom ash pond".
- d. Please provide the date I&M stopped use of the "east bottom ash pond".
- e. Is I&M aware of any release of materials contained in the "east bottom ash pond"? If yes, please provide all documentation.
- f. If the answer to subpart (e) is yes, please confirm when I&M became aware of the release.
- g. If I&M is monitoring the groundwater surrounding the "east bottom ash pond" or the Rockport station, please provide all data collected.

RESPONSE

I&M objects to the request on the grounds and to the extent the request is overly broad and unduly burdensome, particularly to the extent the request seeks "all documentation" and "all data". I&M further objects to the request on the grounds and to the extent the request seeks information that is publicly available and accessible to the OUCC. Subject to and without waiver of the foregoing objections, I&M provides the following response.

- a. No. Approval of the closure plan by IDEM is required [329 IAC 10-9-1(c)] prior to the beginning of closure activities.
- b. Please see the Company's response to OUCC 21-26.
- c. 1984.
- d. The east bottom ash pond is still active.
- e. The bottom ash ponds are currently in assessment monitoring, but have not exceeded any CCR groundwater protection standards.
- f. N/A
- g. The monitoring reports for the Rockport Plant are available via the following link:
<https://www.aep.com/environment/ccr/Rockport>

Confidential Attachment LMA-2

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF INDIANAPOLIS POWER &)
LIGHT COMPANY AND INDIANA OFFICE OF)
UTILITY CONSUMER COUNSELOR FOR) CAUSE NO. 43251
APPROVAL OF A VOLUNTARY GREEN POWER)
RIDER.)

2018 GREEN POWER TARIFF RIDER ANNUAL REPORT

Pursuant to the Settlement Agreement filed in Cause No. 43251 and approved by Commission Order dated June 27, 2007, Indianapolis Power & Light Company (“IPL”), by counsel, makes its annual informational filing on the results of its Standard Contract Rider No. 21 (“Green Power Tariff Rider”).

Respectfully submitted,



Jeffrey M. Peabody, Attorney No. 28000-53
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Phone: 317.231.6465
Fax: 317.231.7433
Email: jpeabody@btlaw.com

Attorney for Indianapolis Power & Light
Company

CERTIFICATE OF SERVICE

The undersigned certifies that on September 28, 2018, a copy of the foregoing was served by email transmission on Jeffrey M. Reed, Esq., OFFICE OF UTILITY CONSUMER COUNSELOR, 115 W. Washington Street, Suite 1500 South, Indianapolis, Indiana 46204 (jreed@oucc.in.gov and infomgt@oucc.in.gov).



Jeffrey M. Peabody

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Email: jpeabody@btlaw.com

Attorney for Indianapolis Power & Light Company

Background

IPL has provided a voluntary Green Power Program for customers for over 20 years. Initially offered as a component of IPL's Elect Plan in the late 1990's, the Green Power Program was transitioned to a tariff offering (Standard Contract Rider No. 21).

Through a very simple process, customers can enroll in IPL's Green Power Option and specify a participation amount equal to 100%, 50% or 25% of their monthly electricity use (business customers may also choose to enroll at a 10% level). The Green Power Option provides Renewable Energy Certificates ("RECs") that are generated by an environmentally friendly, renewable resource.

Customers that enroll in the Green Power Option, pay a premium in addition to IPL's standard, regulated rate. The premium is primarily a reflection of IPL's cost to purchase the RECs. The premium varies depending upon the cost of REC purchases made. For the 12-month period covered by this annual report (September 2017 through August 2018) the Green Power premium was \$0.001900 per kilowatt-hour enrolled. At this premium, a typical residential customer using 1,000 kilowatt-hours in a month and enrolled at the 100% level paid an additional \$1.90 on their IPL electric bill.

I. Green Power Option Participation and Sales Data

Participants

During this reporting period, the number of customers participating in the IPL Green Power Option increased by more than 4.5 over the previous reporting period. Increases were seen in both residential and business customers. The total number of participants remains slightly over 1% of IPL's total customer base of approximately 490,000.

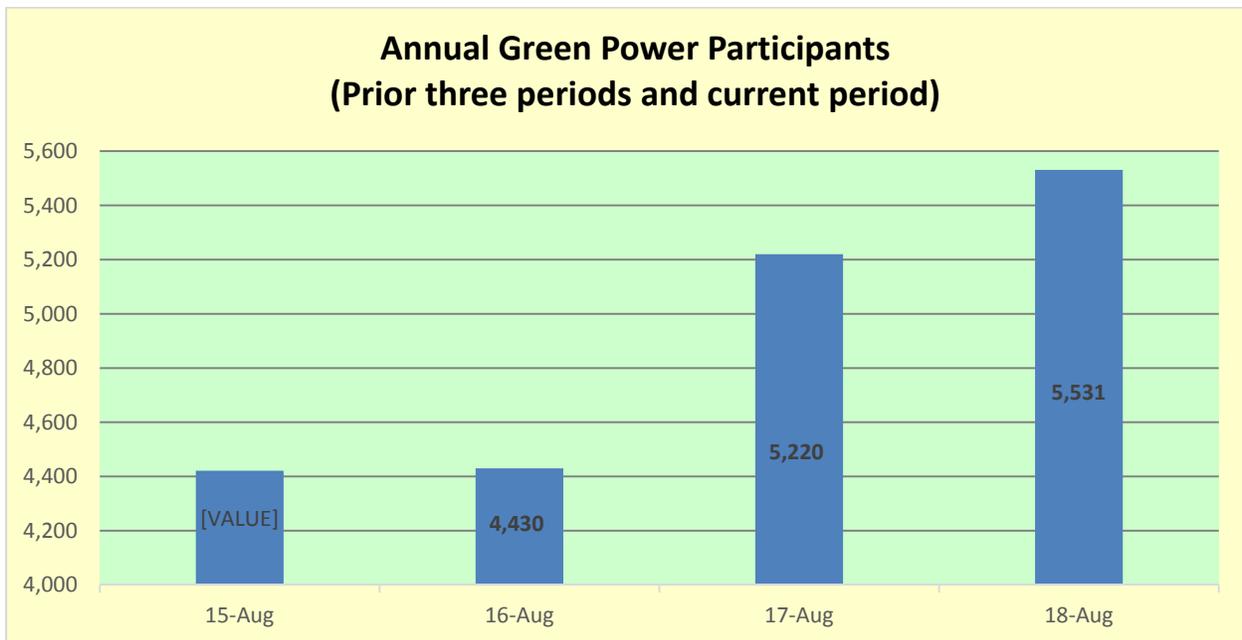
The table below contains the number of participants by month for the current reporting period.

Number of Enrolled Customers by Month			
Month/Year	Residential	Commercial/Industrial (C&I)	Total
September, 2017	5,070	221	5,291
October	5,155	213	5,368
November	5,155	213	5,368
December	5,207	217	5,424
January, 2018	5,274	217	5,491
February	5,310	220	5,530
March	5,285	218	5,503
April	5,303	215	5,518

May	5,298	217	5,515
June	5,307	216	5,523
July	5,296	219	5,515
August	5,308	223	5,531
Net Change, 12-Month Period			4.5%

At the end of the current reporting period, residential customers made up about 88% of IPL’s customer base, but comprised 96% of the Green Power participants.

In the chart below, the number of participants at the end of the current reporting period is compared to previous reporting periods.

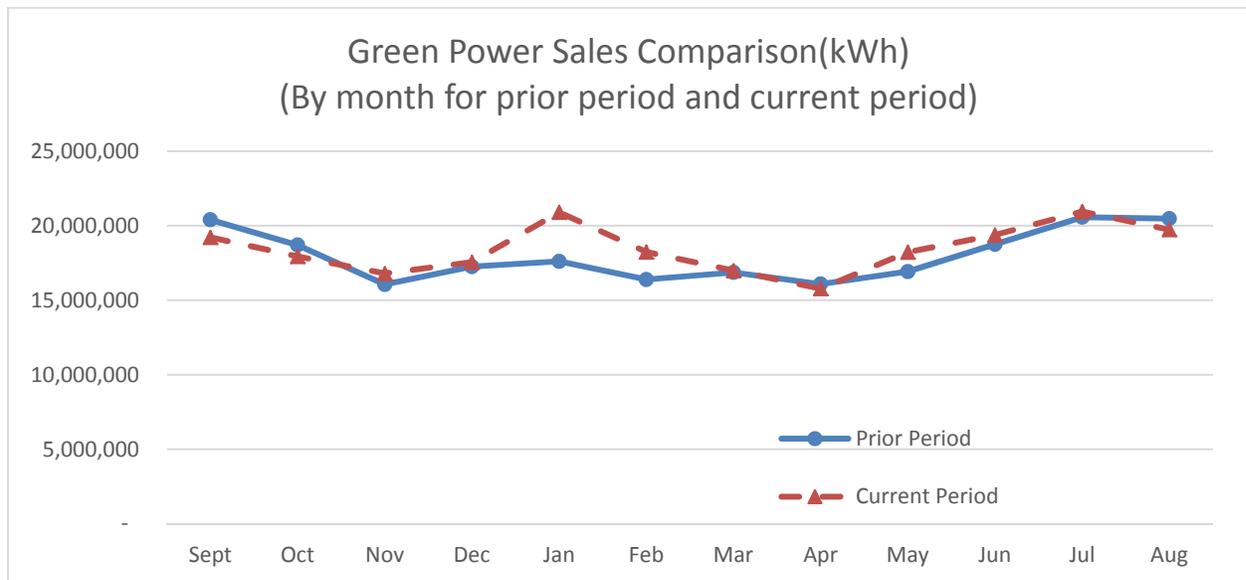


Green Power Sales

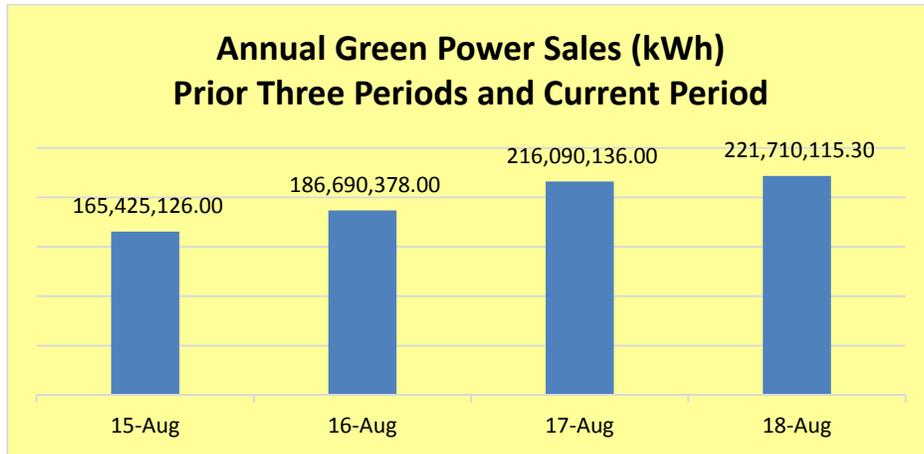
Green Power sales, as measured by kilowatt-hours (“kWh”) sold to participating customers, totaled 221,710,115 kWh during the reporting period. As discussed in greater detail below, IPL fulfills the Green Power sales to participating customers by purchasing RECs on their behalf. One REC is equivalent to one MWh. The table below summarizes IPL’s Green Power Sales by month.

Green Power Sales by Month (kWh)	
Month	Sales
September, 2017	19,221,640
October	17,936,331
November	16,795,612
December	17,552,568
January, 2018	20,901,091
February	18,238,381
March	16,989,129
April	15,777,947
May	18,228,762
June	19,381,281
July	20,949,828
August	19,737,546
Total Sales	221,710,115

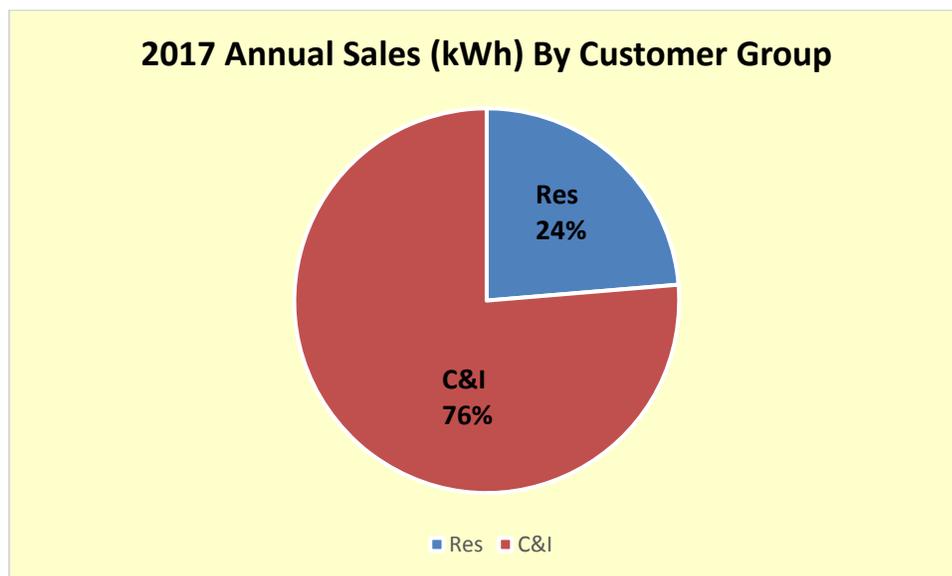
The monthly Green Power sales for the both the prior and current reporting periods is compared graphically below. Annual Green Power sales for the current reporting period (221,710,115 kWh) increased by approximately 2.6% over the prior reporting period (216,090,136 kWh).



The chart below reflects annual Green Power sales (kWh) for the prior three reporting periods and the current reporting period. Green Power sales have continued to increase year over year.



Green Power sales (kWh) to both the C&I participating customers and the residential participating customers for calendar year 2017 are illustrated in the table below. Total sales continue to be driven primarily by business customers, a few of which are quite large and therefore have a significant impact.



II. Program Accreditation

IPL’s Green Power Option has been Green-e Energy certified since 2010. Green-e is a program of the Center for Resource Solutions (“CRS”) and is the nation's leading independent consumer protection program for the sale of renewable energy in the retail market.¹ Having IPL’s Green Power Option certified as Green-e Energy provides customers with a higher level of assurance that all RECs purchased by IPL are tracked from creation to retirement, and that all associated environmental claims and benefits are legitimate and are only accounted for once. This certification allows IPL to use the Green-e logo (shown below) in advertising and promotional material.



To comply with the requirements of Green-e Energy certification, the program must adhere to standards for marketing and customer enrollment procedures as well as undergo an annual audit under the direction of an independent auditor. IPL submitted its seventh annual audit to CRS using the firm of Larkin and Associates, PLLC. The Green Power Option was determined to be in compliance with all Green-e Energy protocol requirements.

III. Purchase of RECs and Revisions to the Green Power Rate (“Premium”)

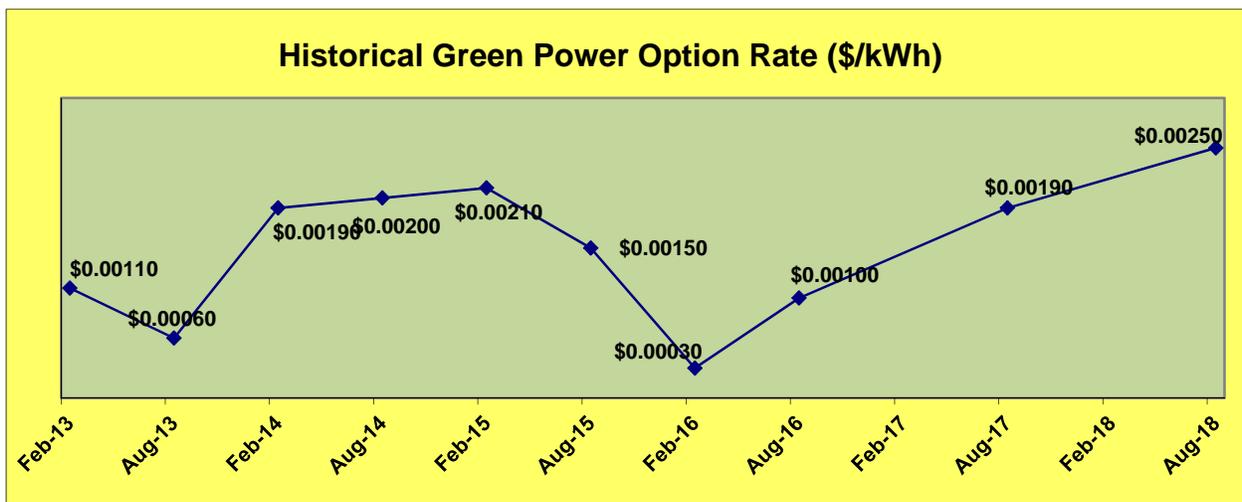
RECs are the mechanism by which IPL provides its Green Power customers with renewable energy. RECs represent the renewable attributes of energy generated by sources such as wind, solar and landfill (methane) gas. One REC represents one Megawatt-hour (“MWh”) of renewable energy generation delivered to the electricity grid. During the reporting period, IPL made the following REC purchases:

Source/Type	Cost	Purchased From	MWh Purchased	Date
Midcontinent Independent System Operator (MISO) Wind	\$.85	Sterling Planet, Inc.	2,100	Jan 2018
Midcontinent Independent System Operator (MISO) Wind	\$1.35	3 Degrees, Inc.	227,500	Mar, 2018

¹ Green-e offers certification and verification of renewable energy and requires that sellers of certified renewable energy disclose clear and useful information to potential customers, allowing consumers to make informed choices. More information is available at <http://green-e.org/>.

The two primary factors considered in the REC procurement process are price and geographical location of the REC generation source, with price generally being the primary consideration. In addition, Green-e Energy imposes geographical restrictions on the RECs purchased for a utility green pricing program, and as a result RECs for the Green Power Option are sourced from generation facilities located within the Midcontinent Independent System Operator (MISO) region. We continue to evaluate geographical proximity, since this is important to many participants.

The cost of purchased RECs, along with IPL administrative and marketing expenses, drives the rate calculation for the Green Power Rate. Per the IURC Order in Cause No. 44121 GPR-9 (July 20, 2016), IPL adjusts the premium annually. The annual filing frequency is more efficient for all parties involved with the Green Power Rate adjustment filings. The chart below shows the Green Power rate for the past four years.



The Green Power Option offers an affordable opportunity for customers to support renewable energy. At the current rate, the typical IPL residential customer who has chosen to enroll 100% of their electricity in the Green Power Option, and assuming 1,000 kWh of consumption per month, will experience an additional charge of \$2.50 per month, which is 2.2% of the total billed amount assuming the current rates and charges in effect for such bill. Changes to the premium are communicated using bill messages, customer newsletters (*Power Points* for C&I customers; *Plugged In* for Residential customers), bill inserts, the IPL website and an annual customer letter.

IV. Marketing and Program Administration

Marketing

IPL continues to work with its marketing agency, Williams Randall Marketing, to refine and implement a marketing strategy that maximizes the available budget. The majority of the budget has been used for placements of online display ads and the use of search engine marketing. These cost-effective ad placements have the added benefit of making enrollment easier via a “click-through” to the IPL website and the Green Power Option landing page.

We also use internal customer communication vehicles such as bill inserts and our customer newsletter, “Plugged In,” to create awareness. In 2016, IPL introduced a marketing campaign focused on businesses. Williams Randall created new ads and a website landing page that were intended to raise awareness about the ease and affordability of the Green Power Option for businesses wanting to increase their environmental initiatives.

IPL’s outreach to businesses builds on a successful effort initially undertaken in late 2016 to work with several downtown Indianapolis hotels to encourage participation in the Green Power Program. By leveraging the IPL Green Power Option, the hotels have the opportunity to enhance their image of being an environmentally conscientious lodging and event destination.

Customer Communication

Residential customers receive an annual letter containing information about the program as well as general information on renewable energy topics. The annual letter also provides an opportunity to distribute the Historic Product Content Label (“HPCL”), which is a requirement of Green-e Energy certification. A copy of the annual letter and HPCL is attached as an *Exhibit*.

Marketing and Administrative Costs

Recoverable marketing and program expenses that were incurred during the 12 months ended April 30, 2018 totaled \$101,363 of which \$46,131 was for IPL program administration.

V. Exhibit

Exhibit – Green Power customer letter and HPCL



Green Power Option from Indianapolis Power & Light Company

August 2018

Dear IPL Green Power Option Participant,

Thank you for your continued support of renewable energy through your participation in IPL's Green Power Option. As we have done annually for several years, we are sharing via this letter some facts about the program and the impact you are having through your participation. Also included in this mailing is a Product Content Label detailing the sources of the renewable energy certificates that were purchased for the program. Should you have any questions, please email me at erik.hudak@aes.com

Finally, please encourage your friends and neighbors to enroll in the Green Power option at iplpower.com/greenpower.

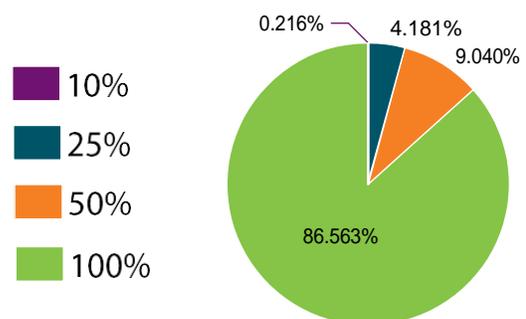
Erik Hudak, Green Power Option Program Manager

For your information, IPL is working to implement a system that will enable us to send future communications electronically.

Program Details

The Green Power Option enables IPL's residential and business customers to easily and affordably demonstrate support for renewable energy. When you choose to participate in the Green Power Option, IPL matches your enrolled level of electricity use with renewable energy certificates. This ensures that for every kilowatt hour (kWh) of electricity you use, another kilowatt hour of electricity, generated from renewable sources, is delivered to the power grid.

IPL Green Power Option Participants by Enrollment Level



IPL's Green Power Option matches all participants' electricity use with Renewable Energy Certificates (RECs) generated from regional green power facilities (currently 100% wind). Your participation in the Green Power Option channels funds to renewable energy projects, encourages development in similar projects and increases the demand for renewable energy.

The chart above describes the current enrollment level mix for residential customers who participate in the Green Power Option program. The majority of IPL's participating residential customers are enrolled at the 100% level.

Green Power Option - Rate Update

Since August 1, 2017, the Green Power premium, which is the additional price paid by participants in the program, has been \$0.00190 per kilowatt-hour (kWh) enrolled. This Green Power premium is established through an annual filing with the Indiana Utility Regulatory Commission (IURC) and is based primarily on the actual and forecasted cost for Renewable Energy Certificates (RECs). IPL is also allowed to recover the administrative costs incurred to deliver the program.

IPL recently received approval from the IURC for a new Green Power rate. The new rate beginning September 2018 will be \$0.00250, a slight increase over the current rate.

A typical IPL household using 1,000 kWh per month and enrolled in the Green Power Option at the 100% level paid an additional \$1.90 on their monthly IPL bill over the past year. Once the new rate is effective, this typical household will pay an additional \$2.50 to participate in this program.

Facts about IPL's Green Power Option

Due to the availability and modest cost, energy from wind continues to comprise 100% of the renewable electricity supplied on behalf of IPL's Green Power Option participants. Based on requirements of Green-e Energy (see below), the geographical source of the wind must be from the upper Midwest. Recent purchases have been from wind farms in North Dakota, South Dakota, Iowa, and Montana.

During the 12 month period ending June 30, 2018:

- The number of participants enrolled in the program increased by 7% and now number over 5,500.
- Green Power Option customers accounted for 222,066,707 kWh of electricity usage from renewable sources.
- These purchases represent approximately 364,000,000 pounds of avoided greenhouse gas emissions. This is the equivalent of taking more than 35,300 passenger cars off the road for a year!*

* Source: EPA.gov/energy/greenhouse-gas-equivalencies-calculator



The Green Power Option is Green-e Energy Certified

The Green Power Option is Green-e Energy certified, which means the program meets the standards established by the independent, non-profit Center for Resource Solutions (CRS). Green-e Energy is a voluntary certification program which provides standards to insure that customers are provided with clear and consistent information about the program.

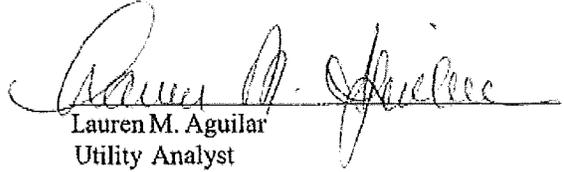


A copy of the 2017 "Historic Product Content" label is included with this letter. This label provides information as to the source and mix of the renewable energy procured for the program in the previous year and is a requirement for Green-e Energy certification.

PRODUCT CONTENT LABEL ¹		
<p>This product matches the percentage of your estimated electricity usage selected at enrollment (25%, 50% or 100%). The product will be made up of the following new renewable resources averaged annually.</p>		
Green-e Energy Certified New ² Renewables in The Green Power Option		Generation Location
-Biomass	0%	
-Geothermal	0%	
-Small or low impact hydroelectric ³	0%	
-Solar	0%	
-Wind	100%	Midwest Region
Total Green-e Energy Certified New Renewables	100%	
-Other Renewables	0%	
-Large Hydroelectric	0%	
-Coal	0%	
-Natural Gas	0%	
-Oil	0%	
-Other	0%	
Total	100%	
<p>1. These figures reflect the power that we have contracted to provide. Actual figures may vary according to resource availability. We will annually report to you the actual resource mix of the electricity you purchased during the preceding year.</p> <p>2. New Renewables come from generation facilities that first began commercial operation on or after 1/1/97.</p> <p>3. Eligible hydroelectric facilities are defined in the Green-e Energy National Standard (http://www.green-e.org/getcert_re_stan.shtml) and include facilities certified by the Low Impact Hydropower Institute (LIHI) (www.lowimpacthydro.org); facilities that are run-of-the-river hydropower facilities with a total rated nameplate capacity equal to or less than 5 MW; and facilities comprised of a turbine in a pipeline or a turbine in an irrigation canal.</p> <p>4. For comparison, the current average mix of resources supplying IPL includes: Coal (91.2%), Wind (7.7%) Natural Gas (1.1 %). (Source: IPL Markets & Risks 3-2012).</p> <p>For specific information about this electricity product, please contact IPL at 1-888-261-8222 or www.IPLpower.com</p>		
		
<p>Green-e Energy certifies that The Green Power Option meets the minimum environmental and consumer protection standards established by the non-profit Center for Resource Solutions. For more information on Green-e Energy certification requirements, call 1-888-63-GREEN or log on to www.green-e.org.</p>		

AFFIRMATION

I affirm, under the penalties for perjury, that the foregoing representations are true.



Lauren M. Aguilar

Utility Analyst

Indiana Office of Utility Consumer Counselor

Cause No. 45235

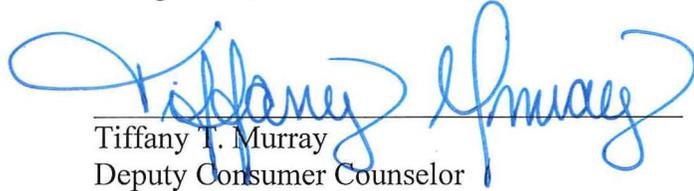
Indiana Michigan Power Company

August 20, 2019

Date

CERTIFICATE OF SERVICE

Indiana Office of Utility Consumer Counselor Public's Exhibit No. 10 Testimony of OUCW Witness Lauren M. Aguilar has been served upon the following parties of record in the captioned proceeding by electronic service on August 20, 2019.


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