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MAY 05 2014

INDIANA UTILITY
REGULATORY COMMISSION

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

IN THE MATTER OF THE VERIFIED)
PETITION OF INDIANA MICHIGAN POWER)
COMPANY FOR APPROVAL OF)
ALTERNATIVE REGULATORY PLAN FOR)
DEMAND SIDE MANAGEMENT (DSM) AND)
ENERGY EFFICIENCY (EE) PROGRAMS)
FOR 2015 AND ASSOCIATED)
ACCOUNTING AND RATEMAKING)
MECHANISMS, INCLUDING TIMELY)
RECOVERY THROUGH I&M'S DSM/EE)
PROGRAM COST RIDER OF ASSOCIATED)
COSTS, INCLUDING ALL PROGRAM)
COSTS, NET LOST REVENUE,)
SHAREHOLDER INCENTIVES AND)
CARRYING CHARGES, DEPRECIATION)
AND OPERATIONS AND MAINTENANCE)
EXPENSE ON CAPITAL EXPENDITURES.

CAUSE NO. 44486

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 an alternative regulatory plan for Demand Side Management/Energy Efficiency (DSM/EE) Programs for 2015 and associated accounting and ratemaking mechanisms, including timely recovery through I&M's DSM/EE Program Cost Rider of associated costs, including all program costs, net Lost Revenue, shareholder incentives (Shared Savings) and carrying charges, depreciation and operation and maintenance (O&M)expense on capital expenditures. Pursuant to 170 IAC 1-1.1-21(f), I&M also requests the Commission to take administrative notice of the Commission proceedings identified 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 One Summit Square, Fort Wayne, Indiana. I&M is a member of the East Zone of the AEP System.
2. I&M is engaged in, among other things, rendering electric service in the States of Indiana and Michigan. I&M owns, operates, manages and controls 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.
3. I&M provides electric service to approximately 586,000 retail customers within a service area covering approximately 8,260 square miles in northern and east-central Indiana and southwestern Michigan. In Indiana, I&M provides retail electric service to approximately 458,000 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 Michigan, I&M currently provides retail electric service to approximately 128,000 customers. 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.
4. I&M is also subject to the jurisdiction of the Michigan Public Service Commission and the Federal Energy Regulatory Commission (FERC) as to electric service

provided by I&M to retail customers in Michigan and to wholesale customers, respectively. I&M is a member of PJM Interconnection, L.L.C. (PJM), a FERC-approved regional transmission organization (RTO).

I&M's "Public Utility" Status

5. I&M is a "public utility" under Ind. Code § 8-1-2-1 and as that term is used in Ind. Code § 8-1-8.5. I&M is an "energy utility" providing "retail energy service" as those terms are used in Ind. Code §§ 8-1-2.5-2 and 3. I&M is an "electricity supplier" as that term is used in Senate Enrolled Act (SEA) 340, codified at Ind. Code § 8-1-8.5-9. 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.

Relief Sought

6. I&M requests Commission approval of an alternative regulatory plan for the implementation of a cost-effective portfolio of DSM/EE programs for the calendar year 2015 and associated ratemaking and accounting mechanisms (2015 DSM Plan). The 2015 DSM Plan includes offerings to all customer classes, including low income customers, and provides for industrial customer opt out in accordance with SEA 340.

7. The following DSM/EE-programs are included in the 2015 DSM Plan:

- Residential EE Products
- Residential Low Income Weatherization
- Schools Energy Education
- Residential Appliance Recycling
- Residential New Construction

- Residential Weatherization
- Residential Online Audit
- Residential Home Energy Reports
- Residential Peak Reduction
- Commercial and Industrial (C&I) Prescriptive
- C&I Custom (a.k.a. C&I Incentives)
- C&I Audit & Small Business Direct Install (SBDI)
- Electric Energy Consumption Optimization (EECO)

8. The 2015 DSM Plan cost recovery proposal includes a request for accounting and ratemaking procedures to recover, through the DSM/EE Program Cost Rider, all program and portfolio level costs, including net Lost Revenue, Shared Savings and evaluation, measurement and verification (EM&V) costs. The 2015 DSM Plan cost recovery proposal also includes a request to defer and subsequently recover through the DSM/EE Program Cost Rider carrying charges, depreciation and operations and maintenance expense on capital expenditures associated with the EECO Program. I&M also requests continued 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 and approval to defer any costs incurred in implementing the DSM/EE programs prior to the time the Commission issues an order authorizing I&M to recognize these costs through the ratemaking process. I&M proposes to implement the cost recovery as part of its ongoing DSM/EE Program Cost Rider reconciliation proceedings, docketed as Cause No. 43827 DSM-X.

9. The DSM/EE programs and associated accounting and ratemaking mechanisms

reflected in the proposed 2015 DSM Plan are in the public interest. Implementation of the 2015 DSM Plan will promote efficiency in the rendering and use of the retail energy services and enhance the reliability of the service provided by I&M.

10. The 2015 DSM Plan is consistent with I&M's most recent Integrated Resource Plan filed with the Commission on November 1, 2013 (2013 IRP).

Applicable Law

11. I&M considers Ind. Code § 8-1-2.5-6, Ind. Code § 8-1-8.5-9 and 170 IAC 4-8-1 *et seq.* to apply to this proceeding. I&M elects to be subject to Ind. Code § 8-1-2.5-6 in order to obtain approval of the alternative regulatory plan referred to herein as the 2015 DSM Plan.

12. This Petition and Petitioner's case-in-chief constitute the alternative regulatory plan.

13. Approval of the 2015 DSM Plan furthers the continuing goal of the Commission in the provision of safe, adequate, efficient and economic retail energy services, facilitates an environment whereby Indiana consumers will have available state-of-the-art technology and energy services, and otherwise serves the public interest.

Procedural and Other Matters

14. I&M is filing its case-in-chief contemporaneous with its Petition, including direct testimony, exhibits and workpapers.

15. 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. 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.

16. So that the 2015 DSM Plan may be timely implemented commencing January 1, 2015, I&M requests a final Commission order approving the relief sought in this Petition on or before October 1, 2014.

Request for Administrative Notice

17. The analysis and calculations presented in I&M's case-in-chief are consistent with that presented in previous I&M DSM/EE proceedings. So as to provide the factual and regulatory underpinning for I&M's proposal, and pursuant to 170 IAC 1-1.1-21(f), I&M seeks administrative notice to be taken in this proceeding of:

- a) The prefiled testimony and exhibits of William K. Castle in Cause Nos. 43769 and 43827-DSM-3;
- b) The prefiled testimony and exhibits of Jon C. Walter in Cause No. 43827-DSM-3;
- c) The prefiled testimony and exhibits of David M. Roush in Cause Nos. 43769, 43959 and 43827-DSM-1;
- d) The Commission's Order dated March 17, 2010 in Cause No. 43769;
- e) Commission's Orders dated September 22, 2010 and December 7, 2010 in Cause No. 43827;
- f) The Commission Orders dated July 13, 2011 and April 27, 2011 in Cause No. 43959;
- g) The Commission's Orders dated April 23, 2008, December 9, 2009 and February 3, 2010 in Cause No. 42693; and
- h) The Commission's Order dated December 30, 2013 in Cause No. 43827-DSM 3.

Petitioner's Authorized Representatives

18. 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:

Teresa Morton Nyhart (Atty. No. 14044-49)
Jeffrey M. Peabody (Atty. No. 28000-53)
BARNES & THORNBURG LLP
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WITH A COURTESY COPY TO:

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Columbus, Ohio 43215
Phone: (614) 716-1915
Fax: (614) 716-2950
Email: mjsatterwhite@aep.com

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:

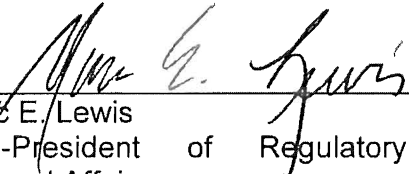
- (i) approving I&M's 2015 DSM Plan DSM/EE programs;
- (ii) authorizing and approving I&M's proposed cost recovery through the DSM/EE Program Cost Rider, of the costs of the DSM/EE Plan, including program costs, portfolio level costs, net Lost Revenue, Shared Savings, EM&V costs and carrying charges, depreciation and O&M expense on the capital expenditures incurred for the EECO program;

(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 and approving the deferral of any costs incurred implementing the DSM/EE programs, including the EECO program, prior to the time the Commission issues an order authorizing I&M to recognize these costs through the ratemaking process; and

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

Dated this 5th day of May 2014.

INDIANA MICHIGAN POWER COMPANY

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

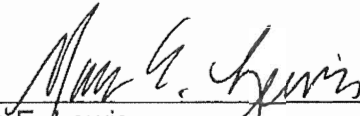
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Attorneys for INDIANA MICHIGAN POWER COMPANY

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.

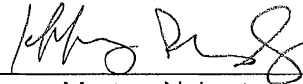
Dated: May 5, 2014.



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

CERTIFICATE OF SERVICE

The undersigned certifies that two copies of the foregoing Verified Petition and Request for Administrative Notice was served this 5th day of May, 2014, via hand delivery, on the Office of Utility Consumer Counselor, PNC Center, 115 W. Washington St., Suite 1500 South, Indianapolis, Indiana 46204.



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