

**INDIANA MICHIGAN POWER COMPANY**

**CAUSE NO. 44841**

**PRE-FILED VERIFIED DIRECT TESTIMONY**

**OF**

**SHERMETRE A. SMITH**

**PRE-FILED VERIFIED DIRECT TESTIMONY OF SHERMETRE A. SMITH  
ON BEHALF OF  
INDIANA MICHIGAN POWER COMPANY**

1 **Q. Please state your name and business address.**

2 A. My name is Shermetre A. Smith. My business address is 1 Riverside Plaza,  
3 Columbus, Ohio 43215.

4 **Q. By whom are you employed and in what capacity?**

5 A. I am employed by American Electric Power Service Corporation (AEPSC) as a  
6 Regulatory Consultant in Regulated Pricing and Analysis. AEPSC supplies  
7 engineering, financing, accounting, and planning and advisory services to the  
8 subsidiaries of the American Electric Power System, one of which is Indiana  
9 Michigan Power Company (I&M or Company).

10 **Q. Please briefly describe your educational and business experience.**

11 A. I graduated from Franklin University in 2000 with a Bachelor of Science degree in  
12 Accounting. In 2011, I earned a Master of Business Administration degree in  
13 Organizational Leadership from Franklin University. I completed the New Mexico  
14 State University's Basic Rate School in 2013.

15 In 2005, I joined AEPSC as an Accountant in the Utility, General and  
16 Regulated Accounting department. From 2010 to 2013, I worked in Internal  
17 Financial Reporting as an Accountant. In May 2013, I assumed my current  
18 position as Regulatory Consultant.

19 **Q. What are your responsibilities as a Regulatory Consultant?**

20 A. My responsibilities include preparation of cost-of-service studies, rate design and  
21 tariff provisions for the AEP System operating companies, as well as other  
22 projects related to regulatory issues and general rate matters.

1 **Q. Have you previously testified before any regulatory commissions?**

2 A. Yes. I have testified and/or submitted testimony before the Indiana Utility  
3 Regulatory Commission (Commission) on behalf of I&M in Cause Nos. 43774  
4 PJM-5 and 43775 OSS-6.

5 **Q. What is the purpose of your testimony in this proceeding?**

6 A. My testimony supports the rate design associated with recovery of the costs  
7 associated with the Company's proposed 2017-2019 Demand Side Management  
8 (DSM) and Energy Efficiency (EE) Plan (DSM Plan) through the DSM/EE  
9 Program Cost Rider (DSM/EE Rider). Company witness Walter addresses the  
10 DSM Plan and associated costs. I provide the calculation of the Company's  
11 proposed DSM/EE Rider factors and the resulting rate impacts on I&M customers  
12 along with a sample tariff sheet. Finally, I identify the Company's proposed  
13 clarifications to the text of the DSM/EE Rider.

14 **Q. What attachments are you sponsoring?**

15 A. I am sponsoring the following attachments:

16 Attachment SAS-1 3 Year DSM Rider Rate Design

17 Attachment SAS-2 Typical Electric Bill Comparison

18 Attachment SAS-3 Redlined and Clean Tariff Sheets

19 **Q. Were these attachments prepared or assembled by you or under your  
20 direction and supervision?**

21 A. Yes.

1 **Q. What is the proposed DSM revenue requirement for DSM Plan Years 2017,**  
2 **2018 and 2019 and how is it used in your attachments?**

3 A. The 3 year total revenue requirement (including Legacy lost revenue)<sup>1</sup> used in  
4 calculating the DSM/EE Rider factors is \$174,808,722, as supported by  
5 Company witness Walter on Attachment JCW-15. The total revenue requirement  
6 amount is used in the DSM/EE Rider rate design shown on Attachment SAS-1.  
7 The Rider rate design uses the component pieces of the revenue requirement to  
8 allocate costs to the various classes to determine the proposed factors charged  
9 for each class. The first component is a listing of the forecasted total program  
10 operating costs by DSM program.<sup>2</sup> The next two components are forecasted net  
11 lost revenue and Shared Savings, as discussed in Company witness Walter's  
12 testimony.

13 **Q. Were there any modifications made to the proposed rate design process**  
14 **relative to the Company's previously filed DSM/EE Rider rate design?**

15 A. No. The rate design for years 2017, 2018 and 2019 matches the method used in  
16 I&M's 2016 DSM Plan, Cause No. 43827 DSM-5. Because the DSM Plan and  
17 associated revenue requirement cover a three year period, I calculated the rate  
18 based on the average annual cost of the Plan. Program operating costs, net lost  
19 revenues and Shared Savings are tracked according to the pre- and post-opt out  
20 periods to ensure that the appropriate amounts are assigned to the Commercial

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<sup>1</sup> This is discussed by Company witness Walter

<sup>2</sup> As explained in the testimony of Company witness Walter, program operating costs are the direct costs of operating a program, including evaluation, measurement and verification (EM&V) costs and the indirect costs of operating a program.

1 and Industrial (C&I) customers and reflects in the rates paid by C&I customers  
2 based upon their opt out status. Although not a change in rate design, the  
3 streetlighting class, SLS, ECLS, SLC, SLCM and FW-SL (Tariff Classes SLS),  
4 has been added due to the addition of Public Efficient Streetlighting (PES)  
5 program as explained by Company witness Walter. The PES cost allocation  
6 method is similar to other DSM program cost allocations plus the inclusion of the  
7 RS class also supported by Company witness Walter.

8 **Q. Please discuss the DSM/EE Rider text clarifications the Company proposes**  
9 **in this case.**

10 A. Attachment SAS-3 provides redlined and clean version of the DSM/EE Rider  
11 tariff sheets. As shown on the redlined sheets, the Company proposes three  
12 changes to the DSM Rider text. First, Tariff Classes SLS, ECLS, SLC, SLCM  
13 and FW-SL were added. Second, the term "DSM" was clarified to reflect average  
14 cost. I discussed these matters above. Third, throughout the Rider, the text has  
15 been revised to reflect the term "program operating cost". These changes are  
16 proposed for clarification and the meaning of "program cost" and "program  
17 operating cost" is addressed by Company witness Walter.

18 **Q. Does the Company's proposed rate design include the costs associated**  
19 **with any new DSM programs?**

20 A. Yes. I&M's proposed rate design includes the costs associated with two new  
21 DSM programs, Work Energy Management and Public Efficient Streetlighting, as  
22 supported by Company witness Walter.

1 **Q. Please explain how the DSM/EE costs are allocated in Attachment SAS-1.**

2 A. The DSM/EE costs in Attachment SAS-1 were provided by Company witness  
3 Walter, and the costs for each program are fully allocated to each class of  
4 customers as directed by Mr. Walter. The projected 2017, 2018 and 2019  
5 program costs are designated as Residential or C&I with the exception of the  
6 indirect program costs, the Electric Energy Consumption Optimization (EECO)  
7 Program and PES Program. The indirect program costs are allocated to the  
8 classes based upon the relationship to the direct costs of the program. As noted  
9 by Mr. Walter the costs of the EECO Program are allocated based on the  
10 residential versus C&I customer counts per EECO circuit. PES costs are  
11 allocated based on customer count to all classes as stated by Company witness  
12 Walter.

13 The Residential program costs are allocated to the residential tariff class.  
14 The C&I program costs are allocated to the commercial and industrial tariff  
15 classes based upon the number of applicable customers in those classes who  
16 are responsible for the costs, excluding General Service (GS) non-metered  
17 customers.

18 The allocations, as shown in Attachment SAS-1, are reasonable and fairly  
19 allocate the costs among the customer classes.

20 **Q. What forecast period is used in the DSM/EE Rider rate design process?**

21 A. As described and supported by Company witness Walter, the Company's DSM  
22 Plan reflects forecasted costs for the period of January 1, 2017 through  
23 December 31, 2019. Therefore, the kWh values utilized in the rate design for the

1 DSM reflect the projected energy for each tariff class in calendar years 2017,  
2 2018 and 2019.

3 **Q. What are the proposed DSM/EE Rider factors you calculated based on the**  
4 **revenue requirement provided by Company witness Walter?**

5 A. The DSM Rider factors are set forth in the table below:

Table 1  
Rider Factors  
(including Legacy lost revenue; excluding reconciliation)

Tariff Class	Non-Opt Out Customers Group N ¢/kWh	Opt Out Customers			Opt In
		July 1, 2014 Group A ¢/kWh	January 1, 2015 Group B ¢/kWh	January 1, 2016 Group D ¢/kWh	January 1, 2016 Group E ¢/kWh
RS, RS-TOD, RS-TOD2 and RS-OPES	0.6067	N/A	N/A	N/A	N/A
GS (Excluding Unmetered), GS-TOD and GS-TOD2	1.4445	0.0260	0.1539	0.0317	6.8435
LGS and LGS-TOD	0.0760	0.00	0.0256	0.00	0.00
IP, CS-IRP and CS-IRP2	0.0040	0.0002	0.0035	0.00	0.0018
MS	0.6294	0.00	0.6414	0.00	0.00
WSS	0.2250	0.0088	0.0042	0.00	0.00
IS	6.1456	0.00	0.00	0.00	0.00
EHG	1.4568	0.00	0.00	0.00	0.00
SLS, ECLS, SLC, SLCM and FW-SL	0.9326	0.00	0.00	0.00	0.00

6 These DSM/EE Rider factors have not been included in Attachment SAS-3 as  
7 Company witness Walter explains how these DSM Plan factors will be  
8 implemented.

9 **Q. What impact will the factors you calculated have on customer bills?**

10 A. If approved, overall bills will decrease by approximately \$0.68 or -0.6% for the  
11 typical residential customer using 1,000 kWh per month. Attachment SAS-2  
12 shows the percentage increase at various “typical” usage levels for I&M’s major

1 tariff classes. These calculations are based upon I&M's current rates in effect at  
2 the time of this filing compared to Rider Factors shown on Table 1.

3 **Q. Does this conclude your pre-filed verified direct testimony?**

4 A. Yes, it does.



## VERIFICATION

I, Shermetre A. Smith, Regulatory Consultant, American Electric Power Service Corporation, affirm under penalties of perjury that the foregoing representations are true and correct to the best of my knowledge, information and belief.

Date: August 26, 2016

Shermetre A. Smith

Shermetre A. Smith

Indiana Michigan Power Company - Indiana  
DSM Program Costs, Indirect Program Costs, Net Lost Revenue, and Shared Savings  
Forecast Period Jan 1, 2017 through December 31, 2019  
3 Year DSM/EE Program Cost Rider Rate Design

Program Description	Total 3-year Program Costs	ALL OTHER CUSTOMERS										JULY 1, 2014 OPT OUT CUSTOMERS			JANUARY 1, 2015 OPT OUT CUSTOMERS					JANUARY 1, 2016 OPT OUT CUSTOMERS	JANUARY 1, 2016 OPT IN CUSTOMERS	
		RS	GS*	LGS	IP/IRP	MS	WSS	IS	EHG	SL	GS*	IP/IRP	WSS	GS*	LGS	IP/IRP	MS	WSS	GS*	GS*	IP/IRP	
<b>Section 1 - DSM/EE Program Costs:</b>																						
Exhibit JCW-2																						
Home Energy Products	\$4,882,804	\$4,882,804																				
Income Qualified Weatherproofing	\$1,713,117	\$1,713,117																				
Schools Energy Education	\$1,987,062	\$1,987,062																				
Home Appliance Recycling	\$1,784,969	\$1,784,969																				
Home New Construction	\$1,466,093	\$1,466,093																				
Home Weatherproofing	\$1,554,429	\$1,554,429																				
Home Energy Engagement	\$6,798,120	\$6,798,120																				
Home Energy Management	\$6,232,009	\$6,232,009																				
Work Energy Management	\$4,068,667		\$3,722,019	\$186,246	\$16,776	\$24,624	\$32,306	\$5,673	\$10,782	\$69,961										\$140	\$140	
Work Prescriptive Rebates	\$8,274,562		\$7,569,575	\$378,774	\$34,117	\$50,079	\$65,701	\$11,537	\$21,927	\$142,282											\$285	\$285
Work Custom Rebates	\$10,143,256		\$9,279,057	\$464,315	\$41,821	\$61,389	\$80,539	\$14,143	\$26,879	\$174,415											\$349	\$349
Work Direct Install	\$1,249,467		\$1,143,013	\$57,195	\$5,152	\$7,562	\$9,921	\$1,742	\$3,311	\$21,485											\$43	\$43
Public Efficient Streetlighting	\$5,617,964	\$4,910,980	\$646,749	\$32,363	\$2,915	\$4,279	\$5,614	\$986	\$1,873	\$12,157											\$24	\$24
<b>Total Direct Program Costs</b>	<b>\$55,772,519</b>	<b>\$31,329,583</b>	<b>\$22,360,413</b>	<b>\$1,118,893</b>	<b>\$100,781</b>	<b>\$147,933</b>	<b>\$194,081</b>	<b>\$34,081</b>	<b>\$64,772</b>	<b>\$420,300</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$841	\$841
<b>Indirect Program Costs:</b>																						
<b>Total Indirect Program Costs</b>	<b>\$4,135,000</b>	\$2,356,950	\$1,626,561	\$81,392	\$7,331	\$10,761	\$14,118	\$2,479	\$4,712	\$30,574	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$61	\$61
<b>EEOC Program Costs:</b>																						
Residential EEOC*	\$4,519,613	\$4,519,613																				
C&I EEOC*	\$616,311		\$563,385	\$28,191	\$2,539	\$3,727	\$4,890	\$859	\$1,632	\$10,590	\$106	\$95	\$11	\$106	\$11	\$74	\$21	\$21	\$11	\$11	\$21	\$21
<b>Total EEOC Program Costs</b>	<b>\$5,135,924</b>	<b>\$4,519,613</b>	<b>\$563,385</b>	<b>\$28,191</b>	<b>\$2,539</b>	<b>\$3,727</b>	<b>\$4,890</b>	<b>\$859</b>	<b>\$1,632</b>	<b>\$10,590</b>	<b>\$106</b>	<b>\$95</b>	<b>\$11</b>	<b>\$106</b>	<b>\$11</b>	<b>\$74</b>	<b>\$21</b>	<b>\$21</b>	<b>\$11</b>	<b>\$11</b>	<b>\$21</b>	<b>\$21</b>
<b>Total PY 8 Direct, Indirect &amp; EEOC Program Costs</b>	<b>\$65,043,443</b>	<b>\$38,206,146</b>	<b>\$24,550,359</b>	<b>\$1,228,476</b>	<b>\$110,651</b>	<b>\$162,421</b>	<b>\$213,089</b>	<b>\$37,419</b>	<b>\$71,116</b>	<b>\$461,464</b>	<b>\$106</b>	<b>\$95</b>	<b>\$11</b>	<b>\$106</b>	<b>\$11</b>	<b>\$74</b>	<b>\$21</b>	<b>\$21</b>	<b>\$11</b>	<b>\$11</b>	<b>\$923</b>	<b>\$923</b>
<b>Section 2 - Net Lost Revenues:</b>																						
Exhibits JCW-9, 10 & 11																						
Residential	\$30,794,953	\$30,794,953																				
C&I																						
EEOC	\$326,414		\$298,382	\$14,931	\$1,345	\$1,974	\$2,590	\$455	\$864	\$5,609	\$56	\$51	\$6	\$56	\$6	\$39	\$11	\$11	\$6	\$6	\$11	\$11
Pre-Opt Out Measures - July 2014 Opt Out	\$29,149,997		\$26,646,705	\$1,333,375	\$120,100	\$176,291	\$231,283	\$40,614	\$77,187	\$500,867	\$5,016	\$4,514	\$502	\$5,016	\$502	\$3,511	\$1,003	\$1,003	\$502	\$1,003	\$1,003	\$1,003
Pre-Opt Out Measures - Jan. 2015 Opt Out	\$35,054,693		\$32,055,358	\$1,604,019	\$144,478	\$212,074	\$278,228	\$48,858	\$92,854	\$602,532	\$6,034	\$603	\$74	\$6,034	\$603	\$4,224	\$1,207	\$1,207	\$603	\$1,207	\$1,207	\$1,207
Pre-Opt Out Measures - Jan. 2016 Opt Out	\$45,029,305		\$41,192,128	\$2,061,215	\$185,658	\$272,521	\$357,532	\$62,783	\$119,321	\$774,272											\$775	\$1,550
Non-Opt Out Customer Portion	-\$40,535,442		-\$37,081,846	-\$1,855,540	-\$167,133	-\$245,328	-\$321,856	-\$56,519	-\$107,415	-\$697,013											-\$1,396	-\$1,396
<b>Total Net Lost Revenues</b>	<b>\$99,819,920</b>	<b>\$30,794,953</b>	<b>\$63,110,727</b>	<b>\$3,158,000</b>	<b>\$284,448</b>	<b>\$417,532</b>	<b>\$547,777</b>	<b>\$96,191</b>	<b>\$182,811</b>	<b>\$1,186,267</b>	<b>\$5,072</b>	<b>\$4,565</b>	<b>\$508</b>	<b>\$11,106</b>	<b>\$1,111</b>	<b>\$7,774</b>	<b>\$2,221</b>	<b>\$2,221</b>	<b>\$1,886</b>	<b>\$2,375</b>	<b>\$2,375</b>	<b>\$2,375</b>
<b>Section 3 - Shared Savings:</b>																						
Exhibit JCW-12, 13 & 14																						
Residential	\$3,869,771	\$3,869,771																				
C&I Non Opt Out Customers	\$2,983,571		\$2,729,372	\$136,575	\$12,302	\$18,057	\$23,690	\$4,160	\$7,906	\$51,303												
<b>Total Shared Savings</b>	<b>\$6,853,342</b>	<b>\$3,869,771</b>	<b>\$2,729,372</b>	<b>\$136,575</b>	<b>\$12,302</b>	<b>\$18,057</b>	<b>\$23,690</b>	<b>\$4,160</b>	<b>\$7,906</b>	<b>\$51,303</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$103</b>	<b>\$103</b>
<b>Total 3 Year DSM Cost</b>	<b>\$171,716,705</b>	<b>\$72,870,870</b>	<b>\$90,390,458</b>	<b>\$4,523,051</b>	<b>\$407,401</b>	<b>\$598,010</b>	<b>\$784,556</b>	<b>\$137,770</b>	<b>\$261,833</b>	<b>\$1,699,034</b>	<b>\$5,178</b>	<b>\$4,660</b>	<b>\$519</b>	<b>\$11,212</b>	<b>\$1,122</b>	<b>\$7,848</b>	<b>\$2,242</b>	<b>\$2,242</b>	<b>\$1,897</b>	<b>\$3,401</b>	<b>\$3,401</b>	<b>\$3,401</b>
<b>Revenue Tax Rate</b>	1.769%																					
<b>Gross Revenue Conversion Factor</b>	1.01801																					
<b>Total DSM Revenue Requirement</b>	<b>\$174,808,722</b>	<b>\$74,183,019</b>	<b>\$92,018,075</b>	<b>\$4,604,495</b>	<b>\$414,737</b>	<b>\$608,778</b>	<b>\$798,683</b>	<b>\$140,252</b>	<b>\$266,548</b>	<b>\$1,729,628</b>	<b>\$5,271</b>	<b>\$4,744</b>	<b>\$528</b>	<b>\$11,414</b>	<b>\$1,142</b>	<b>\$7,989</b>	<b>\$2,282</b>	<b>\$2,282</b>	<b>\$1,931</b>	<b>\$3,462</b>	<b>\$3,462</b>	<b>\$3,462</b>
Residential Customers	\$74,183,019																					
C&I Customers	\$100,625,703																					
<b>Total DSM Costs</b>	<b>\$174,808,722</b>																					
<b>Rate Design:</b>																						
Total																						
KWH (excluding opt-out customer kWh)	38,035,852,606	12,227,357,698	6,370,055,185	6,055,545,237	10,291,741,142	96,720,270	355,003,057	2,282,155	18,297,424	185,459,968	20,247,481	2,113,033,041	6,029,162	7,414,750	4,457,254	227,429,016	355,806	54,423,960	6,084,922	50,588	196,208,609	
Rider Factor (\$/kWh)	\$0.006067	\$0.014445	\$0.000760	\$0.000040	\$0.006294	\$0.002250	\$0.061456	\$0.014568	\$0.009326	\$0.000260	\$0.000002	\$0.000088	\$0.001539	\$0.000256	\$0.000035	\$0.006414	\$0.000042	\$0.000317	\$0.068435	\$0.000018	\$0.000018	
<b>Proposed Rider Factor (\$/kWh)</b>	<b>\$0.006067</b>	<b>\$0.014445</b>	<b>\$0.000760</b>	<b>\$0.000040</b>	<b>\$0.006294</b>	<b>\$0.002250</b>	<b>\$0.061456</b>	<b>\$0.014568</b>	<b>\$0.009326</b>	<b>\$0.000260</b>	<b>\$0.000002</b>	<b>\$0.000088</b>	<b>\$0.001539</b>	<b>\$0.000256</b>	<b>\$0.000035</b>	<b>\$0.006414</b>	<b>\$0.000042</b>	<b>\$0.000317</b>	<b>\$0.068435</b>	<b>\$0.000018</b>	<b>\$0.000018</b>	
Revenue Verification	\$174,791,735	\$74,183,379	\$92,015,447	\$4,602,214	\$411,670	\$608,757	\$798,757	\$140,252	\$266,557	\$1,729,600	\$5,264	\$4,226	\$531	\$11,411	\$1,141	\$7,960	\$2,282	\$2,286	\$1,929	\$3,462	\$3,532	
Revenue Verification Difference	(8,132)	360	(2,628)	(2,281)	(3,067)	(21)	74	0	9	(28)	(7)	(518)	(3)	(1)	(29)	0	4	(2)	(0)	70		
<b>Allocation Basis (Applicable Annual Customer Count)</b>																						
Total																						
Residential	14,522,449	14,522,449																				
Commercial & Industrial (C&I)	2,092,197		1,912,527	95,701	8,620	12,653	16,600	2,915	5,540	35,949	360	324	36	360	36	252	72	72	36	72	72	
<b>Total</b>	<b>16,614,646</b>		<b>1,912,527</b>	<b>95,701</b>	<b>8,620</b>	<b>12,653</b>	<b>16,600</b>	<b>2,915</b>	<b>5,540</b>	<b>35,949</b>	<b>360</b>	<b>324</b>	<b>36</b>	<b>360</b>	<b>36</b>	<b>252</b>	<b>72</b>	<b>72</b>	<b>36</b>	<b>72</b>	<b>144</b>	
* GS excludes Non-Metered Customers																						

Indiana Michigan Power Company - Indiana  
Typical Electric Bill Comparison

Line No.	Tariff	Demand	Metered Energy	Current Bill	Proposed Bill	Bill Increase	% Change
RS							
1		--	100	\$18.11	\$18.04	\$ (0.07)	-0.4%
2		--	250	\$34.33	\$34.16	\$ (0.17)	-0.5%
3		--	500	\$61.32	\$60.97	\$ (0.35)	-0.6%
4		--	1,000	\$115.34	\$114.66	\$ (0.68)	-0.6%
5		--	2,000	\$223.38	\$222.00	\$ (1.38)	-0.6%
6		--	4,000	\$439.44	\$436.70	\$ (2.74)	-0.6%
RS-OPES							
7	On-Peak=20%	--	100	\$15.96	\$15.89	\$ (0.07)	-0.4%
8	Off-Peak=80%	--	250	\$27.15	\$26.98	\$ (0.17)	-0.6%
9		--	500	\$45.77	\$45.42	\$ (0.35)	-0.8%
10		--	1,000	\$83.04	\$82.36	\$ (0.68)	-0.8%
11		--	2,000	\$157.58	\$156.20	\$ (1.38)	-0.9%
12		--	4,000	\$306.64	\$303.90	\$ (2.74)	-0.9%
RS-TOD							
13	On-Peak 30%	--	500	\$51.80	\$51.45	\$ (0.35)	-0.7%
14	Off-Peak 70%	--	1,000	\$95.09	\$94.41	\$ (0.68)	-0.7%
15		--	2,000	\$181.68	\$180.30	\$ (1.38)	-0.8%
16		--	3,000	\$268.26	\$266.20	\$ (2.06)	-0.8%
17		--	4,000	\$354.84	\$352.10	\$ (2.74)	-0.8%
18		--	5,000	\$441.45	\$438.02	\$ (3.43)	-0.8%
RS-TOD2							
19	On-Peak 5%	--	500	\$60.27	\$59.92	\$ (0.35)	-0.6%
20	Off-Peak 95%	--	1,000	\$113.24	\$112.56	\$ (0.68)	-0.6%
21		--	2,000	\$219.18	\$217.80	\$ (1.38)	-0.6%
22		--	3,000	\$325.11	\$323.05	\$ (2.06)	-0.6%
23		--	4,000	\$431.04	\$428.30	\$ (2.74)	-0.6%
24		--	5,000	\$537.00	\$533.57	\$ (3.43)	-0.6%
GS-SEC < 10 KW							
25	Block 1 - up to 4,500 kWh	3 kW	200	\$30.51	\$30.52	\$ 0.01	0.0%
26	Block 2 - all other kWh	3 kW	500	\$61.70	\$61.73	\$ 0.03	0.0%
27		5 kW	1,000	\$113.74	\$113.80	\$ 0.06	0.1%
28		7 kW	2,500	\$269.79	\$269.93	\$ 0.14	0.1%
29		9 kW	5,000	\$520.09	\$520.38	\$ 0.29	0.1%
GS-TOD2							
30	On-Peak 5%	--	1,000	\$111.80	\$111.86	\$ 0.06	0.1%
31	Off-Peak 95%	--	2,500	\$264.92	\$265.06	\$ 0.14	0.1%
32		--	5,000	\$520.13	\$520.42	\$ 0.29	0.1%
33		--	7,500	\$775.34	\$775.78	\$ 0.44	0.1%
GS-OUSP							
34	Optional Unmetered	--	200	\$22.98	\$22.98	\$ -	0.0%
35	Service Provision	--	500	\$49.86	\$49.86	\$ -	0.0%
36		--	1,000	\$94.70	\$94.70	\$ -	0.0%
37		--	2,500	\$229.17	\$229.17	\$ -	0.0%
38		--	5,000	\$453.26	\$453.26	\$ -	0.0%
GS-SEC							
39	Block 1 - up to 4,500 kWh	10 kW	2,000	\$217.75	\$217.87	\$ 0.12	0.1%
40	Block 2 - all other kWh	10 kW	3,000	\$321.79	\$321.97	\$ 0.18	0.1%
41		10 kW	4,000	\$425.82	\$426.05	\$ 0.23	0.1%
42		10 kW	5,000	\$520.09	\$520.38	\$ 0.29	0.1%
43		100 kW	20,000	\$2,210.29	\$2,211.45	\$ 1.16	0.1%
44		100 kW	25,000	\$2,632.84	\$2,634.29	\$ 1.45	0.1%
45		100 kW	30,000	\$3,055.39	\$3,057.13	\$ 1.74	0.1%
46		500 kW	100,000	\$10,849.09	\$10,854.89	\$ 5.80	0.1%
GS-TOD							
47	On-Peak 40%	--	100	\$19.61	\$19.61	\$ -	0.0%
48	Off-Peak 60%	--	250	\$32.69	\$32.70	\$ 0.01	0.0%
49		--	500	\$54.46	\$54.49	\$ 0.03	0.1%
50		--	1,000	\$98.06	\$98.12	\$ 0.06	0.1%
51		--	2,000	\$185.18	\$185.30	\$ 0.12	0.1%
52		--	4,000	\$359.47	\$359.70	\$ 0.23	0.1%

Indiana Michigan Power Company - Indiana  
Typical Electric Bill Comparison

Line No.	Tariff	Demand	Metered Energy	Current Bill	Proposed Bill	Bill Increase	% Change
53	GS-LM-TOD						
	On-Peak 30%	--	500	\$50.49	\$50.52	\$ 0.03	0.1%
54	Off-Peak 70%	--	1,000	\$90.13	\$90.19	\$ 0.06	0.1%
55		--	2,000	\$169.32	\$169.44	\$ 0.12	0.1%
		--	2,500	\$208.96	\$209.10	\$ 0.14	0.1%
56		--	3,000	\$248.55	\$248.73	\$ 0.18	0.1%
57		--	4,000	\$327.77	\$328.00	\$ 0.23	0.1%
58		--	5,000	\$407.00	\$407.29	\$ 0.29	0.1%
59	GS-PRI	500 kW	100,000	\$10,117.95	\$10,123.75	\$ 5.80	0.1%
60	GS-SUB	500 kW	150,000	\$12,973.42	\$12,982.12	\$ 8.70	0.1%
61	LGS-SEC						
	Block 1 - 1st 300 kWh/kVA	100 kW	30,000	\$2,685.54	\$2,684.73	\$ (0.81)	0.0%
62	Block 2 - all other kWh	100 kW	40,000	\$3,238.35	\$3,237.27	\$ (1.08)	0.0%
63		100 kW	50,000	\$3,740.11	\$3,738.76	\$ (1.35)	0.0%
64		100 kW	60,000	\$4,241.88	\$4,240.25	\$ (1.63)	0.0%
65		500 kW	150,000	\$13,289.82	\$13,285.77	\$ (4.05)	0.0%
66		500 kW	200,000	\$16,059.75	\$16,054.35	\$ (5.40)	0.0%
67		500 kW	250,000	\$18,568.58	\$18,561.82	\$ (6.76)	0.0%
68		500 kW	300,000	\$21,077.37	\$21,069.26	\$ (8.11)	0.0%
69	LGS-PRI	500 kW	150,000	\$12,444.14	\$12,440.09	\$ (4.05)	0.0%
70		500 kW	200,000	\$15,154.47	\$15,149.07	\$ (5.40)	0.0%
71		500 kW	250,000	\$17,610.23	\$17,603.47	\$ (6.76)	0.0%
72		500 kW	300,000	\$20,065.94	\$20,057.83	\$ (8.11)	0.0%
73	LGS-SUB	500 kW	100,000	\$7,711.92	\$7,709.22	\$ (2.70)	0.0%
74		500 kW	150,000	\$11,063.17	\$11,059.12	\$ (4.05)	0.0%
75		500 kW	200,000	\$13,738.93	\$13,733.53	\$ (5.40)	0.0%
76		500 kW	250,000	\$16,164.28	\$16,157.52	\$ (6.76)	0.0%
77	LGS-LM-TOD						
	On-Peak 25%	--	30,000	\$1,853.10	\$1,852.26	\$ (0.84)	0.0%
78	Off-Peak 75%	--	150,000	\$9,124.26	\$9,120.06	\$ (4.20)	0.0%
79		--	300,000	\$18,213.20	\$18,204.80	\$ (8.40)	0.0%
80	LGS-TOD-SEC						
	On-Peak 45%	300 kW	70,000	\$5,912.93	\$5,910.97	\$ (1.96)	0.0%
81	Off-Peak 55%	300 kW	80,000	\$6,562.90	\$6,560.66	\$ (2.24)	0.0%
82		300 kW	90,000	\$7,212.88	\$7,210.36	\$ (2.52)	0.0%
83	LGS-TOD-PRI						
	On-Peak 40%	100 kW	20,000	\$1,593.46	\$1,592.90	\$ (0.56)	0.0%
84	Off-Peak 60%	100 kW	25,000	\$1,886.69	\$1,885.99	\$ (0.70)	0.0%
85		100 kW	30,000	\$2,179.94	\$2,179.10	\$ (0.84)	0.0%
86	IP-SEC						
	Block 1 - 1st 410 kWh/kVA	1,000 kVA	250,000	\$23,340.36	\$23,335.05	\$ (5.31)	0.0%
87	Block 2 - all other kWh	1,000 kVA	350,000	\$28,823.29	\$28,815.86	\$ (7.43)	0.0%
88		1,000 kVA	450,000	\$33,592.29	\$33,582.74	\$ (9.55)	0.0%
89		1,000 kVA	550,000	\$36,234.29	\$36,222.61	\$ (11.68)	0.0%
90		1,000 kVA	650,000	\$38,876.25	\$38,862.45	\$ (13.80)	0.0%
91	IP-PRI	2,000 kVA	900,000	\$63,064.78	\$63,045.67	\$ (19.11)	0.0%
92		2,000 kVA	1,100,000	\$68,248.37	\$68,225.02	\$ (23.35)	0.0%
93		2,000 kVA	1,300,000	\$73,431.97	\$73,404.37	\$ (27.60)	0.0%
94	IP-SUB	10,000 kVA	4,500,000	\$287,085.54	\$286,990.00	\$ (95.54)	0.0%
95		10,000 kVA	5,500,000	\$312,723.66	\$312,606.89	\$ (116.77)	0.0%
96		10,000 kVA	6,500,000	\$338,361.78	\$338,223.78	\$ (138.00)	0.0%
97	IP-TRAN	10,000 kVA	4,500,000	\$284,687.89	\$284,592.35	\$ (95.54)	0.0%
98		10,000 kVA	5,500,000	\$310,152.31	\$310,035.54	\$ (116.77)	0.0%
99		10,000 kVA	6,500,000	\$335,616.73	\$335,478.73	\$ (138.00)	0.0%
100	MS	--	2,500	\$260.19	\$257.15	\$ (3.04)	-1.2%
101		--	10,000	\$976.81	\$964.63	\$ (12.18)	-1.2%
102		--	17,500	\$1,693.45	\$1,672.14	\$ (21.31)	-1.3%

Indiana Michigan Power Company - Indiana  
Typical Electric Bill Comparison

Line No.	Tariff	Demand	Metered Energy	Current Bill	Proposed Bill	Bill Increase	% Change
	WSS-SEC						
103		--	5,000	\$374.09	\$370.80	\$ (3.29)	-0.9%
104		--	20,000	\$1,458.39	\$1,445.25	\$ (13.14)	-0.9%
105		--	50,000	\$3,627.00	\$3,594.15	\$ (32.85)	-0.9%
	WSS-PRI						
106		--	50,000	\$3,391.30	\$3,358.45	\$ (32.85)	-1.0%
107		--	350,000	\$23,406.40	\$23,176.45	\$ (229.95)	-1.0%
108		--	650,000	\$43,421.50	\$42,994.45	\$ (427.05)	-1.0%
	WSS-SUB						
109		--	50,000	\$3,026.30	\$2,993.45	\$ (32.85)	-1.1%
110		--	350,000	\$20,851.40	\$20,621.45	\$ (229.95)	-1.1%
111		--	650,000	\$38,676.50	\$38,249.45	\$ (427.05)	-1.1%
	WSS-TOD-SEC						
112	On-Peak 30%	--	5,000	\$318.63	\$315.34	\$ (3.29)	-1.0%
113	Off-Peak 70%	--	20,000	\$1,232.93	\$1,219.79	\$ (13.14)	-1.1%
114							
	IS						
115		--	1,000	\$165.86	\$191.09	\$ 25.23	15.2%
116		--	2,500	\$414.64	\$477.70	\$ 63.06	15.2%
117		--	4,000	\$663.43	\$764.32	\$ 100.89	15.2%
	EHG						
118		--	2,000	\$246.64	\$244.32	\$ (2.32)	-0.9%
119		--	5,000	\$599.80	\$593.98	\$ (5.82)	-1.0%
120		--	8,000	\$952.95	\$943.63	\$ (9.32)	-1.0%

I.U.R.C. NO. 16  
INDIANA MICHIGAN POWER COMPANY  
STATE OF INDIANA

**FOURTH FIFTH REVISED SHEET NO. 38**  
**CANCELS ~~THIRD FOURTH~~ SHEET NO. 38**

**DEMAND-SIDE MANAGEMENT / ENERGY EFFICIENCY PROGRAM COST RIDER**

All customer bills subject to the provisions of this rider, including any bills rendered under special contract, shall be adjusted by the Demand-Side Management/Energy Efficiency Program Cost Rider adjustment factor per kWh as follows:

Tariff Class	Non-Opt Out Customers Group N ¢/kWh	Opt Out Customers			Opt In
		July 1, 2014 Group A ¢/kWh	January 1, 2015 Group B ¢/kWh	January 1, 2016 Group D ¢/kWh	January 1, 2016 Group E ¢/kWh
RS, RS-TOD, RS-TOD2 and RS-OPES	<del>0.6753</del> #	N/A	N/A	N/A	N/A
GS (Excluding Unmetered), GS-TOD and GS-TOD2	<del>1.4387</del> #	<del>0.0684</del> #	<del>0.1455</del> #	<del>0.0241</del> #	<del>1.4387</del> #
LGS and LGS-TOD	<del>0.0788</del> #	0.00	<del>0.0226</del> #	0.00	0.00
IP, <del>CS-IRP</del> and CS-IRP2	<del>0.0062</del> #	<del>0.0005</del> #	<del>0.0048</del> #	0.00	<del>0.0023</del> #
MS	<del>0.7512</del> #	0.00	<del>0.6479</del> #	0.00	0.00
WSS	<del>0.2907</del> #	<del>0.0199</del> #	<del>0.0062</del> #	0.00	0.00
IS	<del>3.6233</del> #	0.00	0.00	0.00	0.00
EHG	<del>1.5732</del> #	0.00	0.00	0.00	0.00
<del>SLS, ECLS, SLC, SLCM and FW-SL</del>	#	#	#	#	#

The Demand-Side Management/Energy Efficiency (DSM/EE) Program Cost Rider adjustment factor shall be determined as follows:

$$\text{Adjustment Factor} = \text{Sum of } \frac{\text{DSM}_P \times \text{Cust}_{\text{Class}}}{\text{Cust}_P \times \text{BE}_{\text{Class}}} \text{ for all Programs (P)}$$

Where:

1. "DSM<sub>P</sub>" is the estimated annual average DSM/EE costs ~~for the current year~~ for each DSM/EE program (P). DSM/EE costs shall include program operating costs, and subject to Commission approval, net lost revenues and shared savings.
2. "Cust<sub>Class</sub>" is the estimated annual number of customers in the tariff class eligible for DSM/EE program (P) for the current year.
3. "Cust<sub>P</sub>" is the sum of the Cust<sub>Class</sub> for all tariff classes eligible for DSM/EE program (P).
4. "BE<sub>Class</sub>" is the estimated annual retail jurisdictional billing kWh for each metered tariff class for the current year.

(Cont'd on Sheet No. 38.1)

ISSUED BY  
PAUL CHODAK III  
PRESIDENT  
FORT WAYNE, INDIANA

COMMENCING WITH THE FIRST BILLING  
CYCLE IN THE MONTH OF **AUGUST 2016**

ISSUED UNDER AUTHORITY OF THE  
INDIANA UTILITY REGULATORY COMMISSION  
DATED **JUNE 22, 2016**  
IN CAUSE NO. **43827 DSM-5**

**DEMAND-SIDE MANAGEMENT / ENERGY EFFICIENCY PROGRAM COST RIDER**

All customer bills subject to the provisions of this rider, including any bills rendered under special contract, shall be adjusted by the Demand-Side Management/Energy Efficiency Program Cost Rider adjustment factor per kWh as follows:

Tariff Class	Non-Opt Out Customers Group N ¢/kWh	Opt Out Customers			Opt In
		July 1, 2014 Group A ¢/kWh	January 1, 2015 Group B ¢/kWh	January 1, 2016 Group D ¢/kWh	January 1, 2016 Group E ¢/kWh
RS, RS-TOD, RS-TOD2 and RS-OPES	#	N/A	N/A	N/A	N/A
GS (Excluding Unmetered), GS-TOD and GS-TOD2	#	#	#	#	#
LGS and LGS-TOD	#	0.00	#	0.00	0.00
IP and CS-IRP2	#	#	#	0.00	#
MS	#	0.00	#	0.00	0.00
WSS	#	#	#	0.00	0.00
IS	#	0.00	0.00	0.00	0.00
EHG	#	0.00	0.00	0.00	0.00
SLS, ECLS, SLC, SLCM and FW-SL	#	#	#	#	#

The Demand-Side Management/Energy Efficiency (DSM/EE) Program Cost Rider adjustment factor shall be determined as follows:

$$\text{Adjustment Factor} = \text{Sum of } \frac{\text{DSM}_P \times \text{Cust}_{\text{Class}}}{\text{Cust}_P \times \text{BE}_{\text{Class}}} \text{ for all Programs (P)}$$

Where:

1. "DSM<sub>P</sub>" is the estimated annual average DSM/EE costs for each DSM/EE program (P). DSM/EE costs shall include program operating costs, and subject to Commission approval, net lost revenues and shared savings.
2. "Cust<sub>Class</sub>" is the estimated annual number of customers in the tariff class eligible for DSM/EE program (P) for the current year.
3. "Cust<sub>P</sub>" is the sum of the Cust<sub>Class</sub> for all tariff classes eligible for DSM/EE program (P).
4. "BE<sub>Class</sub>" is the estimated annual retail jurisdictional billing kWh for each metered tariff class for the current year.

(Cont'd on Sheet No. 38.1)

**ISSUED BY  
PAUL CHODAK III  
PRESIDENT  
FORT WAYNE, INDIANA**

**COMMENCING WITH THE FIRST BILLING  
CYCLE IN THE MONTH OF**

**ISSUED UNDER AUTHORITY OF THE  
INDIANA UTILITY REGULATORY COMMISSION  
DATED  
IN CAUSE NO.**