

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

IN THE MATTER OF THE VERIFIED)
PETITION OF INDIANA MICHIGAN POWER)
COMPANY FOR APPROVAL OF DEMAND)
SIDE MANAGEMENT (DSM) PLAN,)
INCLUDING ENERGY EFFICIENCY (EE))
PROGRAMS, AND ASSOCIATED) CAUSE NO.
ACCOUNTING AND RATEMAKING)
TREATMENT, INCLUDING TIMELY)
RECOVERY THROUGH I&M'S DSM/EE)
PROGRAM COST RIDER OF ASSOCIATED)
COSTS, INCLUDING PROGRAM)
OPERATING COSTS, NET LOST REVENUE,)
AND FINANCIAL INCENTIVES.)

VERIFIED PETITION AND REQUEST FOR ADMINISTRATIVE NOTICE

Indiana Michigan Power Company (I&M or Company) hereby petitions the Indiana Utility Regulatory Commission (Commission) for approval of its Demand Side Management (DSM) Plan, including Energy Efficiency (EE) Programs and associated accounting and ratemaking treatment, as summarized in the caption and further described below. In support of this Petition, I&M represents and shows the following:

I&M's Corporate Status

1. 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, among other things, rendering electric service in the States of Indiana and Michigan. I&M owns and operates plant and equipment within the States of Indiana and Michigan that are in service and used and useful in the generation, transmission, distribution and furnishing of such service to the public. I&M has

maintained and continues to maintain its properties in a reliable state of operating condition.

2. I&M supplies electric service to approximately 468,000 retail customers in northern and east-central Indiana and 129,000 retail customers in southwestern Michigan, within a service area covering approximately 4,573 square miles. In Indiana, I&M provides retail electric service to customers in the following counties: Adams, Allen, Blackford, DeKalb, Delaware, Elkhart, Grant, Hamilton, Henry, Howard, Huntington, Jay, LaPorte, Madison, Marshall, Miami, Noble, Randolph, St. Joseph, Steuben, Tipton, Wabash, Wells and Whitley. In addition, I&M serves customers at wholesale in the States of Indiana and Michigan. I&M's electric system is an integrated and interconnected entity that is operated within Indiana and Michigan as a single utility.

I&M's "Public Utility" Status

3. I&M is a "public utility" under Ind. Code § 8-1-2-1 and Ind. Code § 8-1-8.5-1 and an "electricity supplier" as that term is used in Ind. Code § 8-1-8.5-10 (Section 10). I&M is subject to the jurisdiction of this Commission in the manner and to the extent provided by the Public Service Commission Act, as amended, and other pertinent laws of the State of Indiana.

Overview of I&M's 2020-2022 DSM Plan Filing

4. I&M requests Commission approval of a DSM Plan for the three calendar year period of 2020 through 2022. The DSM Plan includes EE goals; a portfolio of EE programs and other DSM Programs designed to achieve the EE goals and demand savings goals; program budgets and program costs; and evaluation, measurement and

verification (EM&V) procedures that include independent EM&V.

Energy Efficiency and Demand Savings Goals

5. The DSM Plan is designed to achieve energy and demand savings as set forth in the Company's prefiled testimony and attachments. The DSM Plan goals are reasonably achievable, consistent with I&M's 2018-19 IRP, the state's energy analysis, and designed to achieve an optimal balance of energy resources in I&M's service area.

DSM Plan Programs

6. The DSM Plan includes offerings to all customer classes, including low income customers, and provides for industrial customer opt out in accordance with Section 9 and Section 10(p).

Program Budgets and Program Costs

7. I&M's program budgets reflect the direct (including EM&V) and indirect costs of the DSM Plan programs. I&M estimates the program operating budgets associated with the Plan's savings goals to be approximately \$31.1 million over the three year period not including net lost revenue and financial incentives (Shared Savings). The net lost revenue and Shared Savings associated with the DSM Plan and sought to be recovered are identified in I&M's prefiled case-in-chief.

8. I&M requests authority to roll forward into the next program year any unused and approved budget funds that remain unspent at the end of a plan year. As explained in I&M's prefiled case-in-chief, I&M asks that the Commission continue to grant I&M spending flexibility for the DSM Plan consistent with the what is currently in place.

EM&V

9. I&M has developed a consistent process where program design is informed through evaluation and verified savings are confirmed through independent means. The EM&V for the DSM Plan will be conducted by an independent evaluation contractor who will perform a process and an impact evaluation, consistent with I&M's current EM&V procedures.

Accounting and Ratemaking

10. I&M requests Commission approval of associated cost recovery for the DSM Plan through I&M's existing DSM/EE Program Cost Rider (DSM Rider) including recovery of direct and indirect costs of the DSM/EE programs, EM&V costs, reasonable net lost revenue, and Shared Savings.

11. The DSM Rider will continue to include a reconciliation mechanism to correct for any variance between the forecasted program costs (including program operating costs, lost revenue and Shared Savings) and the actual program costs (including program operating costs, lost revenue and Shared Savings based on the EM&V of the Plan programs).

12. I&M also requests continued authority to defer the over and under recoveries of projected DSM/EE Program costs through the DSM Rider pending reconciliation in subsequent rider periods. This proposal is consistent with current practice.

DSM Rider Factors

13. The DSM Rider factors are determined as a sum of two components, (1)

the DSM Rider Plan component and (2) the DSM Rider Reconciliation component. In this filing, the Company is requesting to update the DSM Rider Plan component. After the Commission issues a final order in this proceeding, the Company will make a compliance filing to update the DSM Rider factors to reflect the new DSM Rider Plan component added to the then-current DSM Rider Reconciliation component, creating new DSM Rider factors.

14. The Company proposes the revisions requested to the DSM Rider in this filing be effective with the first full billing cycle following a Commission Order in this proceeding.

15. The books and records of I&M supporting the proposed DSM Rider adjustment factors are kept in accordance with the Uniform System of Accounts for Electric Utilities as prescribed by the Commission and generally accepted accounting principles (GAAP).

Applicable Law

16. I&M considers the provisions of the Public Service Commission Act, as amended, including Ind. Code §§ 8-1-2-10, 12, and 42, and Ind. Code § 8-1-8.5-10, among others, as well as 170 IAC 4-8-1 *et seq.*, to be applicable to the subject matter of this Petition.

Procedural and Other Matters

17. I&M is filing its case-in-chief contemporaneous with its Petition, including direct testimony, attachments and workpapers of the following witnesses:

- a. Jon C. Walter, Manager of Consumer & EE Programs, presents the Company's proposed DSM Plan, including the programs, goals, and program costs, including lost revenue and the proposed financial incentive; discusses the demand and energy impact of and cost/benefit analysis for the DSM Plan; explains that the Plan is reasonable and consistent with the Company's 2018-19 IRP and the state's energy analysis; discusses program implementation, evaluation, measurement and verification (EM&V), large customer opt out and the Company's plans for stakeholder input; explain the proposed reporting for the DSM Plan and provides the revenue requirement used by I&M witnesses Owens and Caudill.
- b. G. Scott Fisher, AEP Resource Planning Manager, describes the purpose, methodology, results and reasonableness of the Company's 2018-19 IRP as it relates to the resources included in the Company's IRP Preferred Plan and explains that the DSM resources included in the IRP Preferred Plan are reasonable.
- c. Bryan S. Owens, Regulator Analysis & Case Manager, discusses the cost recovery, ratemaking and accounting treatment sought by the Company associated with its proposed 2020-2022 DSM Plan.
- d. Teresa A. Caudill, Regulatory Consultant Staff, discusses the Company's calculation of the updated DSM Rider factors, explains the method for updating the DSM Rider factors and provides the resulting impacts on both I&M non-opt out customers and opt out customers.

18. Pursuant to 170 IAC 1-1.1-15(b) of the Commission's Rules of Practice and Procedure, I&M requests the Commission promptly conduct a prehearing conference and preliminary hearing to establish a procedural schedule in this Cause. In accordance with 170 IAC 1-1.1-15(e), I&M will seek to enter into a stipulation with the Indiana Office of Utility Consumer Counselor regarding a procedural schedule in lieu of a prehearing conference.

Request for Administrative Notice

19. Pursuant to 170 IAC 1-1.1-21, I&M requests administrative notice to be taken of I&M's most recent IRP, which is the IRP filed with the Commission on July 1,

2019.

Petitioner's Authorized Representatives

20. The names and address of I&M's attorneys in this matter who are duly authorized to accept service of papers in this Cause on behalf of I&M are:

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WITH A COURTESY COPY TO:

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WHEREFORE, I&M respectfully requests that the Commission to promptly publish notice, make such investigation and hold such hearings as are necessary and advisable, and thereafter make and enter an order in this Cause:

- (i) approving I&M's 2020-2022 DSM Plan;
- (ii) authorizing and approving I&M's proposed recovery, through the DSM/EE Program Cost Rider, of the costs of the DSM Plan, including direct (including EM&V costs), and indirect costs of operating the programs, net lost revenue, and Shared Savings;

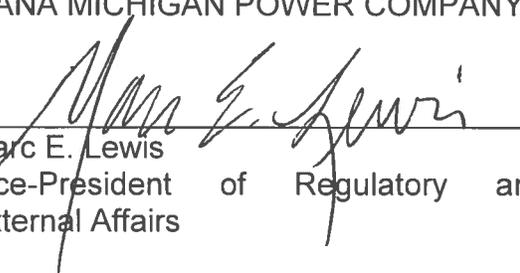
(iii) approving all accounting and ratemaking treatment requested by I&M, including the authority to defer the over and under recoveries of projected DSM/EE program costs through the DSM/EE Program Cost Rider pending reconciliation in subsequent rider periods;

(iv) authorizing and approving the requested DSM/EE Program Cost Rider revenue requirement and associated factors, as set forth in the testimony and exhibits of I&M, to become effective as stated above and explained in I&M's case-in-chief; and

(v) Granting to I&M such other and further relief in the premises as may be appropriate and proper.

Dated this 26 day of August, 2019.

INDIANA MICHIGAN POWER COMPANY

By 
Marc E. Lewis
Vice-President of Regulatory and
External Affairs

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VERIFICATION

I, Marc E. Lewis, Vice-President of Regulatory and External Affairs affirm under penalties of perjury that the foregoing representations are true and correct to the best of my knowledge, information and belief.

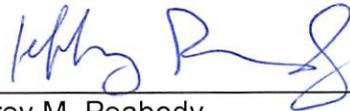
Dated: August 26, 2019.



Marc E. Lewis
Vice-President of Regulatory and External
Affairs

CERTIFICATE OF SERVICE

The undersigned certifies that two copies of the foregoing Verified Petition was served this 26th day of August 2019, via hand delivery or electronic mail, on the Office of Utility Consumer Counselor, PNC Center, 115 W. Washington St., Suite 1500 South, Indianapolis, Indiana 46204.



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