ORIGINAL

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

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

IN THE MATTER OF THE PETITION OF INDIANA MICHIGAN POWER COMPANY FOR ALL NECESSARY AUTHORITY IN CONNECTION WITH A $2,400,000,000 FINANCING PROGRAM INVOLVING THE ISSUANCE OF UNSECURED PROMISSORY NOTES OF ONE OR MORE NEW SERIES AND/OR PREFERRED STOCK	**CAUSE NO. 46410** **APPROVED: OCT 28 2026**

ORDER OF THE COMMISSION

Presiding Officers:
Joby D. Jerrells, Commissioner
Jon D. Williams, Administrative Law Judge

On May 13, 2026, Indiana Michigan Power Company ("I&M" or "Petitioner") filed its Petition with the Indiana Utility Regulatory Commission ("Commission") initiating this Cause. On May 13, 2026, I&M prefiled the testimony of Mr. Franz D. Messner, Managing Director of Corporate Finance for American Electric Power Service Corporation, a wholly owned subsidiary of American Electric Power Company, Inc. ("AEP"). Petitioner, a subsidiary of AEP, requests a certificate of authority to issue unsecured promissory notes ("Notes") and cumulative preferred stock ("New Preferred Stock") (together, the "Financing Program").

On August 27, 2026, the Indiana Office of Utility Consumer Counselor ("OUCC") prefiled the testimony of Thomas W. Malan, a Utility Analyst with the Electric Division.

On September 8. 2026, I&M filed a notice of intent not to file rebuttal testimony.

The Commission set this matter for an evidentiary hearing to be held on September 29, 2026, at 1:30 p.m. in Room 222 of the PNC Center, 101 West Washington Street, Indianapolis, Indiana. Petitioner and the OUCC, by counsel, participated in the hearing, and the testimony and exhibits of Petitioner and OUCC were admitted into the record without objection.

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

1. Notice and Jurisdiction. Notice of the hearing was published as required by law. I&M is a public utility as defined in Indiana Code § 8-1-2-1(a). Under Indiana Code §§ 8-1-2-76 through 8-1-2-81, the Commission has jurisdiction over a public utility's issuance of bonds, notes, or other evidence of indebtedness payable at periods of more than one year. Petitioner requests authority to issue Notes and New Preferred Stock with maturities between one and 60 years. Therefore, the Commission has jurisdiction over Petitioner and the subject matter of this proceeding.

2. Petitioner's Characteristics. I&M, a wholly owned subsidiary of AEP, is a corporation organized and existing under the laws of Indiana. I&M's principal executive office is at 1 Riverside Plaza, Columbus, Ohio with its principal Indiana office at Indiana Michigan Power

Center, P.O. Box 60, Fort Wayne, Indiana. I&M owns and operates electric utility properties in Indiana and southwestern Michigan, and it renders electric utility service to customers in Indiana and Michigan.

3. Relief Requested. Petitioner requests authority to issue and sell from the effective date of this Order through December 31, 2027 (the "Financing Period"), in one or more transactions or series, up to an aggregate principal amount of $2,400,000,000 in "Notes" and "New Preferred Stock." Petitioner requests flexibility to adjust its Financing Program in response to market conditions subject to certain interest rate maximums. Additionally, Petitioner requests authority to engage in interest rate risk management transactions and to provide a form of credit enhancement for the Notes, if deemed advisable.

4. Statutory Framework. Indiana Code chapter 8-1-2 vests the Commission with jurisdiction over the issuance of long-term debt by public utilities. Indiana Code § 8-1-2-76 provides that a public utility may not issue bonds, notes, or other evidences of indebtedness payable at periods more than twelve (12) months, without first obtaining authority from the Commission, and only in amounts reasonably necessary for the purposes permitted by statute. Indiana Code § 8-1-2-77 provides that no public utility shall issue debt except for money or labor or property. Indiana Code § 8-1-2-77 further provides that the amount of debt issued by a public utility must be reasonable in amount, giving due consideration to the public utility's business, credit, future prospects, and earnings.

Under Indiana Code § 8-1-2-78, the Commission may authorize the issuance of securities for lawful utility purposes, including but not limited to: the acquisition of property, material, or working capital; the construction, completion, extension, or improvement of facilities, plant, or distribution system; the improvement of service; the discharge or lawful refunding of obligations; or the reimbursement of its treasury.

Indiana Code § 8-1-2-79 provides that a public utility seeking authority to issue long-term debt must file a petition verified by its president or vice president and secretary or assistant secretary, setting forth: the principal amount and pricing of the proposed debt; the purposes for which the debt is to be issued; a description of the cost or value of any property to be acquired; balance sheet and income information; and any other information as the Commission may require. The Commission may also consider the total, outstanding capitalization of the utility in relation to the total value of the utility's property of the utility, as well as the character and proportionate amount of the proposed issuance. Indiana Code § 8-1-4-1 similarly requires that the total amount of the issuance must not exceed the fair value of the public utility's property.

Under Indiana Code § 8-1-2-80, if the Commission determines that the proposed issuance complies with these statutory provisions, it shall grant the requested authority and issue to the public utility a certificate of authority stating the amount of debt and the purposes for which it is to be used. The utility may not issue securities in excess of the amount authorized, nor apply the proceeds to any purpose other than those approved, absent further order of the Commission. The Commission may impose reasonable terms and conditions on the issuance as necessary to ensure compliance with statutory requirements and the public interest.

5. Petitioner's Evidence

A. Description of the Financing Program. Mr. Messner testified that Petitioner requests a certificate of authority to issue Notes and New Preferred Stock with maturities not to exceed 60 years in an aggregate principal amount not to exceed $2,400,000,000. Mr. Messner stated that the funding proceeds requested would be used to: (1) refund directly or indirectly the outstanding debt of Petitioner; (2) fund construction costs; and (3) provide working capital. The current financing authority granted by the Commission in Cause No. 45817 expires on December 31, 2026.

Mr. Messner testified that Petitioner will base its decision to issue the Notes or New Preferred Stock based upon market conditions, principally the lowest cost and best terms available, consistent with maintaining a sound capital structure. Mr. Messner emphasized that it is in the public interest to afford Petitioner flexibility to adjust its Financing Program to developments in the markets for medium and long-term debt securities when and as they occur, in order to obtain the best reasonably available price, interest rate, and terms. Therefore, Mr. Messner explained that Petitioner requests flexibility to decide at future dates whether there will be one or more series and on the maturity of each series of the Notes. Any specific redemption provisions will be determined at the time of the pricing of each series of Notes, and any New Preferred Stock will be issued in lieu of the Notes otherwise issuable.

B. Implementation of the Financing Program. Mr. Messner testified that the Notes may be issued in the form of senior or subordinated notes or other types of promissory notes, including notes to AEP. In the case of long-term borrowings from AEP, Mr. Messner stated that the interest rates and maturity dates of the borrowings will be designed to parallel the cost of capital of AEP. The Notes and New Preferred Stock will be sold: (1) by competitive bidding; (2) in negotiated transactions with underwriters or agents; (3) by direct placement with a commercial bank or other institutional investor, or issued to AEP.

Mr. Messner testified that, based on recent transactions, the yield to maturity of such Notes should not exceed by more than 500 basis points the yield to maturity on U.S. Treasury Bonds of comparable maturity at the time of pricing. If Petitioner agrees to a fluctuating rate of interest on the Notes, it will not exceed 8% at the time of issuance. Mr. Messner stated that Petitioner may agree to specific redemption provisions, including redemption premiums, at the time of pricing. The Notes may mature as soon as one year, but more likely will be of a longer term. They will likely be issued under an Indenture, to be supplemented or amended by one or more supplemental indentures or other similar documentation.

According to Mr. Messner, Petitioner may agree to restrictive covenants which would prohibit it from: (1) creating or permitting to exist any liens on its property, with certain stated exceptions; (2) creating indebtedness except as specified therein; (3) failing to maintain a specified financial condition; (4) entering into certain mergers, consolidations, and dispositions of assets; and (5) permitting certain events as to occur in connection with pension plans. Also, Petitioner may permit the holder of the Notes to require Petitioner to prepay them after certain specified events, including an ownership change.

Additionally, Mr. Messner stated that Petitioner, in order to reduce and manage interest costs with respect of the debt offerings, also requests authority to utilize interest rate hedging transactions

and anticipatory interest rate hedging transactions and enter into related interest rate hedging agreements, including, but not limited to, interest rate swaps, caps, collars, floors, options, or hedging products such as forwards, futures, or similar products, the purposes of which are to manage and minimize interest costs. He explained that Petitioner expects to enter into any such agreements with counterparties that are highly rated financial institutions.

Mr. Messner testified that Petitioner will continue to evaluate prudent liability management opportunities in order to manage and reduce interest costs to its customers; in connection with such, Petitioner may redeem any outstanding senior unsecured Notes during the Financing Period. In such case, redemption premiums for bonds being redeemed should be amortized over the term of the refunding bonds. Petitioner will utilize deferred tax accounting for the premium expense to properly match the amortization of the expense and the related tax effect. In the event of a refinancing or refunding of New Preferred Stock, Petitioner proposes to account for any premiums paid to redeem stock as a stock reacquisition cost, to be deferred and amortized on a straight-line basis over the life of the new securities.

Mr. Messner testified that, if deemed advisable, Petitioner may provide some form of credit enhancement such as a letter of credit, surety bond, or other insurance. Petitioner may pay a fee in connection therewith. He explained that Petitioner requests authority to enter into such credit enhancement if Petitioner determines that it is appropriate.

C. <u>Public Interest</u>. Mr. Messner concluded his testimony by emphasizing that the terms and composition of Petitioner's proposed Financing Program are in the public interest. Mr. Messner stated that the proposed financings are reasonably necessary in the operation and management of Petitioner's business in order that Petitioner may provide adequate service and facilities. He stated that the capital structure of Petitioner, after giving effect to the proposed financings, will be reasonable and in the public interest. Mr. Messner added that the total amount of the proposed financings, together with Petitioner's outstanding stock, notes maturing more than 12 months from the date thereof, and other evidence of Petitioner's indebtedness, will not be in excess of the fair value of Petitioner's utility property. Mr. Messner testified that it is in the public interest to afford Petitioner flexibility to adjust its Financing Program to developments in the markets for medium and long-term debt securities when and as they occur, in order to obtain the best reasonably available price, interest rate, and terms.

6. <u>OUCC's Evidence</u>. Mr. Malan stated that he evaluated I&M's request for approval of its $2,400,000,000 debt financing program by reviewing I&M's petition, testimony, attachments and workpapers; drafting discovery requests and reviewing I&M's responses to such requests; reviewing the previous financing case (Cause No. 45817) and the order in I&M's last general rate case (Cause No. 45933). Mr. Malan stated that his primary focus in financing cases is to determine whether the utility can afford to take on additional debt.

Mr. Malan testified the OUCC does not object to Petitioner's requested financing authority, subject to the following conditions, which I&M has agreed to: (a) the credit spread associated with new fixed rate debt shall not exceed by more than 500 basis points the yield to maturity on U.S. Treasury bonds of comparable maturity at the time of pricing and an 8% all-in rate for new variable rate debt; (b) an expiration date of December 31, 2028, be applied to the requested authority; (c) issuances pursuant to this authority shall be at competitive pricing based on market conditions; and (d) I&M shall provide the Commission and the OUCC with written reports concerning issuances

within 30 days of issuance. [1] The report should include: (1) the amount of the financing, (2) a description of the terms and intended purpose, (3) the type of financing, (4) the estimated effective interest rate (incorporating the effects of issuance expenses on the interest rate), (5) a *pro-forma* balance sheet reflecting the reported financing by adjusting the most recently available quarterly balance sheet by adding the debt issuance obligation amount to debt outstanding and adding the net proceeds from the debt to available cash, and (6) if the purpose of such financing is to refinance existing debt, the filing shall include a description of the characteristics of the debt being refinanced (*e.g.*, amount of debt refinanced, interest rate, maturity date and any redemption costs involved in refinancing). Additionally, if preferred stock is issued in lieu of notes, the report shall include clear and comprehensive reporting regarding its proposed issuance of preferred stock. Petitioner will explain how the preferred stock will be classified under applicable accounting standards, including whether it will be treated as equity or as a liability. This explanation should identify any mandatory redemption provisions, conversion rights, call options, or other embedded features, and it should specify whether any of these features require derivative treatment under the relevant accounting guidance. I&M should also describe how the instrument will be initially measured and how it will be presented on its balance sheet.

7. Commission Discussion and Findings. Pursuant to Indiana Code §§ 8-1-2-76 through 8-1-2-81, the Commission has the authority, after consideration of all information that may be relevant or required by the Commission, to investigate and approve or disapprove a proposal by a public utility to issue bonds, notes, or other evidence of indebtedness, payable more than one year from the execution thereof, or preferred or common stock. The Commission must determine whether the proposed issue is in the public interest in accordance with the laws addressing the issuance of securities by public utilities. The Commission must also find that the proposed issue is reasonably necessary in the operation and management of the utility's business in order that the utility may provide adequate service and facilities.

Pursuant to Indiana Code § 8-1-2-78, a public utility may, with the approval of the Commission, issue stock, certificates of stock, bonds, notes, or other evidence of indebtedness payable at periods of more than one year for: (1) the acquisition of property, material, or working capital; (2) the construction, completion, extension, or improvement of facilities, plant, or distributing system; (3) the improvement of its service; (4) the discharge or lawful refunding of its obligations; and (5) the reimbursement of its treasury as provided under Indiana Code § 8-1-2-78(e). Based on the evidence presented, Petitioner plans to use the funds obtained through the Financing Program to: (1) refund directly or indirectly the outstanding debt of Petitioner; (2) fund construction costs; and (3) provide working capital. The Commission finds that these purposes comply with the purpose requirements of Indiana Code § 8-1-2-78. We also find that Petitioner's Financing Program is reasonably necessary in the operation and management of Petitioner's business. Thus, we find the proposed uses of these funds will serve the public interest.

Regarding the terms and conditions of the Financing Program, Petitioner requests authority to issue during the Financing Period, in one or more transactions or series, up to an aggregate principal amount of $2,400,000,000 in Notes and New Preferred Stock. Petitioner proposes to take advantage of favorable interest rates and market conditions as they arise and testified regarding the terms and conditions of the Financing Program. These terms include flexibility for Petitioner to decide at future dates whether there will be one or more series and on the maturity of each series of the notes; authority for Petitioner to enter into interest rate hedging agreements; and authority to enter into some form of

[1] We note, however, that the Verified Petition in this Cause seeks financing authority through December 31, 2027.

credit enhancement if Petitioner determines that is appropriate. The parties agreed that the credit spread associated with new fixed debt should not exceed by more than 500 basis points the yield to maturity on U.S. Treasury bonds of comparable maturity at the time of pricing. If Petitioner agrees to a fluctuating rate of interest on the Notes, it will not exceed 8% at the time of issuance. Based upon our review of the evidence, we find that the terms and conditions of the Financing Program are reasonable.

Pursuant to Indiana Code § 8-1-2-79, Petitioner properly filed with the Commission a Verified Petition and set forth the required description of the Financing Program. Petitioner also provided evidence in its Petition regarding the total outstanding capitalization of the utility in relation to its total value. The record evidence shows that Petitioner's net utility plant was approximately $7.7 billion as of December 31, 2025. Petitioner assumes in its pro forma calculations that the $2,400,000,000 authorization will be used to refund outstanding long-term and short-term debt and the total outstanding financings, together with Petitioner's outstanding stock, notes maturing more than 12 months from the date thereof, and other evidence of Petitioner's indebtedness will not exceed the fair value of Petitioner's utility property. Thus, we find the resulting capital structure is reasonable and that Petitioner's total outstanding capitalization does not exceed the total value of Petitioner's property.

Pursuant to Indiana Code § 8-1-2-80(b), the Commission has authority to impose conditions upon a public utility issuing securities as the Commission deems reasonable. The OUCC proposed the following conditions: (a) the credit spread associated with new fixed rate debt should not exceed by more than 500 basis points the yield to maturity on U.S. Treasury bonds of comparable maturity at the time of pricing and an 8% all-in rate for new variable rate debt; (b) an expiration date of December 31, 2027, be applied to the requested authority; (c) issuances pursuant to this authority shall be at competitive pricing based on market conditions; and (d) Petitioner shall provide the Commission and OUCC with written reports concerning issuances within 30 days of issuance. They are deemed reasonable because: (1) the reporting will provide useful monitoring information to the Commission and the OUCC regarding the terms and conditions of issued securities and current rating data; and (2) they require the issuance(s) to be at a competitive market rate, which is beneficial to ratepayers. Consequently, the Commission's approval is subject to Petitioner's compliance with the OUCC's proposed conditions in Paragraph 6 and described above.

These terms include flexibility for Petitioner to decide at future dates whether there will be one or more series and on the maturity of each series of the notes; authority for Petitioner to enter into interest rate hedging agreements; and authority to enter into some form of credit enhancement if Petitioner determines that is appropriate. Based on this evidence, as well as evidence concerning the use to which the financing funds will be put, we find that the proposed financing is reasonable and should be granted.

Therefore, we authorize Petitioner to issue an aggregate principal amount of $2,400,000,000 through the Financing Period, in one or more series of Notes and New Preferred Stock, along with flexibility to adjust its Financing Program in response to market conditions subject to certain interest rate maximums, authority to engage in interest rate risk management transactions, and authority to provide a form of credit enhancement if deemed advisable.

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

1. Petitioner I&M is authorized during the period from the effective date of this Order through December 31, 2027, to carry out and consummate the issuance of Notes and New Preferred Stock up to an aggregate principal amount of $2,400,000,000 on terms described above, including entering into and executing appropriate transaction documents and evidence of indebtedness in order to effectuate the issuance of the Notes and New Preferred Stock.

2. This Order is the sole evidence of our approval and shall constitute a certificate of authority as provided in Indiana Code § 8-1-2-80.

3. Within 30 days of the issuance of Notes or New Preferred Stock, Petitioner shall file with the Commission under this Cause and serve on the OUCC a written report on each occasion when it exercises this authorization. The report shall summarize the type and terms of the financing, including the OUCC's proposed conditions in Paragraph 6.

4. This Order shall be effective on and after the date of its approval.

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

APPROVED: OCT 28 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: 2026.10.28 11:06:36 -04'00'

on behalf of

Dana Kosco
Secretary of the Commission