

Your I&M Residential Bill in Indiana

An explanation of charges on your Indiana residential bill:

Monthly Service Charge: A flat monthly fee that pays a portion of the costs of meters, meter reading, billing and other fixed costs.

Current Billing: An amount based on your usage of electricity, determined by the general rate authorized by the state. Most of the costs of poles, wires and other electric generation, transmission and distribution services are included in this portion of your bill.

Remaining Line Items on a Residential Customer Bill:

Most of the remaining line items are called “trackers” or “riders.” They reflect actual expenses and investments a utility incurs and move up or down as those costs (and any related revenue) rise or fall. Several are adjusted at year’s end, so differences in a bill can become more apparent with January billing.

Trackers have advantages for you. For I&M’s capital investments, they gradually phase in the investments that would otherwise impact you all at once if the complete investment was included in base rates at one time. Trackers also offer continuous transparency of your bill. You can see exactly how much of your bill goes toward specific areas of investments and expenses. State regulators review each tracker at least once a year. Importantly, trackers subject certain I&M expenses and investments to more regulatory scrutiny and include “true-up” functions to ensure that rates recover only the tracked costs and expense actually incurred to serve you.

Fuel Adjustment: A charge or credit based on the cost of coal, uranium and other fuels used to generate power at I&M’s generation facilities. The fuel adjustment tracker also includes the costs of purchased power.

Depreciation Credit: A fixed credit to customer’s bills reflecting revised depreciation expenses associated with the June 1, 2015, retirement of the Tanners Creek coal generation plant. (Not subject to annual review and adjustment.)

PJM Cost: PJM is a regional transmission organization that coordinates the movement of wholesale electricity in all or parts of 13 states. I&M and other Indiana electric utilities are required to belong to a regional transmission organization, and this recovers the cost of the mandated participation.

Off-System Sales Margin Sharing: I&M and its customers share the margins from I&M’s sale of energy to the wholesale market. This line item can be a charge or a credit as margins go up and down based upon the amount of excess energy sold.

Energy Efficiency Program Cost: This portion of your bill recovers the costs of energy efficiency programs, which provide customers with tools to reduce energy use if you choose to engage in the available programs. In addition to popular consumer-driven programs, I&M is expanding its use of a technology called Volt VAR, which uses sensors, communication and other equipment to achieve optimum voltage to customers. This reduces loss of energy over distribution lines and reduces your energy use without need for you to take any action.

Environmental Compliance Cost: This line item is connected with the cost of complying with applicable federal and state laws regulating emissions.

Clean Coal Rider: This rider allows I&M to recover costs associated with investments in clean coal technology projects.

Cook Nuclear Plant Life Cycle Cost: Cook generates more than 40 percent of I&M's Electricity – all with zero carbon emissions and at the lowest cost of our generation sources. Cook's two generation units were originally licensed to operate for 40 years. The Life Cycle Management program allows I&M to invest in the Cook Plant and continue to operate the units for 20 additional years – to 2034 and 2037, respectively – at far less cost than building a new generation plant.

Capacity Settlement Rider: One of the most complex trackers, it was initiated in February 2013 to track sales of generation capacity to and from a pool of AEP companies. Indiana customers benefited from a \$24.9 million credit included in base rates tied to capacity sales. Since then, the pool was eliminated, and the tracker reflects the cost to “true up” I&M's balance. The amount for this tracker is expected to decline slightly in the future, then be eliminated in the next base rate case. But customers still benefit when I&M sells its generation into the wholesale market. (See Off-Systems Sales Margin Sharing.)

Federal Mandate Rider: This tracker allows I&M to recover the cost of I&M's environmental investment in the Rockport Plant, which generates nearly 50 percent of I&M's electricity.

State Sales Tax: This item is calculated in accordance with the state's 7% sales tax.

Solar Power Rider: This rider allows I&M to recover costs associated with investments in solar power.