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STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

VERIFIED PETITION OF INDIANA)
 MICHIGAN POWER COMPANY (I&M))
 FOR (1) APPROVAL OF A)
 TRANSMISSION, DISTRIBUTION, AND)
 STORAGE SYSTEM IMPROVEMENT)
 CHARGE (TDSIC) RATE SCHEDULE; (2)) CAUSE NO. 44543
 APPROVAL OF I&M'S PROPOSED)
 COST ALLOCATIONS; (3) APPROVAL)
 OF THE TIMELY RECOVERY OF TDSIC) APPROVED:
 COSTS THROUGH I&M'S PROPOSED)
 TDSIC RATE SCHEDULE; AND (4))
 AUTHORITY TO DEFER APPROVED)
 TDSIC COSTS, PURSUANT TO IND.)
 CODE CH. 8-1-39.)

MAY 08 2015

ORDER OF THE COMMISSION

Presiding Officers:
David E. Ziegner, Commissioner
David E. Veleta, Administrative Law Judge

On October 14, 2014, Indiana Michigan Power Company ("I&M") filed its Verified Petition together with its direct testimony and exhibits constituting its Case-In-Chief. Citizens Action Coalition of Indiana, Inc. ("CAC"), and the I&M Industrial Group ("Industrial Group") filed petitions to intervene, all of which were subsequently granted. On January 12, 2015, the Indiana Office of Utility Consumer Counselor ("OUCC") filed its direct testimony and exhibits. On January 30, 2015, I&M filed its rebuttal testimony and exhibits and its request for Administrative Notice.

A public evidentiary hearing was conducted in this Cause at 9:30 a.m. on February 11, 2015, in Room 222, 101 W. Washington Street, Indianapolis, Indiana. I&M, the OUCC, and the Industrial Group appeared at and participated in the hearing. No members of the general public attended the hearing.

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

1. Notice and Jurisdiction. Notice of the hearing in this Cause was given and published by the Commission as required by law. I&M is a "public utility" under Indiana Code §§ 8-1-2-1 and 8-1-39-4. Under Indiana Code chapter 8-1-39, the Commission has jurisdiction to approve a public utility's seven-year plan for eligible transmission, distribution, and storage improvements and its associated costs. Therefore, the Commission has jurisdiction over I&M

and the subject matter of this proceeding in the manner and to the extent provided by Indiana law.

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

3. **Requested Relief.** In accordance with Indiana Code § 8-1-39-9(a), I&M requests the following relief:

A. Approval of a rate schedule (also referred to herein as the "TDSIC Rider" or "Rider") that will allow the periodic adjustment of I&M's basic rates and charges to provide for timely recovery of eighty percent (80%) of approved capital expenditures and TDSIC costs including the pre-tax return on electric plant-in-service TDSIC capital investment, associated depreciation expense, property tax expense, and operation and maintenance ("O&M") expense associated with the TDSIC capital investments, as well as other TDSIC O&M expense related to I&M's 7-year Electric Plan ("TDSIC Costs").

B. Approval of: (1) I&M's methodology for calculating the allowable pre-tax return; (2) I&M's methodology for calculating the TDSIC Rider revenue requirement; (3) annual timing interval for filing for TDSIC Rider rates; and (4) I&M's methodology for determining the average aggregate increase in its total retail revenue attributable to the TDSIC Rider for the purpose of demonstrating that the TDSIC will not result in an average aggregate increase of more than 2% in a twelve-month period.

C. Approval to record ongoing carrying charges on the deferred balance based on I&M's pre-tax weighted cost of capital until the costs are included for recovery in I&M's basic rates in its next general rate case. To effectuate the rate adjustment mechanism, I&M also seeks accounting authority to defer 100% of the approved TDSIC Costs incurred prior to the implementation of TDSIC Rider rates.

D. Approval of its distribution and transmission customer class revenue allocation factors and their use in calculating the TDSIC Rider factors.

E. Approval of its rate design methodology to recover TDSIC Costs through a demand charge for demand metered customers, through a monthly charge for non-demand metered customers and through an energy charge for lighting and irrigation service customers.

4. **Commission Discussion and Findings.**

A. **Request To Establish TDSIC.** As part of its Petition, I&M attached its current proposed 7-Year Electric Plan which was simultaneously pending approval in Cause No.

44542. Our Order in Cause No. 44542 denied I&M's 7-Year Electric Plan. Therefore, it is not necessary for us to address any further the relief requested in this cause.

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

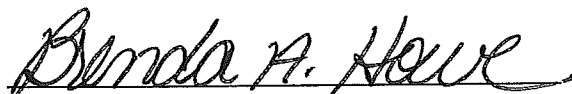
1. I&M's request to implement its TDSIC Rate Schedule is hereby denied.
2. This Order shall be effective on and after the date of its approval.

MAYS-MEDLEY, HUSTON, WEBER, AND ZIEGNER CONCUR; STEPHAN ABSENT:

APPROVED:

MAY 08 2015

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



**Brenda A. Howe
Secretary to the Commission**

