



Indiana Office of Utility Consumer Counselor

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Indiana Michigan Power rate case: OUCC recommends substantial reduction to utility's request

The Indiana Office of Utility Consumer Counselor (OUCC) is recommending that Indiana Michigan Power (I&M) receive only one-eighth (1/8) of the base rate increase it is requesting. The OUCC makes its recommendations in testimony being filed with the Indiana Utility Regulatory Commission (IURC) this afternoon.

In its base rate case, I&M is requesting approximately \$174.2 million in new, annual operating revenues from its Indiana customers. The OUCC's recommendations would limit the increase to \$21.8 million.

"Today's recommendations are the result of the OUCC's technical and legal review of I&M's request that started last September and will continue as this case proceeds," said Indiana Utility Consumer Counselor David Stippler. "Our analysis shows that a partial rate increase to ensure a continuation of safe, reliable service is justified. But based on the evidence I&M has filed thus far, the utility has not demonstrated the need for the level of revenue it is seeking."

The OUCC's testimony focuses on the utility's proposed total revenue requirement and does not include a breakdown of impacts on various customer classes at this time. Key recommendations include:

- An approved return on equity (ROE) of 9.2 percent. I&M's ROE is currently authorized at 10.5 percent, with the utility seeking 11.15 percent in this case.
- Downward adjustments to numerous line items including operating and maintenance costs, depreciation rates and fees payable to the Nuclear Regulatory Commission (NRC).
- Denial of other requests including special accounting treatment for storm recovery costs, I&M's proposed "fair value" rate adjustment, and full tracking of transmission costs outside base rates.
- Rejection of I&M's proposed change in sharing off-system sales revenues with customers.

The IURC has conducted public field hearings in this case in Fort Wayne, South Bend and Muncie. In addition, the OUCC is submitting written comments received from more than 300 I&M customers for the formal case record.

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An evidentiary hearing, to allow for I&M and Commission questioning of witnesses from the OUCC and other parties that are filing technical testimony, is scheduled to start on June 18 in Indianapolis. All hearing dates are subject to change, and a settlement agreement is possible in any legal case.

The pending rate case (IURC Cause No. 44075) is one of several I&M cases that may have a significant, cumulative impact on I&M customer bills. **Separately from the rate case**, I&M is seeking rate recovery for new pollution control equipment at its Rockport Generating Facility (IURC Cause No. 44033) and approval of a Life Cycle Management project for its Cook Nuclear Plant (IURC Cause No. 44182). In its rate case testimony, the OUCC currently estimates that I&M's requests in these separate cases could raise its Indiana customer rates by more than 37 percent overall. This percentage does not include additional operating and maintenance expenses, or the potential rate impact on its customers resulting from the additional revenue sought by I&M in the base rate case.

For more information on the rate case, please visit the OUCC's Website at www.in.gov/oucc/2667.htm.

I&M, a wholly owned subsidiary of American Electric Power (AEP), provides service to approximately 458,000 customers in 24 Indiana counties.

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(IURC Cause No. 44075)

The Indiana Office of Utility Consumer Counselor (OUCC) represents Indiana consumer interests before state and federal bodies that regulate utilities. As a state agency, the OUCC's mission is to represent all Indiana consumers to ensure quality, reliable utility services at the most reasonable prices possible through dedicated advocacy, consumer education, and creative problem solving.

To learn more, visit www.IN.gov/OUCC or follow us at www.twitter.com/IndianaOUCC.