

ORIGINAL

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

Commissioner	Yes	No	Not Participating
Swinger	√		
Bain	√		
Deig	√		
Jerrells	√		
Ziegner	√		

**VERIFIED PETITION OF INDIANA)
MICHIGAN POWER COMPANY (I&M), AN)
INDIANA CORPORATION, FOR APPROVAL)
OF AN ADJUSTMENT TO ITS RATES) CAUSE NO. 44871 ECR 10
THROUGH ITS ENVIRONMENTAL COST)
RIDER PURSUANT TO THE ONGOING) APPROVED: OCT 07 2026
REVIEW PROCESS APPROVED BY THE)
COMMISSION'S ORDER IN CAUSE NOS.)
44871, 45576, AND 45933.)**

ORDER OF THE COMMISSION

Presiding Officers:

Bob Deig, Commissioner

Jon D. Williams, Administrative Law Judge

On May 18, 2026, Indiana Michigan Power Company ("I&M" or "Petitioner") filed a Verified Petition with the Indiana Utility Regulatory Commission ("Commission") seeking approval of an adjustment to its rates through its Environmental Cost Rider ("ECR"). On the same day, I&M filed the direct testimony, attachments, and workpapers of Jason E. Walcutt, Regulatory Consultant Staff in the Regulatory Services Department for I&M, and Stephen Hornyak, Regulatory Consultant Staff in the Regulated Pricing and Analysis Department for American Electric Power Service Corporation.

On August 7, 2026, the Indiana Office of Utility Consumer Counselor ("OUCC") filed the testimony of Brittany L. Baker, Utility Analyst in the OUCC Electric Division.

On August 21, 2026, I&M filed the rebuttal testimony of Mr. Walcutt.

The Commission set this matter for an Evidentiary Hearing for 9:30 a.m. on September 10, 2026, in Room 222, PNC Center, 101 West Washington Street, Indianapolis, Indiana. I&M and the OUCC participated in the Evidentiary Hearing by counsel. The testimony and exhibits of I&M and the OUCC were admitted without objection.

Based on the applicable law and the evidence presented, the Commission finds:

1. Notice and Jurisdiction. Notice of the evidentiary hearing in this Cause was given and published by the Commission as required by law. I&M is a public utility under Ind. Code § 8-1-2-1(a) and an "eligible business" as defined in Ind. Code § 8-1-8.8-6. Under Ind. Code § 8-1-2-42, the Commission has jurisdiction over I&M's rates and charges for utility service. Accordingly, the Commission has jurisdiction over Petitioner and the subject matter of this proceeding.

2. **I&M's Organization and Business.** I&M is a public electric generating utility, organized and existing under the laws of the State of Indiana, with its principal office and place of business at Indiana Michigan Power Center, Fort Wayne, Indiana. I&M is engaged in rendering electric service in the State of Indiana and owns and operates plant and equipment within the States of Indiana and Michigan that are used for the generation, transmission, delivery, and furnishing of such service to the public.

3. **Other Relevant Proceedings.** The Commission's March 26, 2018 Order in Cause No. 44871 granted I&M a certificate of public convenience and necessity ("CPCN") under Ind. Code ch. 8-1-8.7 for I&M to construct, install, and operate selective catalytic reduction clean coal technology on Rockport Unit 2 ("Rockport Unit 2 Project"). The Commission also determined that the Rockport Unit 2 Project constituted a clean energy project under Ind. Code ch. 8-1-8.8 and authorized timely recovery of costs incurred during construction and operation.

Pursuant to the Commission's February 23, 2022 Order in Cause No. 45576 (the "45576 Order"), the Commission approved new basic rates and charges. Additionally, the Commission authorized I&M to track and recover through the ECR, on an annual basis, costs related to I&M's consumables and allowances expense, and life cycle management property tax.

The Commission's May 8, 2024 Order in Cause No. 45933 ("45933 Order") authorized, among other things, I&M to continue to track and recover its consumables and allowances expense through the ECR.

The Commission's November 19, 2025 Order in Cause No. 46217 granted I&M a CPCN for the purchase of a gas-fired generating facility ("Oregon facility") and approved I&M's request for authority to recover consumables (ammonia) costs via the ECR. The purchase of the Oregon facility was completed on March 2, 2026.

4. **Relief Requested.** I&M requests the Commission approve an adjustment to the ECR factors to reflect: (a) the April 1, 2025 through March 31, 2026 ("reconciliation period") reconciliation and 2027 forecast of I&M's actual consumables and allowances expense against the amounts included in I&M's base rates; (b) Rockport Unit 2 amortization expense; (c) amortization of sulfur dioxide allowance expense; (d) forecast ammonia expense for the Oregon facility; and (e) gross revenue conversion factor revenue requirement calculation.

5. **I&M's Case-in-Chief Evidence.** Mr. Walcutt testified the ECR is a part of I&M's Indiana retail tariff that recovers from or returns to customers the difference between the expenses approved by the Commission to be tracked in the ECR and the amount of those expenses embedded in Indiana base rates. He stated I&M reconciles ECR revenues and expenses annually and proposes new factors based on forecasted expenses and past variances. He stated, for reconciliation purposes, I&M tracks the incremental costs of consumables and emission allowances related to the operation of Rockport above and below the total company embedded base rate amounts approved in the 45933 Order. He noted that, consistent with the recovery of other consumables costs, I&M included the cost of ammonia for the Oregon facility in the ECR 10 forecast and reconciliation periods.

Mr. Walcutt presented the monthly variances between net ECR revenue and net ECR expense for the reconciliation period and showed the calculation of the total revenues during the reconciliation period. He also provided I&M's forecasted revenue requirement, totaling \$24,947,232, and explained how this forecast revenue requirement was calculated. He testified the forecast expenses are reasonable because they are based on the most recent financial forecast for I&M at the time this filing was submitted.

Mr. Walcutt also explained a change in methodology for allocating the costs relating to I&M's current generation resources between I&M's Indiana and Michigan jurisdictions that I&M implemented in this proceeding as a result of the Commission's April 22, 2026 interim order in Cause No. 46305. Consistent with the interim order in Cause No. 46305, he explained that I&M allocated the consumables operations and maintenance associated with Rockport Unit 2 based on demand. Mr. Walcutt also explained how I&M will implement changes in future ECR filings as a result of a future Commission order in Cause No. 38702 FAC 96. He explained that, following the Commission's order in Cause No. 38702 FAC 96, I&M will update the allocation of generation-related costs in the ECR beginning June 2025 as necessary and will reconcile that in the future to what has been presented in the case currently.

Mr. Hornyak explained how I&M's jurisdictional ECR revenue requirement presented by Mr. Walcutt was allocated to the rate classes and how the proposed ECR factors were calculated. He stated the jurisdictional costs were allocated to the classes based on the demand and energy allocation methods the Commission approved in the 45933 Order. He noted the ECR rates are shown in Attachment SH-1 to his testimony and are reflected in the proposed ECR tariff sheets, Attachment SH-2 to his testimony. Mr. Hornyak also provided the estimated billing impact on a typical I&M Indiana residential customer using 1,000 kWh of electricity per month – a monthly rate decrease of \$0.04 or 0.0%.

6. OUC's Evidence. Ms. Baker summarized I&M's requested relief and explained how Cause Nos. 46217 and 46305 impact this proceeding. She explained the components of the proposed ECR 10 revenue requirement and testified that nothing came to her attention indicating that I&M's calculation of the proposed ECR factors is unreasonable. She concluded by stating that the OUC does not oppose I&M's proposed ECR factors.

7. I&M's Rebuttal Evidence. Mr. Walcutt provided rebuttal to present an updated revenue requirement reflecting the Commission's June 3, 2026 order in Cause No. 38702 FAC 96 ("FAC 96 Order"). He explained that I&M's case-in-chief testimony had indicated it would update the allocation of generation-related costs in the ECR beginning June 2025, following the issuance of the FAC 96 order. He stated that the Commission's 38702 FAC 96 order approved I&M's request to allocate generation-related costs on a monthly basis to better match Indiana's increasing load. He explained that I&M updated the ECR 10 revenue requirement accordingly, but because the change is small and would increase the proposed rate, I&M is not changing its originally proposed rate factors in this ECR case; instead, I&M proposes to roll the updated revenue requirement into a future ECR reconciliation filing. More specifically, Mr. Walcutt testified that I&M updated cost allocations starting in June 2025 to monthly factors consistent with the FAC 96 order and updated forecasted cost allocations to reflect updated forecast allocation factors approved in Cause No. 46305. Together, these changes increased the ECR 10 revenue requirement by \$343,467, for a final revenue requirement of \$25,290,699, with a total under-recovery for the reconciliation period of

\$1,518,209. Given the small size of this change, I&M proposes not to revise its rate factors now, but to include the \$1,518,209 under-recovery balance in a future ECR filing, consistent with past practice, with forecast amounts reconciled to actuals as usual. Mr. Walcutt testified that I&M shared the updated revenue requirement and his rebuttal testimony with the OUCC before the testimony was filed, and the OUCC indicated no objection to I&M's calculations or its proposed approach.

8. Commission Discussion and Findings.

A. Revenue Requirements. The evidence shows that, based on I&M's rebuttal, there is no disagreement between the parties as to I&M's calculation of the revenue requirement. I&M's testimony shows the forecast jurisdictional revenue requirement of \$24,947,232 for the period of January 1, 2027 through December 31, 2027, prior to the updated allocations from the FAC 96 Order. We accept this calculation and approve the inclusion of the gross revenue conversion factor in the calculation of the revenue requirement. Accordingly, we approve I&M's revenue requirement of \$24,947,232.

B. Rockport Consumables and Environmental Emissions Allowances. I&M's base rates, as approved in the 45576 and 45933 Orders, include an embedded expense for consumables and environmental allowances. We accept I&M's forecast and reconciliation of the Rockport Unit 2 consumables and emission allowances and the Oregon facility consumables as presented and approve the inclusion of the variance from the amount embedded in I&M's base rates in the calculation of the revenue requirement.

Based on the evidence presented, the Commission finds that I&M's proposed ECR 10 factors were properly calculated, are reasonable, and should be approved. We find that I&M should be authorized to apply its requested ECR 10 factors to its Indiana retail tariffs. Petitioner's Exhibit No. 4, Attachment SH-2 presents the ECR factors approved in this filing, as follows:

Tariff Class	¢/kWh	\$/kW
RS, RS-TOD, RS-TOD2, RS-OPES, RSD, RS-PEV and RS-CPP	0.1501	--
GS (up to 4,500 kWh)	0.1250	--
GS (over 4,500 kWh), LGS and LGS-TOD	0.0166	--
GS (over 10 kW), LGS and LGS-TOD	--	0.329
GS-LM-TOD, GS-TOD2, GS Unmetered, GS-TOD, GS-PEV, GS-CPP and LGS-LM-TOD	0.1250	--
IP and CS-IRP2	0.0166	0.440
MS	0.1465	--
WSS	0.0969	--
IS	0.0615	--
EHG	0.0166	0.251
OL	0.0222	--
SLS, ECLS, SLC, SLCM and FW-SL	0.0226	--

We approve the ECR factors contained in Petitioner's Exhibit No. 4, Attachment SH-2. Using currently effective rates, a residential customer using 1,000 kWh of electricity per month will experience a rate decrease of \$0.04 or 0.0% compared to I&M's current rates in effect as of the time of the filing of this case.

IT IS THEREFORE ORDERED BY THE INDIANA UTILITY REGULATORY COMMISSION that:

1. I&M's proposed Environmental Cost Rider factors, as set out in Section 8, are approved.
2. Prior to implementing the authorized rates, I&M shall file the applicable rate schedules under this Cause for approval by the Commission's Energy Division. The ECR factors approved herein shall go into effect upon approval by the Commission's Energy Division for all bills rendered after the effective date of this Order.
3. This Order shall be effective on and after the date of its approval.

SWINGER, BAIN, DEIG, JERRELLS, AND ZIEGNER CONCUR:

APPROVED: OCT 07 2026

**I hereby certify that the above is a true
and correct copy of the Order as approved.**

Regina K Joyner

Digitally signed by Regina K
Joyner
Date: 2026.10.07 10:18:54 -04'00'

on behalf of

**Dana Kosco
Secretary of the Commission**