

INNOVATE INDIANA

Innovate Indiana is Indiana Michigan Power's plan to better serve customers, largely through technology and innovation. Innovate Indiana will empower our customers to better control their energy use using smart meters; be prepared to utilize future energy use programs through the smart meter; take advantage of rebates and special nighttime rates to charge electric cars; support green, renewable energy through a new option; and much more.

Innovate Indiana will also help build a smarter energy grid with technology that reduces the number, extent and duration of outages as well as replacing poles, wires and other aging infrastructure.



An **AEP** Company

BOUNDLESS ENERGY™

IndianaMichiganPower.com/InnovateIndiana

WHY THE REVIEW

Customer rates are based on the cost of service. I&M needs to continue to build its infrastructure and add technology to enhance reliability and to better serve our customers. This comes at a time when costs to serve our customers are rising, technology is rapidly evolving and demand for electricity is not growing as it did in years and decades past.

A fundamental principle of rate regulation is that rates should accurately reflect the cost of providing service. Still, the bulk of a customer's electric bill is based on how much energy the customer uses, while most of the true cost is from poles, wires and other infrastructure that deliver energy to customers.

A typical customer who uses **1,000 kilowatt hours** of electricity per month would see an increase of **\$21.11**. This includes a higher monthly service charge and two-tiered rate system.

1,000 kWh BILL	CURRENT	PROPOSED
SERVICE CHARGE	\$10.50	\$15.00
USAGE CHARGE	\$131.41	\$148.02
TOTAL BILL	\$141.91	\$163.02

**excludes taxes & fees*

I&M'S SERVICE CHARGE IS THE SECOND LOWEST IN INDIANA

Duke

\$9.01

Indiana Michigan Power

\$10.50

Vectren

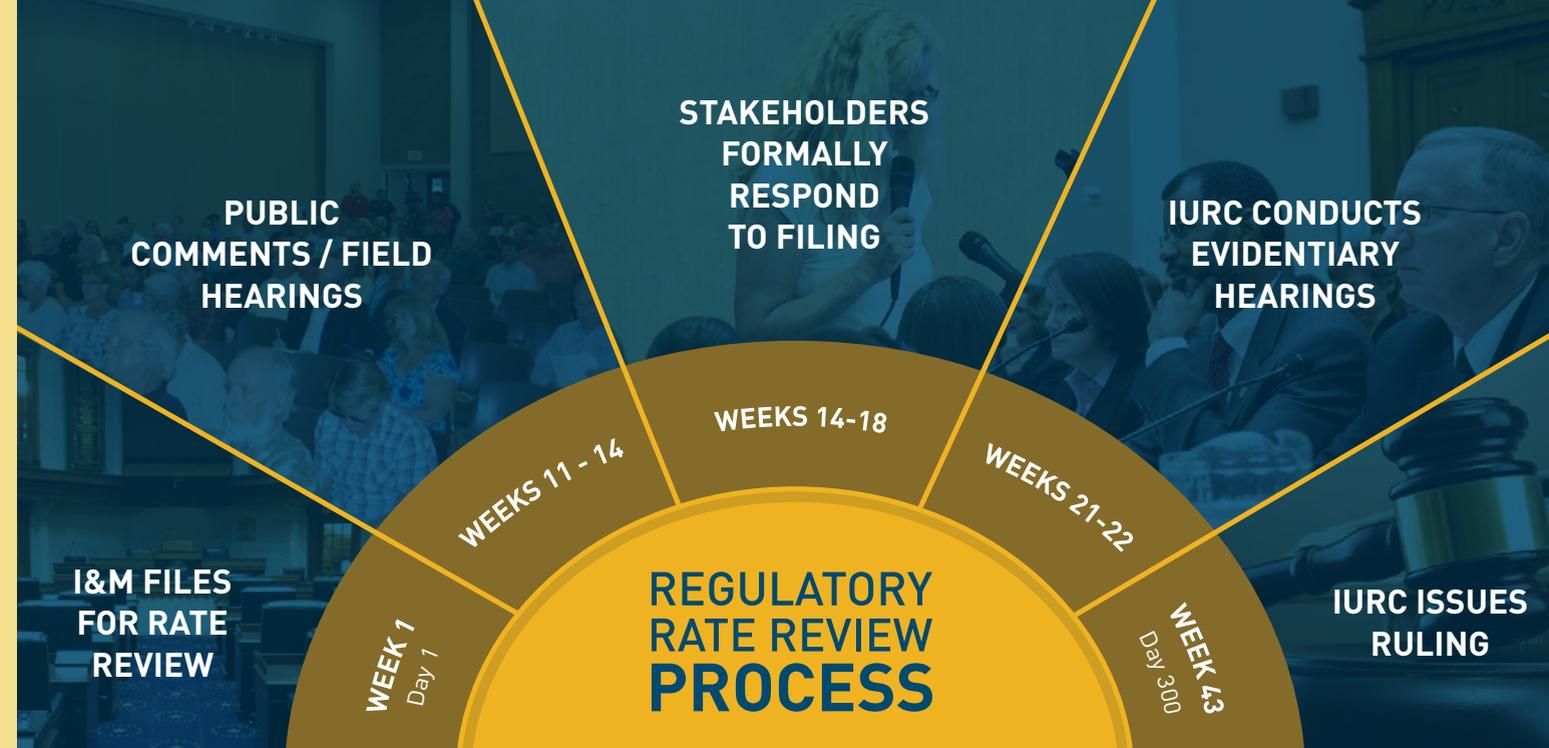
\$11.00

NIPSCO

\$14.00

IP&L

\$17.00



HOW IT WORKS

A utility's regulatory rate review uses an open process that allows the public, customers and organizations to submit testimony and declare support or opposition to all or part of a proposal.

Your rate is made up of the cost of providing the energy to your home and includes the cost of generation, poles, wires, personnel and capital projects such as environmental control technologies and new equipment to ensure the reliable delivery of power to you.

This overall cost is then divided up based upon the number of customers served and then applied to the amount of energy you utilize in your home to determine the cost to you as seen on your monthly billing statement.

Consumer organizations, customer groups and others affected may seek "intervenor" status, allowing them to be a party in the case.

The five-member IURC hears the evidence and makes decisions based

on the evidence presented. By law, the bipartisan IURC is an advocate for neither the public nor the utilities and is required to ensure utilities provide reliable service at reasonable rates.

Another state government agency, the Indiana Office of Utility Consumer Counselor (OUCC), represents customers and the public. The OUCC advocates for customers, while the IURC is impartial.

SMART METERS

Smart meters will give customers better information about their energy use and allow I&M to detect outages more quickly, resulting in faster restoration. The "two-way" communication allows I&M to better serve you. These meters provide technology that will serve as a foundation for greater opportunities for customers to control energy use in the future.

Smart meters are already in use by more than 10,000 Indiana I&M customers and by 750,000 Hoosier utility customers and growing. Nationally, more than 85 million utility customers have smart meters. The technology has proven to be safe, secure and reliable.

ELECTRIC VEHICLES

I&M will offer a \$500 rebate to help cover the cost of charging equipment. In addition, you can pay a lower rate when charging your car overnight.

I&M will also offer incentives for fleet vehicles or multiple electric cars based at a business or a multi-unit residential complex.

ENERGY COMMITMENT

With Innovate Indiana, I&M will continue to ensure our customers' power needs are met by providing sufficient, reliable energy generation. I&M will further diversify its generation by seeking partnerships with commercial customers to develop more solar generation. Customers who wish to support renewable, green energy will have an enhanced option for contributing directly toward renewable energy credits created by solar and wind generation.



