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 OF CAPITAL INVESTMENT; (4) RATE ADJUSTMENT MECHANISM PROPOSALS; (5) CUSTOMER PROGRAMS: (6) WAIVER OR DECLINATION OF JURISDICTION WITH RESPECT TO CERTAIN RULES; AND (7) NEW SCHEDULES OF RATES, RULES AND REGULATIONS.	))))))))))))))	**CAUSE NO. 45576**

INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR

PUBLIC'S EXHIBIT NO. 11

TESTIMONY OF OUCC WITNESS WES R. BLAKLEY

OCTOBER 12, 2021

Respectfully submitted,

Tiffany Murray
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Attorney No. 8275-49
Chief Deputy Consumer Counselor

TESTIMONY OF OUCC WITNESS WES R. BLAKLEY
CAUSE NO. 45576
INDIANA MICHIGAN POWER COMPANY

I. INTRODUCTION

Q: Please state your name and business address.

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

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

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

Q: What is the purpose of your testimony?

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

(1) I&M proposes ratemaking treatment for changes to bad debt expense.[1] I&M seeks to recover a deferred regulatory asset in the amount of $3,034,711, which resulted from Governor Holcomb's 2020 utility disconnection moratorium. As I describe below, I&M's regulatory asset should be based upon the timeframe over which the State had a utility disconnection moratorium in place. Adjusting its cost recovery request accordingly reduces amortization expense by $239,733. I also recommend removal of I&M's $2,023,141 unamortized balance of incremental bad debt expense from its rate base calculation in this Cause.

(2) OUCC witness Anthony Alvarez describes the OUCC's concerns with and ultimate recommendation to deny I&M's proposed Advanced Metering

[1] I&M also seeks to increase its bad debt forecast from $9,500,000 to $11,921,155 for purposes of calculating its going-forward expense to be embedded in rates. OUCC witness Mark Garrett addresses I&M's bad debt expense proposal.

Infrastructure ("AMI") Rider. Should the AMI Rider be approved over the OUCC's objection, I recommend any new AMI Rider recognize the retirement of Automatic Meter Reading ("AMR") meters as a decrease to depreciation expense and that I&M receive recovery of any tracked AMI plant investment only when construction is either in progress or used and useful at the time of a cutoff date in the AMI tracker.

(3) The pending Cause No. 45546 Settlement Agreement states going-forward operating expenses associated with Rockport Unit 2 will be credited to customers. To achieve this, I recommend I&M's Resource Adequacy Rider ("RAR") reflect a credit based upon the operating expenses associated with Rockport Unit 2 that should be refunded to customers. This credit should be in addition to I&M's proposed $70 million refund of the Rockport Unit 2 lease payment also to be refunded in the RAR. Since Rockport Unit 2 will become a below-the-line investment that will provide electricity to the wholesale market when the lease terminates in December 2022, I recommend I&M's investment in the Rockport Unit 2 pollution control equipment be removed from its rate base and be included in its Environmental Compliance Rider ("ECR") tracker through which I&M should receive only a return "of" its investment, and no return on the investment.

(4) I&M proposes to modify its Tax Rider to include deferral accounting associated with a potential future increase to the corporate federal income tax rate. I recommend denial of this proposal because no such corporate federal tax change has taken place and the implications of any future tax rate change are unknown. I&M's request for deferral authority is premature and should be rejected.

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

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

II. <u>REVIEW AND ANALYSIS</u>

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

A: I read I&M's prefiled testimony and reviewed its exhibits, schedules, workpapers and responses to certain data requests ("DR"). I reviewed testimony and exhibits filed in I&M's last base rate case, Cause No. 45235, and the Indiana Utility Regulatory Commission's ("Commission") Order dated March 11, 2020, and reviewed Commission Orders issued in Cause No. 45380.

Q: Does I&M propose a phase-in rate adjustment ("PRA") similar to the methodology approved in I&M's last base rate case, Cause No. 45235?

A: Yes. I&M proposes a PRA, which I&M witness Dona Segar-Lawson explains.[2] I&M proposes a $73 million (4.55%) Phase I revenue requirement increase to be implemented in April 2022. I&M proposes implementing Phase II rates in January 2023 through a compliance filing which will increase rates by only the amount of actual net plant I&M has placed in service by December 31, 2022. I&M expects its overall Phase II increase to be approximately 6.5% or $104 million. I&M's proposed PRA methodology is consistent with that approved in I&M's Cause Nos. 44967 and 45235, which used future test years with forecasted expenses, revenues, and load. The OUCC does not object to using this methodology in this Cause.

III. <u>BAD DEBT EXPENSE</u>

Q: Please discuss the special circumstances surrounding I&M's proposed bad debt expense.

A: As a result of the COVID-19 pandemic, in May 2020 the Commission opened Cause No. 45380, an investigation to review the impacts of COVID-19 on Indiana

[2] Cause No. 45576, Direct Testimony of Dona Segar-Lawson p. 44, l. 20.

rates and provision of utility service by all Indiana jurisdictional utilities and on ratepayers. Based upon Governor Holcomb's Executive Order 20-25, the Commission ordered a utility disconnection moratorium through August 14, 2020, and ordered utilities to waive late fees, deposits, and reconnection fees through October 12, 2020.[3] The waiver of fees after August 14, 2020 applied only to residential utility customers.[4] The Commission also authorized Indiana utilities to use regulatory accounting for the impacts related to the utility disconnection moratorium, temporary waiver of late fees, convenience fees, deposits, and reconnection fees and to account for the use of expanded payment arrangements, as well as COVID-19-related uncollectable and incremental bad debt expense.[5]

Q: What are I&M's bad debt expense proposals?

A: Ms. Segar-Lawson discusses I&M's proposed bad debt expense treatment for both forecasted bad debt expense and recovery of incremental bad debt expense associated with the COVID-19 pandemic. I&M proposes increasing its forecasted bad debt expense using an average of its 2019 factored actual bad debt expense and 2020 factored actual bad debt expense, which results in an $11.5 million two-year average. OUCC witness Mark Garrett discusses the OUCC's recommendations regarding I&M's forecasted factored bad debt expense.

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[3] The Commission's June 29, 2020 Phase 1 and Interim Emergency Order also required utilities to temporarily cease collecting convenience fees. However, its August 12, 2020 Second Interim Emergency Order allowed utilities to "resume charging convenience fees per the rates and charges established in their tariffs as previously approved by the Commission." *In re COVID Investigation*, Cause No. 45380, Second Interim Emergency Order at 4 (Ind. Util. Regul. Comm'n Aug. 12, 2020) ("Cause No. 45380, Second Order").

[4] *Cause No. 45380*, Second Order at 4.

[5] *In re COVID Investigation*, Cause No. 45380, First Interim Emergency Order at 9 (Ind. Util. Regul. Comm'n June 29, 2020) ("Cause No. 45380, First Order").

Regarding I&M's deferred incremental 2020 bad debt expense, I&M states "[s]ince the Commission authorized regulatory accounting treatment for all incremental bad debt associated with COVID in Cause No. 45380, I&M deferred the amount of 2020 bad debt that exceeded the amount in base rates."[6] Therefore, I&M deferred incremental 2020 bad debt expense for the March 2020 through December 31, 2020 period. OUCC Data Request ("DR") 15-1 requested monthly information regarding how I&M calculated its 2020 incremental bad debt expense.[7] I&M's response to OUCC DR 15-1 confirms I&M's 2020 incremental bad debt expense was calculated using incremental bad debt from March 2020 through December 2020. Based on that calculation, I&M's 2020 incremental bad debt expense is $3,034,711, which it requests to amortize over two years, resulting in a $1,517,356 annual O&M expense, as seen on I&M's Exhibit A-5, O&M-4.

I&M also requests to include deferred COVID-19 incremental bad debt expense in rate base. It calculated a regulatory asset using the $3,034,711 incremental bad debt expense and, as a result of the proposed Phase 1 rate increase in April 2022, subtracted eight months amortization of the bad debt deferral in the amount of $1,011,570 to produce the $2,034,141 regulatory asset amount that can be seen on Exhibit A-6, RB-5.

Q: Do you agree with I&M's calculation of incremental bad debt expense?

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[6] Cause No. 45576, Direct Testimony of Dona Segar-Lawson page 17, line 6.
[7] OUCC Data Request 15-1, Attachment WRB-1.

A: No. The Commission's June 29, 2020, Phase I and Interim Emergency Order provided I&M and other Indiana jurisdictional utilities with the following authority:

> All jurisdictional Indiana utilities are authorized to use regulatory accounting for COVID-19 related impacts directly associated with any prohibition on utility disconnections, collection of certain utility fees (i.e., late fees, convenience fees, deposits, and reconnection fees) and the use of expanded payment arrangement, as well as COVID-19 related uncollectable and incremental bad debt expense.[8]

The utility disconnection moratorium, which was not renewed by the Commission's August 12, 2020 Second Interim Emergency Order, lapsed on August 14, 2020. The Commission's August 12, 2020 Order extended the waiver of certain utility fees and charges for another 60 days while also permitting continued regulatory accounting treatment of these deferred costs "consistent with our findings in the Emergency Order."[9]

Based on a 60-day extension from the date of the Commission's Second Interim Emergency Order on August 12, 2020, Indiana's jurisdictional utilities were granted regulatory accounting treatment for eligible COVID-19 related costs until October 12, 2020.

Q: Did I&M cease deferring incremental bad debt expense on October 12, 2020?

A: No. Even though the regulatory accounting authority the Commission provided expired on October 12, 2020, I&M continued deferring bad debt expense through December 31, 2020. In response to OUCC discovery 15-1, I&M confirmed its

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[8] *Cause No. 45380* First Order, pp. 9-10.
[9] *Cause No. 45380* Second Order, p. 4.

$3,034,711 deferred incremental bad debt expense for which it proposes to receive regulatory accounting treatment is calculated using bad debt from March 2020 through December 2020.[10]

Q: How should I&M's incremental bad debt expense be calculated for purposes of recovery in rates?

A: I&M's deferred incremental bad debt expense calculation should conform with the precise period of the Commission's accounting authority from Cause No. 45380. This period began on March 19, 2020, when Governor Holcomb issued Executive Order 20-05 declaring utility service an essential service that cannot be disconnected during the COVID-19 public health emergency, until 60 days from the date of the Commission's August 12, 2020 Second Interim Emergency Order, which is October 12, 2020. I calculated bad debt expense for the months of March and October on a pro rata basis. My calculation results in $2,555,166 incremental bad debt expense for the moratorium period.[11] Amortizing this amount over two years will result in $1,277,583 in annual recovery of incremental bad debt expense versus the $1,517,356 amortization expense I&M calculated, a $239,773 decrease.[12]

Q: Do you have concerns with I&M's request for a return on the unamortized balance on the deferred bad debt request?

A: Yes. While the OUCC does not dispute I&M can receive a return "of" the incremental bad debt expense through two-year amortization, I&M should not

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[10] *See* OUCC Attachment WRB-1.
[11] OUCC Attachment WRB-2.
[12] While not explicitly stated by I&M, it is the OUCC's expectation that I&M took all steps, including seeking any eligible federal assistance in order to reduce its incremental bad debt expense, before seeking recovery of its proposed regulatory asset from customers.

receive a return "on" the unamortized balance of incremental bad debt expense as shown on I&M's Exhibit A-6, RB-5 in the amount $2,023,141. I&M's deferred incremental bad debt expense balance is not an investment in capital nor a direct expense. It is made up of billed revenue that has not been converted to cash through a customer's payment. The billed revenue is generated by multiplying the electricity consumption in kWh by the Commission-approved tariffed rate. Within this tariffed rate is an earnings component that includes return on equity. The earnings component of this deferred bad debt expense is being recovered through the two-year amortization shown on Exhibit A-5, O&M-4 in the amount of $1,517,356. To calculate a return on equity on the unamortized portion of this deferred amount, which already includes return on equity plus additional finance charges added during the factoring process, is improper and excessive recovery.

Moreover, based on how I&M has forecasted its test year (2022) bad debt expense, it will recover an increased amount of bad debt expense going-forward, which should provide the Company with ample funding for any increase in bad debts as its customers continue to navigate the challenges of the COVID-19 pandemic. Before the effects of the COVID-19 pandemic were taken into consideration, I&M's forecast of 2022 bad debt expense was $9.5 million.[13] However, I&M is requesting to adjust the 2022 bad debt forecast by using a two-year (2019 and 2020) average of $11.5 million, which I&M then proposes to

[13] Cause No. 45576, Direct Testimony of Dona Segar-Lawson p. 16, l. 20.

"factor" to arrive at $11,921,155[14] of bad debt expense in the forecasted test year.[15] OUCC witness Mark Garrett adjusts I&M's bad debt expense to $10.7 million, which is still an adequate increase that takes both I&M's historical bad debt experience and the uncertainty of future bad debt expense into consideration.

Finally, I&M will be made whole by the special regulatory authority provided by the Commission in its Cause No. 45380 Orders, which allowed jurisdictional Indiana utilities to defer incremental bad debt expense for a portion of 2020 for future recovery. It does not need rate base treatment of the unamortized portion of its incremental bad debt expense in order to be fully compensated for unpaid customer bills. I&M will receive recovery of its March 6, 2020 to October 12, 2020 incremental bad debt expense over a two-year period,[16] consistent with the Commission's Cause No. 45380 Orders.

Therefore, I recommend the Commission deny the inclusion of the unamortized deferred bad debt expense in rate base for recovery of a return "on." I&M should receive only a return "of" its unamortized deferred bad debt expense through a two-year amortization period as shown on I&M's Exhibit A-5, O&M-4.

IV. ADVANCED METERING INFRASTRUCTURE

Q: Does the OUCC recommend approval of I&M's proposed AMI Rider in this Cause?

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

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[14] Cause No. 45576, WP-A-O&M-1.
[15] The adjustment for the forecasted year can be seen on Exhibit A-5, O&M-1 for the total company amount of $2,372,227 with the Indiana jurisdictional amount being $1,919,369.
[16] I&M's WP-A-RB-5, p. 2.

AMI Rider is approved over the OUCC's objection, any new AMI Rider should recognize retirement of I&M's current AMR meters and include only actual AMI investment under construction or actual AMI investment in service for the calculation of a return on.

Q: How does I&M propose recovering the costs of its new AMI meters?

A: I&M plans to install AMI meters over three years. I&M includes the first year of AMI costs in its 2022 forecasted test year to be included in base rates in this Cause. I&M also requests the Commission approve an AMI Rider to track AMI deployment costs over the remaining two-year period (2023 through 2024). I&M proposes including the following in its Rider along with AMI deployment costs:

1. Post-in-service debt and equity carrying costs on incremental capital investment;
2. Depreciation and amortization expense;
3. Property tax expense;
4. Incremental O&M expense; and
5. Gross Revenue Conversion Factor ("GRCF") costs.

Q: If I&M receives approval of an AMI Rider over the OUCC's objection, how should it be structured?

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

I&M proposes filing its AMI Rider in mid-2022 in order to track its 2023 forecasted costs. If that is approved, I&M would recover capital costs that include earnings before the associated assets are installed and used and useful in the provision of electric utility service. This is improper ratemaking, inconsistent with Indiana's used and useful statute (Ind. Code § 8-1-2-6) and should not be approved. The Transmission Distribution Storage System Improvement Charge ("TDSIC") tracker and other plant investment trackers permit forecasted O&M on used and useful plant in service; however, these other plant investment trackers do not forecast plant in service. Even in forecasted test year rate cases, utility plant in service cannot be placed into rates until that plant has been verified as used and useful. If I&M's AMI Rider is approved, which the OUCC argues it should not, I&M's 2023 investments must be accounted for as construction work in progress ("CWIP") until such time as those investments are complete and used and useful, at which time I&M would be permitted to recover a return "on."

V. ROCKPORT UNIT 2 ACCOUNTING AND RATEMAKING TREATMENT

Q: What accounting and ratemaking treatment does I&M request for Rockport Unit 2?

A: I&M notified the Commission in Cause No. 45546 that its Rockport Unit 2 lease will end on December 7, 2022, at the end of the forecasted test year.[17] I&M proposes to include the approximate $70 million lease payment as a credit in its

[17] Cause No. 45576, Direct Testimony of Andrew Williamson p. 16, l. 1.

Resource Adequacy Rider ("RAR").[18] As a result of the Cause No. 45546 Settlement Agreement, which is currently pending before the Commission, Rockport Unit 2 will be carried as a "below the line" asset as of December 8, 2022.[19]

Section 4(a) of the Cause No. 45546 Settlement Agreement also states "I&M agrees to exclude from its Indiana retail customers' rates any costs associated with … (ii) any going-forward costs specifically associated with the continued ownership and operation of Rockport Unit 2 incurred after termination of the Rockport Unit 2 Lease …." Section 4(a) of the Settlement Agreement further explains that except as otherwise provided, "I&M's cost of service will be reduced to eliminate all costs related to the ownership and operation of Rockport Unit 2 after the termination of the Lease, including O&M expenses, and an adjustment will be made to credit customers with any amounts collected from customers after December 7, 2022."

Q: What does the OUCC recommend in addition to I&M's Rockport Unit 2 accounting and ratemaking treatment proposal?

A: Consistent with the Settlement Agreement's provision that parties "reserve all rights to propose mechanisms to accomplish this [Rockport Unit 2 credit] in Cause No. 45576," the OUCC recommends I&M's O&M expenses needed to operate Rockport Unit 2, as well as any other Rockport Unit 2 associated expense that is not already separately tracked, also be included as a credit in I&M's RAR.

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[18] *Id.*, p. 19, l. 1.
[19] Cause No. 45546, Stipulation and Settlement Agreement, Section A(1), filed with the Commission on September 13, 2021 (pending approval).

This credit should be made in I&M's first RAR filing after the termination of the Rockport Unit 2 lease on December 7, 2022.

Q: Do you have any other Rockport Unit 2 recommendations?

A: Yes. I&M's rate base includes Rockport Unit 2 pollution control equipment. Therefore, I&M receives a return "on" and a return "of" this equipment in its base rates, which, absent a change in this Cause, it would continue to receive while it operates Rockport Unit 2 as a below-the-line asset that is not for the benefit of its retail customers.

I&M received a certificate of public convenience and necessity for the Rockport Unit 2 pollution control equipment so that it would comply with environmental regulations. The OUCC does not challenge the prudency of I&M's pollution control equipment investment, but rather the appropriateness of I&M receiving a return "on" an asset that will not be used and useful in the provision of retail energy service. Therefore, I recommend the net book value of the Rockport Unit 2 pollution control equipment be excluded from base rates and included in I&M's ECR tracker, where it should receive a return "of" only.

Q: As of the end of the forecasted test year, what is the approximate net book value of Rockport Unit 2-related rate base?

A: In response to OUCC DR 20-3, I&M provided Attachment 1 that indicates as of December 31, 2022, the Total Company net book value of Rockport Unit 2 rate base will be $109,889,363. Applying the Indiana jurisdictional allocation factor from I&M's ECR filings of 66.23353% produces an Indiana jurisdictional rate base for Rockport Unit 2 of approximately $72,783,604. The Rockport Unit 2 pollution control equipment are the Rockport Unit 2 assets I&M owns and does not lease. Therefore, consistent with my recommendation above, I recommend $72,783,604 be removed from I&M's rate base and moved into I&M's ECR tracker for recovery of only a return "of" and not a return "on."

VI. TAX RIDER

Q: Does I&M propose to modify its Tax Rider in this Cause?

A: Yes. I&M proposes to reduce the protected portion of its excess Accumulated Deferred Federal Income Tax ("ADFIT") refund by an amount it argues is associated with its net operating loss carryforward ("NOLC"). Mr. Mark Garrett rejects I&M's NOLC proposal in his testimony.

I&M witness Ross testifies at page 20 that I&M is also seeking "new deferral accounting related to a potential future increase to the corporate federal income tax rate." Mr. Ross details the deferral accounting treatment I&M seeks at page 23 of his testimony.

Q: Does the OUCC oppose changes to I&M's Tax Rider to address a potential future increase to the corporate federal income tax rate?

A: Yes. The purpose of I&M's Tax Rider is to return excess ADFIT associated with the Tax Cuts and Jobs Act of 2017 ("TCJA") to customers. That authority is limited and based on tax changes that are known and have been addressed in Commission orders. I&M's proposal to expand its Tax Rider to reflect an unknown, potential increase to the corporate federal income tax rate is inappropriate. Federal tax changes are complicated and reasonable minds can disagree about how to implement the impacts of those changes, particularly on regulated utilities. It is premature at this time to provide I&M with open authority to implement deferral accounting associated with a federal income tax rate change that has not occurred.

VII. RECOMMENDATIONS

Q: What do you recommend in this proceeding?

A: Based on my analysis described above, my recommendations are as follows:

(1) I recommend I&M's calculation of 2020 incremental bad debt expense be based on the regulatory accounting authority provided by the Commission in Cause No. 45380 from March 6, 2020 to October 12, 2020. I do not oppose I&M's proposed two-year amortization period. I recommend denial of I&M's proposal to receive rate base treatment for the unamortized balance of its deferred bad debt expense.

(2) Should I&M's new AMI Rider be accepted over the OUCC's objection, I recommend retirement of AMR meters be recognized as a decrease in depreciation expense in any AMI Rider and I&M's AMI capital costs be

recovered only when construction is completed and/or the assets are used and useful.

(3) In addition to I&M's proposed Rockport Unit 2 lease credit through the RAR, I recommend I&M's O&M expenses needed to operate Rockport Unit 2, as well as any other Rockport Unit 2 associated expense that is not already separately tracked, be included as a credit in I&M's RAR. The credit should be made in I&M's first RAR filing after the termination of the Rockport Unit 2 lease on December 7, 2022.

(4) I recommend removal of $72,783,604 associated with the Rockport Unit 2 pollution control equipment from I&M's rate base, so that its net book value can be recovered in I&M's current ECR tracker to recover return "of" only.

(5) I recommend denial of I&M's proposal modify its Tax Rider to include deferral accounting associated with a potential future corporate federal income tax rate change because no such tax change has taken place and the implications of any future tax rate change are unknown. I&M's request for deferral authority is premature and should be rejected.

Q: Does this conclude your testimony?

A: Yes.

APPENDIX A

Q: Please describe your educational background and experience.

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

Indiana Michigan Power Company
Year Ended December 31, 2020

Month	Bad Debt Expense	Included in Base Rates	Under-Recovered Deferral
Mar-20	$ 341,716	$ 205,953	$ 135,763
Apr-20	408,340	245,559	162,781
May-20	334,058	245,559	88,499
Jun-20	617,413	245,559	371,853
Jul-20	773,546	245,559	527,987
Aug-20	780,020	245,559	534,461
Sep-20	866,084	245,559	620,525
Oct-20	606,123	245,559	360,564
Nov-20	330,190	245,559	84,631
Dec-20	393,206	245,559	147,647
Totals	$ 5,450,696	$ 2,415,985	$ 3,034,711

I&M
Deferred Bad Debt Expense
2020

	Moratorium Period	Bad Debt Expense	Embedded Base Rates	I&M Unrecovered	OUCC Unrecovered	
Mar-20	6-Mar	341,716	205,953	135,763	$109,486	Pro rate
Apr-20		408,340	245,559	162,781	162,781	
May-20		334,058	245,559	88,499	88,499	
Jun-20		617,413	245,559	371,854	371,854	
Jul-20		773,546	245,559	527,987	527,987	
Aug-20		780,020	245,559	534,461	534,461	
Sep-20		866,084	245,559	620,525	620,525	
Oct-20	12-Oct	606,123	245,559	360,564	139,573	Pro rate
Nov-20		330,190	245,559	84,631	0	
Dec-20		393,206	245,559	147,647	0	
		5,450,696	2,415,984	3,034,712	2,555,166	
	Divide by			2 years	2 years	
	Annual Amortization			$1,517,356	$1,277,583	
	Adjustment decrease					$239,773

AFFIRMATION

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

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

Cause No 45576
Indiana Michigan Power Co.

October 12, 2021

CERTIFICATE OF SERVICE

This is to certify that a copy of the Indiana Office of Utility Consumer Counselor's Testimony Filing has been served upon the following parties of record in the captioned proceeding by electronic service on October 12, 2021.

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