

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

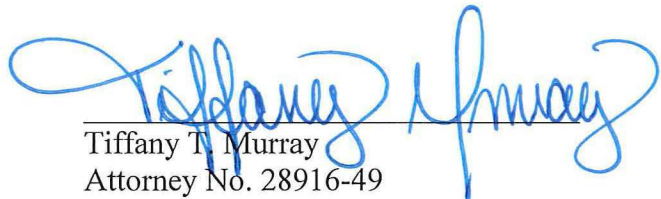
PUBLIC'S EXHIBIT NO. 3

TESTIMONY OF OUCC WITNESS

WES R. BLAKLEY

August 20, 2019

Respectfully submitted,



Tiffany T. Murray
Attorney No. 28916-49
Deputy Consumer Counselor

TESTIMONY OF OUCC WITNESS WES R. BLAKLEY
CAUSE NO. 45235
INDIANA MICHIGAN POWER COMPANY

I. INTRODUCTION

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

2 A: My name is Wes R. Blakley and my business address is 115 W. Washington St.,
3 Suite 1500 South, Indianapolis, Indiana 46204.

4 **Q: By whom are you employed and in what capacity?**

5 A: I am a Senior Utility Analyst in the Electric Division for the Office of Utility
6 Consumer Counselor ("OUCC"). My educational background is described in
7 Appendix A to my testimony.

8 **Q: What is the purpose of your testimony?**

9 A: The purpose of my testimony is to provide analysis and make recommendations
10 on several proposals Indiana Michigan Power Company ("I&M") made in its
11 case-in-chief, including the following:

12 (1) I recommend denial of I&M's proposal to continue to track
13 consumables expense in its Environmental Cost Rider ("ECR").

14 (2) I recommend alternative treatment for I&M's Excess Accumulated
15 Deferred Federal Income Tax ("EADFIT") credit.

16 (3) OUCC witness Anthony Alvarez describes the OUCC's concerns with
17 and ultimate recommendation to deny I&M's proposed Advanced
18 Metering Infrastructure ("AMI") Program. Should the AMI Program be
19 approved over the OUCC's objection, I recommend any new AMI
20 Rider recognize the retirement of AMR meters as a decrease in
21 depreciation expense in the new rider.

22 (4) To the extent that the Commission rejects the OUCC's recommendation
23 to deny approval of the South bend Solar Plant ("SBSP") and I&M is
24 allowed to recover project costs, currently proposed in Cause No.
25 45245, the OUCC recommends this be done through a Solar Power
26 Rider tracker mechanism.

1 **Q: To the extent you do not address a specific item or adjustment, should that**
2 **be construed to mean you agree with I&M's proposal?**

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

II. REVIEW AND ANALYSIS

7 **Q: Please describe the review and analysis you conducted in order to prepare**
8 **your testimony.**

9 A: I read I&M's prefiled testimony and reviewed its exhibits, schedules, workpapers
10 and responses to certain data requests. I reviewed testimony and exhibits filed in
11 I&M's last base rate case, Cause No. 44967, and the Indiana Utility Regulatory
12 Commission's ("Commission") Order dated May 30, 2018. Additionally, I
13 reviewed prior requests for approval of Clean Energy Projects under Ind. Code §
14 8-1-8.8 and participated in a phone call with I&M staff to discuss EADFIT.
15 Further, I reviewed I&M's Phase-In Rate Adjustment ("PRA") proposal which is
16 explained by I&M witness Jennifer Duncan to be a three phase rate increase. Ms.
17 Duncan states that this same methodology is consistent with the settlement in
18 I&M's last forecasted future test year base rate case, Cause No. 44967.

19 **Q: Is the PRA proposal in this Cause similar to the methodology approved in**
20 **I&M's last base rate case, Cause No 44967?**

21 A: Yes. To be more clear, I have included the exact language from the Order
22 approving the settlement in Cause No. 44967 relating to the Phase-In Rider,
23 which states on pages 29-30:

1 We further approve the phase-in of I&M's rates as set forth in
2 Section I.A.17 of the Settlement Agreement. More specifically,
3 when I&M's new base rates are first effective, they will include
4 I&M's Phase-in Credit (the "Phase 1" rates). The Phase-In Credit
5 will then be reduced to establish Phase II rates. We further find
6 that I&M shall certify to this Commission its net plant at
7 December 31, 2018 and thereafter calculate the resulting Phase II
8 rates. For purposes of the Phase II certification, I&M shall use the
9 forecasted test year end net plant shown on Attachment MEL-9-S,
10 29 line 8. The Phase II rates shall go into effect on the date that
11 I&M certifies its test-year-end net plant, or January 1, 2019,
12 whichever is later. The net plant for Phase II rates shall not exceed
13 the lesser of (a) I&M's forecasted test-year-end net plant or (b)
14 I&M's certified test-year-end net plant. I&M shall serve all
15 Settling Parties with its certification. The OUCC and intervenors
16 shall have 60 days from the date of certification to state objections
17 to I&M's certified test-year-end net plant. If there are objections, a
18 hearing shall be held to determine I&M's actual test-year-end net
19 plant, and rates will be trued-up (with carrying charges) retroactive
20 to January 1, 2019 (regardless of when Phase II rates go into
21 effect).

22
23 Using this process again for I&M's Phase II and Phase III rates is
24 reasonable.

III. CONSUMABLE EXPENSE

25 **Q: Please discuss I&M's proposal for consumable expense.**

26 **A:** I&M witness Andrew Williamson discusses I&M's current and proposed
27 treatment of consumable expense, which are costs for chemicals used in the
28 operation of pollution control equipment. The three main chemicals used in the
29 pollution control process are sodium bicarbonate, activated carbon and anhydrous
30 ammonia. Expenses for consumables associated with the capital recovery of
31 Selective Catalytic Reduction ("SCR") technology at Unit 2 of the Rockport
32 Generating Facility ("Rockport Unit 2") are currently recovered through I&M's
33 ECR tracker.

1 **Q: How does I&M propose to recover consumable expense in this proceeding?**

2 A: The Rockport Unit 2 SCR is forecast to be placed in service by May 31, 2020,
3 with all capital costs included in base rates. I&M proposes that the consumables
4 and net allowance costs associated with Rockport Unit 2 SCR not be included in
5 base rates but continue to be tracked in its ECR tracker. I&M also requests to
6 track recovery of the new consumable expense related to its proposed Enhanced
7 Dry Sorbent Injection ("Enhanced DSI") at the Rockport Facility that it proposes
8 to put in service by December 31, 2020.

9 **Q: What is I&M's reason for its request to continue tracking consumable**
10 **expense related to plant investments and capital costs that have been**
11 **included in base rates?**

12 A: Mr. Williamson states that "consumables and allowances expense incurred by the
13 Company each year varies considerably based on how much Rockport Units
14 operate."¹ He further states, "[c]onsumables and allowances expenses also vary
15 due to volatility in the price I&M pays to purchase consumables and allowances
16 in the commodities market. In this way, the Company's annual total consumables
17 and allowances expense is substantial, highly variable, and outside the Company's
18 control, just as fuel costs are."²

19 **Q: Was I&M's consumable expense addressed in its prior rate case?**

20 A: Yes. The OUCC's testimony in that Cause referred to other Commission
21 decisions in which all costs related to completed pollution control projects,
22 including capital costs, depreciation expense, and operation and maintenance
23 ("O&M") expenses were no longer tracked once those projects were in service.

¹ I&M Cause No. 45235 Direct Testimony of Andrew Williamson, page 44, line 3.

² I&M Cause No. 45235 Direct Testimony of Andrew Williamson, page 44, line 12.

1 Ultimately, the terms of that case were settled and a pro forma amount of
2 consumables was included in I&M's base rates.

3 **Q: Has the Commission denied requests for continued tracking of O&M**
4 **expenses when associated pollution control equipment is rolled into base**
5 **rates?**

6 A: Yes. In Vectren South Electric's ("Vectren") last base rate case, Cause No.
7 43839, the OUCC opposed Vectren's request to track environmental chemical
8 expenses after plant investment associated with the chemical expenses was
9 included in base rates. Like I&M has argued in this case, Vectren asserted
10 ongoing tracking of its chemical costs was appropriate because those costs were
11 volatile and significant. The OUCC argued against this "piecemeal ratemaking"
12 as that term was used by the Commission in its Final Order in Cause No. 40402,
13 which states:

14 Piecemeal ratemaking is when discrete components of a utility's
15 operations are treated singularly, rather than as a part of that
16 utility's larger financial picture. Such treatment is disfavored
17 because, while costs may have increased in one aspect of
18 operations, they may be offset by decreased costs elsewhere, or by
19 increased income.³

20 In ruling in favor of the OUCC, the Commission stated in its findings:

21 We do not find Vectren South's VPC tracker proposal to be
22 reasonable. While we acknowledge the possibility that chemical
23 and catalyst costs may be volatile in the future, we find it is
24 reasonable to confirm that possibility before moving toward
25 tracking such costs. As Vectren South has embedded an amount
26 for this expense into its base rates it will receive timely recovery of
27 a representative level of costs.⁴
28

³ See Cause No. 40402, Northwest Indiana Water Company, Final Order dated September 19, 1996, Paragraph 8(a).

⁴ Cause No. 43839, Vectren South, Final Order dated April 27, 2011, page 95.

1 **Q: Should I&M's consumable expense be included in base rates when the**
2 **related capital projects are included in rate base?**

3 A: Yes. Indiana's Clean Coal Technology statutes and rules provide electric utilities
4 cost recovery on expensive pollution control equipment. Based on my
5 experience, all of Indiana's five large investor-owned electric utilities, including
6 I&M, have benefited from these statutes and rules, through which billions of
7 dollars of investments have been included in tracker recovery mechanisms. The
8 trackers have provided utilities with an opportunity to recover a return "on" and a
9 return "of" in the form of depreciation expense and O&M outside of a base rate
10 case. When a utility requests a base rate increase, the completed pollution control
11 equipment with its associated costs should be included in base rates. Given the
12 inclusion of a completed plant investment in base rates, it would be inappropriate,
13 then, to allow an individual operating expense to continue to be tracked. Tracking
14 an associated individual expense after a completed plant investment has been
15 included in base rates deviates from long-standing ratemaking principles. In this
16 Cause, I&M forecasted a pro forma amount of \$21,785,467 for consumable
17 expense on a total company basis. OUCC witness Lauren Aguilar presents
18 evidence that the total company pro forma consumable expense amount should be
19 \$13,830,135. When the Commission determines the appropriate amount of
20 consumable expense, that amount should be included in base rates along with the
21 associated capital project(s).

**IV. EXCESS ACCUMULATED DEFERRED FEDERAL INCOME TAX REFUND
RESULTING FROM THE TAX CUTS AND JOBS ACT OF 2017 ("TCJA")**

1 **Q: Please explain how EADFIT credits were treated in I&M's most recent base**
2 **rate case, Cause No. 44967.**

3 A: I point to the Settlement Agreement not to cite as legal precedent but to put
4 I&M's current proposal in context. In the Settlement Agreement reached in Cause
5 No. 44967, an amount for both normalized (protected) and non-normalized
6 (unprotected) EADFIT credits were included in base rates. The credit for
7 normalized EADFIT was approximately \$8.8 million (\$210,217,395 / 24 years)
8 and approximately \$21.1 million (\$126,594,205 / 6 years) for non-normalized
9 EADFIT, for a total \$29.9 million. In the Settlement Agreement, item 1.4(a)
10 states in part, "[t]o the extent that the actual annual amortization differs from the
11 estimated amount, the amortization of the non-normalized EADFIT will be
12 increased or decreased to ensure that the total amortization of normalized and
13 non-normalized EADFIT is equal to \$29.9 million."

14 **Q: How is I&M requesting to alter the excess ADFIT credit in this Cause?**

15 A: I&M has reported that actual amortization of protected EADFIT has been lower
16 than that reflected in the Cause No. 44967 Settlement Agreement. Therefore, in
17 order to maintain the total agreed EADFIT annual amortization of \$29.9 million,
18 more unprotected excess ADFIT must be refunded to customers every year. If
19 this difference continues, the unprotected balance may be fully amortized over
20 about 4 years. I&M witness Michael Kelly states:

21 To the extent that the actual annual amortization using ARAM
22 differed from the estimated amount in the filing, the amortization
23 of non-normalized excess ADFIT is increased or decreased to
24 equal the \$29.9 million credit to Indiana jurisdictional deferred

1 federal income tax expense relative to the amortization of
2 normalized excess ADFIT using ARAM and the amortization of
3 non-normalized excess ADFIT.⁵

4 Mr. Kelly further states that the actual amortization of protected EADFIT using
5 the average rate assumption method (“ARAM”) is \$5,234,056 (as compared to the
6 \$8.8 million embedded in base rates). In order to maintain the Settlement
7 Agreement’s \$29.9 million credit, the unprotected EADFIT amortization will be
8 raised to \$24,656,944 (instead of the \$21.1 million embedded in base rates).

9 To address this issue, I&M proposes to continue to amortize \$29.9 million
10 even after unprotected EADFIT runs out. Mr. Williamson explains in his
11 testimony:

12 [O]nce the non-normalized excess ADFIT is fully amortized, I&M
13 is requesting accounting authority to defer and record as a
14 regulatory asset the annual difference between (i) the annual
15 amortization of normalized and non-normalized excess ADFIT
16 reflected in base rates (i.e. \$29.9 million in this case) and (ii) the
17 actual annual normalized ADFIT amortization required by
18 ARAM.⁶

19 **Q: Is I&M’s proposal the most reasonable way of dealing with this unique**
20 **problem?**

21 A: No. While the OUCC recognizes that the Cause No. 44967 Settlement
22 Agreement provides for fluctuations between the protected and unprotected
23 portions of I&M’s EADFIT credit provided that the credit is \$29.9 million, I&M’s
24 proposal could result in large deferrals that would have to be recovered in its next
25 base rate case. Essentially, under I&M’s proposal, customers would receive a

⁵ Cause No. 45235, Direct Testimony of Michael Kelly, page 9, line 16.

⁶ Cause No. 45235, Direct Testimony of Andrew Williamson, page 62, line 4.

1 higher EADFIT credit than they should, which they would then be required to pay
2 for in I&M's next base rate case.

3 Instead, I recommend that when unprotected EADFIT runs out because it
4 has been fully amortized back to customers, I&M should make a compliance
5 filing to change the EADFIT credit. After unprotected EADFIT has been fully
6 amortized, the EADFIT credit should be based only on the protected EADFIT
7 amount (\$8.8 million), and going forward, I&M should defer only the difference
8 between protected EADFIT amortization embedded in base rates (\$8.8 million)
9 and its actual protected EADFIT amortization. This proposal would not create a
10 normalization violation, as variances between ARAM and the embedded
11 protected EADFIT amortization would be trued-up in I&M's next base rate case.
12 This case would not be the first time in which such treatment for protected excess
13 deferred income taxes would be approved. It would also result in much smaller
14 deferrals than I&M's proposal. Calculating the deferral in this case using the
15 difference between the amount embedded in base rates for protected EADFIT
16 (\$8.8 million) using ARAM and the actual protected EADFIT calculated annually
17 under ARAM results in smaller deferrals and provides customers with a deferred
18 tax refund in a manner that does not result in tax normalization violations.

V. ADVANCED METERING INFRASTRUCTURE

19 **Q: Does the OUC recommend approval of I&M's proposed AMI Program in**
20 **this Cause?**

21 A: No. Mr. Alvarez testifies about why he recommends denial of I&M's proposed
22 AMI deployment. My testimony below addresses how, if I&M's AMI Program is

1 approved over the OUCC's objection, any new AMI Rider should recognize
2 retirement of I&M's current AMR meters.

3 **Q: How does I&M propose to recover costs of its new AMI meters?**

4 A: I&M is requesting that the Commission approve an AMI Rider to track AMI
5 deployment costs over a three year period (2020 through 2022). I&M's proposed
6 deployment costs include:

- 7 1. Pre-tax return on net plant in-service;
- 8 2. Depreciation and amortization expense;
- 9 3. Property tax expense;
- 10 4. O&M expense; and
- 11 5. Gross Revenue Conversion Factor (GRCF) costs.

12 I&M proposes to include AMI costs for 2020 in its base rates, while it seeks to
13 track the costs for 2021 and 2022 in a new AMI Rider.

14 **Q: If I&M receives approval of AMI over the OUCC's objection, how should**
15 **any approved AMI Rider for recovery of AMI meter deployment costs be**
16 **structured?**

17 A: Like other plant investment trackers, if I&M is to receive tracking authority for
18 AMI meters, its weighted average cost of capital ("WACC") would be applied to
19 its investment annually, with only the return on equity portion remaining static
20 and all other capital structure elements, including rates and weightings, updated
21 annually. O&M expense, depreciation, amortization and property taxes would be
22 included in the tracker. When AMR meters are retired, the only appropriate
23 treatment would be to recognize the retirement by reducing depreciation expense

1 within any AMI Rider.⁷

VI. ACCOUNTING AND RATEMAKING TREATMENT OF SBSP

2 **Q: What accounting and ratemaking treatment does I&M request for the**
3 **SBSP?**

4 **A:** In Cause No. 45245, I&M requests the Commission approve in accordance with
5 Ind. Code § 8-1-8.8-11, ratemaking treatment to provide timely recovery of
6 \$29,303,000 in costs related to the SBSP. I&M seeks recovery of these costs
7 through either this rate case or, in the alternative, through the Solar Power Rider
8 (“SPR”).⁸ The SPR request under Ind. Code § 8-1-8.8-11 permits timely recovery
9 of clean energy project construction and operating costs. The Commission
10 approved this type of tracker request for another solar clean energy project.⁹
11 Clean energy or “renewable energy” trackers permit a return “on” for plant
12 investment net of accumulated depreciation, a return “of” in the form of
13 depreciation, related operation and maintenance expenses and taxes plus post-in-
14 service costs, until they are approved for recovery by the Commission in a full
15 rate case proceeding. The other option I&M proposed involves rolling the
16 completed SBSP, with forecasted operation costs, into base rates. This would
17 occur on December 31, 2020 (Phase 3), if the SBSP is operational by that date.

⁷ It appears I&M intends to follow this process. In response to OUCC Data Request No. 5-05, it stated, “The retirement of AMR meters will offset the AMI plant additions in determining the incremental depreciation expense recoverable in the AMI Rider.” (See Attachment WRB-1)

⁸ *Application of Indiana Michigan Power Company for Approval of 20 MW Clean Energy Solar Project*, Cause No. 45245, Verified Application at 5 (June 12, 2019).

⁹ *Petition of Duke Energy Indiana, LLC for the Crane Solar Facility*, Cause No. 44734, Order (July 6, 2016).

1 **Q: Does the OUCC have an opinion on whether the SBSP is included in I&M's**
2 **rate base or in an annual rider/tracker?**

3 A: Yes. The OUCC recommends denial of the SBSP in Cause No. 45245,¹⁰ and
4 therefore, removes the \$29,303,000 project cost from I&M's proposed rate base in
5 this proceeding. However, if the Commission allows I&M to recover costs
6 associated with the SBSP, such recovery should be made through a renewable
7 energy project rider. This recommendation is also consistent with my testimony
8 in Cause No. 45245.¹¹ As I explain in my testimony in that Cause, if renewable
9 energy projects are blended into a utility's rate base, the Commission and the
10 OUCC will lose valuable cost information regarding different generating
11 technologies or between different renewable energy projects. Recovering
12 individual renewable energy project costs within the context of a rider allows
13 collection of cost data that can be easily analyzed for each type of renewable
14 energy project. My testimony in Cause No. 45245 recommends this type of
15 information be presented with each renewable project included in any approved
16 SBSP tracker.

17 **Q: How many types of renewable energy projects could be included in rates**
18 **under Indiana law?**

19 A: Ind. Code § 8-1-8.8-10 (a) states, in part: "As used in this chapter "renewable
20 energy resources" means the following: (1) A clean energy resources listed on IC
21 8-1-37-4(a)(1) through IC 8-1-37-4(a)(16)." Reviewing what is listed in Ind.
22 Code § 8-1-37-4(a), the definition of "clean energy resource" includes:

¹⁰ Cause No. 45245, Direct Testimony of John E. Haselden (August 12, 2019).

¹¹ Cause No. 45245, Direct Testimony of Wes R. Blakley, page 2-6 (August 12, 2019).

- 1 (1) Energy from wind.
- 2 (2) Solar energy.
- 3 (3) Photovoltaic cells and panels.
- 4 (4) Dedicated crops grown for energy production.
- 5 (5) Organic waste biomass, including any of the following organic matter
- 6 that is available on a renewable basis:
 - 7 (A) Agricultural crops.
 - 8 (B) Agricultural wastes and residues.
 - 9 (C) Wood and wood wastes, including the following:
 - 10 (i) Wood residues.
 - 11 (ii) Forest thinnings.
 - 12 (iii) Mill residue wood.
 - 13 (D) Animal wastes.
 - 14 (E) Animal byproducts.
 - 15 (F) Aquatic plants.
 - 16 (G) Algae.
- 17 (6) Hydropower.
- 18 (7) Fuel cells.
- 19 (8) Hydrogen.
- 20 (9) Energy from waste to energy facilities, including energy derived from
- 21 advanced solid waste conversion technologies.
- 22 (10) Energy storage systems or technologies.
- 23 (11) Geothermal energy.
- 24 (12) Coal bed methane.
- 25 (13) Industrial byproduct technologies that use fuel or energy that is a
- 26 byproduct of an industrial process.
- 27 (14) Waste heat recovery from capturing and reusing the waste heat in
- 28 industrial processes for heating or for generating mechanical or
- 29 electrical work.
- 30 (15) A source, technology, or program approved by the commission and
- 31 designated as a clean energy resource by a rule adopted by the
- 32 commission under IC 4-22-2.
- 33 (16) Demand side management or energy efficiency initiatives that:
 - 34 (A) reduce electricity consumption; or
 - 35 (B) implement load management, demand response, or energy
 - 36 efficiency measures designed to shift customers' electric loads
 - 37 from periods of higher demand to periods of lower demand; as a
 - 38 result of equipment installed, or customers enrolled, after January
 - 39 1, 2010.

40 This list reveals how ratepayers are exposed to many different technologies with
41 greatly varying costs, financing and efficiencies. In order to evaluate and gain a
42 better understanding of the costs associated with potential renewable energy

1 resource technologies that could be presented to the Commission for cost
2 recovery from ratepayers, it makes sense to recover such costs within the context
3 of a tracker.

4 **Q: Does tracking renewable energy projects provide other benefits to**
5 **ratepayers?**

6 A: Yes. By recovering costs associated with renewable investments in a tracker,
7 I&M will receive a return “of” the renewable plant investment through
8 depreciation and a return “on” the renewable plant investment net of accumulated
9 depreciation. The net renewable plant investment adjusted annually for
10 accumulated depreciation will naturally lower revenue requirement related to
11 earnings. Depreciation charges will remain stable. Any replacement of plant will
12 be offset by plant retirement which will lower depreciation expenses. Operation
13 and maintenance expenses will be reviewed and tracked. Cost recovery through a
14 tracker strikes an appropriate balance between providing a customer benefit in the
15 form of an annual reduction in revenue requirement, while also not harming I&M
16 because the return “on” and “of” will still be matched with its renewable plant
17 investment.

VII. RECOMMENDATIONS

18 **Q: What do you recommend in this proceeding?**

19 A: Based on the analysis described above, I recommend:

20 1) I&M's proposal to continue to track consumables expense in its ECR
21 be denied, and that a base amount for consumables of \$13,830,135 be
22 embedded in base rates. Ms. Aguilar supports the OUCC's calculation
23 of the appropriate amount of consumable expense.

- 1 2) Once I&M's unprotected EADFIT credit has been fully amortized
2 back to customers, I&M should make a compliance filing to change
3 the EADFIT credit. After unprotected EADFIT has been fully
4 amortized, the EADFIT credit should be based only on the protected
5 EADFIT amount, and going forward, I&M should defer EADFIT
6 based on the difference between the amount embedded in base rates
7 for protected EADFIT (estimated in Cause No. 44967 to be \$8.8
8 million) and the actual protected EADFIT calculated each year under
9 ARAM. Any variances between these amounts will be trued up in
10 I&M's next base rate case.
- 11 3) Should I&M's new AMI Rider be accepted over the OUCC's
12 objection, the retirement of the AMR meters should be recognized as a
13 decrease in depreciation expense in the new rider.
- 14 4) The OUCC recommends denial of the SBSP in Cause No. 45245, and
15 therefore, the OUCC removes the \$29,303,000 project cost from
16 I&M's proposed rate base in this proceeding. If the Commission
17 allows I&M to recover costs for the SBSP, currently proposed in
18 Cause No. 45245, the OUCC recommends this be done through a
19 Solar Power Rider tracker mechanism.

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

21 **A: Yes.**

APPENDIX A

1 **Q: Please describe your educational background and experience.**

2 A: I received a Bachelor of Science Degree in Business with a major in Accounting
3 from Eastern Illinois University in 1987 and worked for Illinois Consolidated
4 Telephone Company until joining the OUCC in April 1991 as a staff accountant.
5 Since that time I have reviewed and testified in hundreds of tracker, rate cases and
6 other proceedings before the Commission. I have attended the Annual Regulatory
7 Studies Program sponsored by NARUC at Michigan State University in East
8 Lansing, Michigan as well as the Wisconsin Public Utility Institute at the
9 University of Wisconsin-Madison Energy Basics Program.

INDIANA MICHIGAN POWER COMPANY
INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR
DATA REQUEST SET NO. OUCC DR 5
IURC CAUSE NO. 45235

DATA REQUEST NO OUCC 5-05

REQUEST

Will the retirement of AMR meters be reflected in the new AMI Rider? If so, please demonstrate how the retirement of AMR meters would impact the AMI Rider. If no recognition of the AMR meters retirement will be included in the AMI Rider, please explain why.

RESPONSE

Yes. The retirement of AMR meters will offset the AMI plant additions in determining the incremental depreciation expense recoverable in the AMI Rider.

AFFIRMATION

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

Wes R. Blakley

Wes R. Blakley
Senior Utility Analyst
Indiana Office of Utility Consumer Counselor

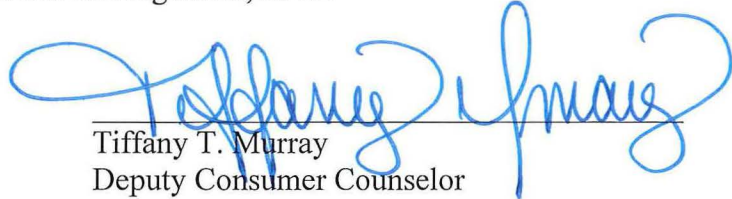
Cause No. 45235
Indiana Michigan Power Company

8/20/19

Date

CERTIFICATE OF SERVICE

Indiana Office of Utility Consumer Counselor Public's Exhibit No. 3 Testimony of OUCC Witness Wes R. Blakley has been served upon the following parties of record in the captioned proceeding by electronic service on August 20, 2019.



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