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June 29, 2023

Via MPSC Electronic Filing System

Ms. Lisa Felice
Executive Secretary
Michigan Public Service Commission
P.O. Box 30221
Lansing, Michigan 48909

Re: MPSC Case No. U-21354

Dear Ms. Felice,

In regards to the above titled case, enclosed for electronic filing is Indiana Michigan Power Company's Public Application, Testimony of Bryan S. Owens along with Exhibits and Proof of Service regarding service of same.

Please contact me if you have any questions.

Sincerely,

Dykema Gossett PLLC

Richard Aaron

Attachments

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter on the application of **INDIANA**)
MICHIGAN POWER COMPANY to commence a)
renewable energy cost reconciliation proceeding for) Case No. U-21354
the 12-month period ended December 31, 2022.)
_____)

APPLICATION

Indiana Michigan Power Company (I&M), in accordance with the requirements of Public Act 295 of 2008, MCL 460.1001 *et seq.*, as amended by Public Act 342 of 2016, submits this Application requesting that the Michigan Public Service Commission (Commission) commence a Renewable Energy Cost Reconciliation proceeding for the period ended December 31, 2022. In support of this Application, I&M respectfully represents to the Commission as follows:

1. I&M is a corporation organized and existing under the laws of the State of Indiana and is authorized to do business in the State of Michigan. I&M's principal executive offices are located in the City of Fort Wayne, Indiana. I&M has corporate power and authority, among other things, to engage in generating, transmitting, distributing, and selling electric energy within the State of Michigan and within the State of Indiana. I&M is a wholly-owned subsidiary of American Electric Power Company, Inc.

2. I&M's electric business in the State of Michigan is subject to the jurisdiction of the Commission pursuant to 1909 PA 106, as amended, MCL 460.551 *et seq.*; 1909 PA 300, as amended, MCL 462.2 *et seq.*; 1919 PA 419, as amended, MCL 460.51 *et seq.*; 1939 PA 3, as amended, MCL 460.1 *et seq.*

3. I&M provides electric service to approximately 131,000 retail electric customers in the State of Michigan. I&M's service area is located in southwestern Michigan and northern and eastern Indiana.

4. I&M requests that the Commission commence a Renewable Energy Cost Reconciliation proceeding pursuant to MCL 460.1049 and the Commission's Order dated February 2, 2023 in this case to reconcile renewable energy costs and revenues and review I&M's renewable energy plan compliance.

5. The Commission approved I&M's renewable energy plan (REP) on August 28, 2018 in Case No. U-18233. The approved REP plan reflects the power supply provided by I&M's hydro generation, wind renewable energy purchase agreements, I&M's universal solar generation and the transfer of Renewable Energy Credits (RECs) from I&M's Indiana jurisdiction to I&M's Michigan jurisdiction. The costs of I&M's REP plan are recovered through the Power Supply Cost Recovery (PSCR) clause and through the Renewable Energy Surcharge (RES).

6. The reconciliation of I&M's incremental REP costs and surcharge revenues through December 31, 2022 results in a regulatory liability of \$23,175,312, including carrying charges.

7. I&M is requesting that the Commission approve the reconciliation of its renewable energy plan surcharge revenues and actual cost of compliance through December 31, 2022, find that the REP costs as presented in this reconciliation filing are reasonable and prudent and find that I&M is in compliance with the renewable energy standard requirements set forth in 2008 PA 295, as amended by Public Act 342 of 2016, for the 2022 compliance period.

9. I&M seeks approval to continue the Company's REP surcharge rates approved by the Commission in Case No. U-21199, Order issued February 2, 2023.

10. I&M seeks approval of the 2022 REC requirement as calculated and based upon I&M's 2021 weather normalized sales of 2,441,044 MWh (net of Choice Customer sales) multiplied by the renewable energy credit portfolio standard of at least 15%, for a total 2021 REC compliance of 366,157.

11. I&M is contemporaneously filing its testimony and exhibits to support the reasonableness and prudence of its actions taken. I&M's testimony and exhibits explain the 2022 Renewable Energy Plan costs and also provide the information required by MCL 460.1049 and MCL 460.1051.

WHEREFORE, I&M respectfully requests that this Commission:

- A. Accept for filing this Application, which requests that the Commission commence a Renewable Energy Cost Reconciliation proceeding for the period ended December 31, 2022.
- B. Upon acceptance of the filing of this Application, fix an early time and place for hearing and give notice thereof in accordance with the law and rules of practice established by this Commission.
- C. Promptly make such investigation as it may deem necessary or advisable in the circumstances.
- D. Approve 366,157 RECs as the Company's 2022 Renewable Energy Credit Portfolio Standard requirement set forth in 2008 PA 295, as amended by Public Act 342 of 2016.
- E. Find that I&M is in compliance with the renewable energy standard

PRE-FILED DIRECT TESTIMONY OF BRYAN S. OWENS
ON BEHALF OF
INDIANA MICHIGAN POWER COMPANY
CASE NO. U-21354

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

2 A. My name is Bryan S. Owens and my business address is Indiana Michigan
3 Power Center, P.O. Box 60, Fort Wayne, Indiana 46801.

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

5 A. I am employed by Indiana Michigan Power Company (I&M or Company) as a
6 Regulatory Consultant Staff in the Regulatory Services Department.

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

8 A. I graduated from the University of Missouri, Kansas City in 1996 with a Bachelor
9 of Liberal Arts degree and in 1998 with a Bachelor of Science degree in
10 Accounting. In May 2003, I earned a Certified Public Accountant (CPA)
11 certificate in Missouri. In July 2010, I obtained a Colorado CPA license (0028436
12 – Inactive) and in May 2018, I obtained an Indiana CPA license (CP11800151).
13 I began my professional career in 1998, when I joined the accounting firm of
14 KPMG, LLP. I was employed at KPMG from August 1998 to July 2001, as senior
15 auditor and senior tax specialist performing financial statement audits and
16 preparing federal and state tax returns for individuals and corporations. From
17 July 2001 to June 2004, I was employed by Overland Consulting, Inc., in
18 Overland Park, Kansas as a senior consultant performing audits of utility Federal
19 Energy Regulatory Commission financial statements as part of general rate
20 case reviews before the California Public Utilities Commission. From June 2004
21 to July 2008, I was employed by Aquila, Inc., in Kansas City, Missouri, as a

1 senior regulatory analyst preparing rate case filings and managing compliance
2 filings for several state jurisdictions including Missouri, Kansas and Colorado. In
3 July 2008, Aquila, Inc. was acquired by Black Hills Corporation and Great Plains
4 Energy, Inc. I joined Kansas City Power and Light (a wholly owned subsidiary
5 of Great Plains Energy, Inc.) before joining Black Hills Corporation in December
6 2008. At Black Hills Corporation I was Manager, Colorado Electric Regulatory
7 Affairs. In that role, I had responsibility for providing various financial analyses
8 in support of utility operations and managing regulatory filings for the electric
9 utility operations of Black Hills/Colorado Electric utility Company, LP.

10 In November 2014, I joined Empire District Electric Company (Empire) as
11 Assistant Director of Planning and Regulatory where I had responsibility for
12 providing various financial analyses in support of utility operations and
13 managing regulatory filings for the electric utility operations of Empire.

14 In May 2017, I joined I&M. My current position is Regulatory Consultant
15 Staff.

16 **Q. What are your responsibilities as Regulatory Consultant Staff?**

17 A. I am responsible for the preparation of regulatory filings and analyses.

18 **Q. Have you previously testified in any regulatory proceedings?**

19 A. Yes. I have submitted testimony on behalf of I&M before the Michigan Public
20 Service Commission (MPSC or Commission). Appendix A provides a complete
21 list of regulatory proceedings I have participated in as a witness before the
22 Commission.

1 I have also testified before the Arkansas Public Service Commission, the
2 Colorado Public Utilities Commission, the Indiana Utility Regulatory
3 Commission, the Kansas Corporation Commission, the Missouri Public Service
4 Commission, and the Oklahoma Corporation Commission.

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

6 A. I support the reconciliation of I&M's 2022 Renewable Energy Plan (REP) in
7 accordance with the renewable energy standards set forth in 2008 PA 295 (PA
8 295), as amended, and request the Commission determine I&M has complied
9 with the standards for 2022. As part of I&M's reconciliation filing, I calculate and
10 support the cumulative over/under balance as of December 31, 2022 and
11 associated monthly carrying costs resulting from the net differences between
12 cumulative revenue and costs. Last, I support maintaining I&M's current
13 Renewable Energy Surcharge (RES) rates.

14 **Q. What exhibits are you sponsoring in this proceeding?**

15 A. I sponsor the following exhibits:

- 16 • IM-1 (BSO-1): I&M's 2022 Renewable Compliance Calculation
- 17 • IM-2 (BSO-2): 2022 REP Reconciliation (Confidential and Public)
- 18 • IM-3 (BSO-3): Michigan Retail Allocation of Actual CESPP Costs
- 19 • IM-4 (BSO-4): Michigan Retail Allocation of Actual SJSF Costs
- 20 • IM-5 (BSO-5): I&M's Renewable Energy Annual Report

21 **Q. What renewable generation resources did I&M rely upon for renewable**
22 **energy standard compliance in 2022?**

23 A. Consistent with I&M's renewable energy plans approved by the Commission, in

1 2022 I&M utilized the following renewable generation resources to achieve
2 compliance with requirements set forth in PA 295:

- 3 • Existing hydro generation from six I&M owned hydro-electric facilities,
- 4 • Fowler Ridge I and II Wind Renewable Energy Purchase Agreements
5 (REPAs),
- 6 • Wildcat Wind I REPA,
- 7 • Headwaters Wind Farm, LLC REPA,
- 8 • Transferred Wildcat Renewable Energy Certificates (RECs) from the
9 Indiana retail jurisdiction,
- 10 • Clean Energy Solar Pilot Project (CESPP),
- 11 • St. Joseph Solar Farm (SJSF), and
- 12 • REC Market Purchases

13 **Q. Does I&M utilize a revenue recovery mechanism pursuant to MCL §**
14 **460.1049(2)?**

15 A. Yes. Pursuant to the Commission's Case No. U-16584 Order, dated December
16 6, 2011, I&M implemented a RES in May 2012. I&M's current RES factors are
17 set at \$0.00 for all rate classes and were approved by the Commission on
18 February 2, 2023 in I&M's 2021 REP reconciliation proceeding, Case No. U-
19 21199 to be effective with the March 2023 billing cycle.

20 Through the reconciliation period ending December 31, 2022, I&M recovered
21 the Incremental Cost of Compliance (ICC) associated with the Michigan retail
22 allocation of the CESPP, SJSF, Wildcat I REPA, and the Wildcat RECs
23 transferred from I&M's Indiana retail jurisdiction through the RES. I&M recovers
24 the costs associated with its hydro units, Fowler Ridge Wind REPAs, and
25 Headwaters Wind Farm REPA through either base rates or the Power Supply

1 Cost Recovery (PSCR) factor.

2 **Q. Please describe I&M's use of ICC as it relates to this REP Reconciliation.**

3 A. ICC is the actual cost to comply with I&M's Commission approved REP that are
4 not recovered through I&M's PSCR or base rates, per MCL § 460.1047.

5 **Q. Is I&M reconciling any ICC stemming from its existing hydro generation
6 facilities, Headwaters Wind Farm REPA, or the Fowler Ridge Wind REPAs
7 used for renewable energy standard compliance?**

8 A. No. As I previously mentioned, the costs associated with I&M's existing hydro
9 generation facilities are included in base rates, and all bundled renewable
10 product costs from the Headwaters Wind Farm REPA and Fowler Ridge I and II
11 Wind REPAs are recovered and reconciled through I&M's PSCR clause.
12 Therefore, these costs are not part of this reconciliation filing.

13 **Q. Did I&M comply with the 2022 renewable energy credit requirement set
14 forth in PA 295?**

15 A. Yes. PA 295, as amended, requires a 15.0% compliance level for 2022 and
16 thereafter. Based on the information provided in Exhibits IM-1 (BSO-1) and IM-
17 5 (BSO-5), I&M complied by obtaining over 366,157 RECs, which is 15.0% of
18 I&M's weather normalized retail sales for 2021 of 2,441,044 MWh (Net of Choice
19 Customer Sales).¹

¹ See e.g. MCL 460.1028(2)(b)(i), where the 15.0% standard for years 2021 and thereafter, is applied to the "number of weather normalized megawatt hours of electricity sold by the electric provider during the previous year to retail customers in this state." (emphasis added).

1 **Q. Did I&M provide for the 2022 compliance requirements for its wholesale**
2 **customers?**

3 A. Yes. As shown on Exhibit IM-5 (BSO-5), I&M transferred a total of 8,329 RECs
4 to the respective account of its wholesale customer, namely the City of
5 Dowagiac. As shown in Exhibit IM-5 (BSO-5), I&M calculated the total
6 wholesale customer REC requirement to be 8,329 RECs for the 2022
7 compliance period based on information provided by the City of Dowagiac to
8 I&M. The City of Dowagiac will confirm the appropriate number of RECs
9 transferred to its REC compliance account based on its chosen method of
10 calculating compliance.

11 **Q. Please describe Exhibit IM-2 (BSO-2).**

12 A. Exhibit IM-2 (BSO-2) is an annual summary of actual RES and Voluntary Green
13 Pricing (VGP) program revenues received and total actual cost of compliance
14 during the period January 2022 through December 2022. As shown on Exhibit
15 IM-2 (BSO-2), the ICC subject to recovery and reconciliation through the RES
16 includes:

- 17 • Michigan retail allocation of the actual Wildcat Wind REPA cost,
- 18 • Michigan retail allocation of the actual CESPP costs,
- 19 • Michigan retail allocation of the actual SJSF costs,
- 20 • Actual cost of Wildcat RECs transferred from I&M's Indiana retail
21 jurisdiction,
- 22 • Less the Wildcat, CESPP, and SJSF transfer price revenue recovered
23 and reconciled through the PSCR, and
- 24 • Monthly carrying costs.

1 **Q. Is the Company proposing an adjustment to the beginning liability balance**
2 **approved by the Commission in Case No. U-21199?**

3 A. Yes. In its 2021 reconciliation, Case No. U-21199, the Company inadvertently
4 excluded Information Technology (IT) and software investment costs related to
5 the SJSF that was placed in service during March of 2021. The IT and software
6 costs include labor and software related to supporting, building, and maintaining
7 the build-out and operation of the South Bend Solar site.

8 **Q. What is the total adjustment to the beginning liability balance proposed by**
9 **the Company?**

10 A. I&M proposes a \$10,297 reduction to the \$14,930,466 ending liability balance
11 approved by the Commission in Case No. U-21199, resulting in an adjusted
12 beginning liability balance in the instant proceeding of \$14,920,169. The
13 proposed \$10,297 adjustment consists of \$7,424 depreciation expense, \$2,865
14 return on investment, and \$8 of interest on \$354,607 of total IT and software
15 investment incurred during the year ended 2021.

16 **Q How is the Michigan retail allocation of the actual CESPP costs**
17 **determined?**

18 A. The total Company monthly costs included on Exhibit IM-3 (BSO-3) are
19 allocated by applying the Commission authorized Michigan jurisdictional
20 allocation factor approved in Case U-20359. For the 2022 reconciliation period,
21 the monthly cost includes the Michigan allocation of the CESPP's pre-tax return
22 on investment, depreciation expense, property tax expense, operation and

1 maintenance expense, and 100% of the Michigan RECs registry fees.

2 **Q How is the Michigan retail allocation of the actual SJSF costs determined?**

3 A. The total Company monthly costs included on Exhibit IM-4 (BSO-4) are
4 allocated by applying the Commission authorized Michigan jurisdictional
5 allocation factor approved in Case U-20359, I&M's most recent base rate
6 proceeding. For the 2022 reconciliation period, the monthly cost includes the
7 Michigan allocation of the SJSF's pre-tax return on investment, depreciation
8 expense, and operation and maintenance expense.

9 **Q. For the 2022 reconciliation period, does the actual CESPP and SJSF costs**
10 **include investment tax credit (ITC) amortization?**

11 A. No. For the year ended December 31, 2022, I&M reported a net operating loss
12 for federal income tax purposes. As a result, the Company was unable to utilize
13 the ITC because it did not have a federal income tax liability to apply the credit
14 against. Since the ITC was not utilized for I&M's 2022 federal income tax
15 determination, ITC amortization was not included in the ICC for the 2022 REP
16 reconciliation period. I&M will continue to assess its future taxable income and
17 include ITC amortization in the ICC when the Company can continue to utilize
18 ITCs to offset federal taxable income.

19 **Q. How are monthly carrying costs calculated?**

20 A. I applied the average short-term debt rate to the monthly over-recovered
21 balances (regulatory liability) that occurred during the reconciliation period.
22 There were no monthly under-recovered balances during the reconciliation

1 period.

2 **Q. What is I&M's total cumulative over/under recovery position as of**
3 **December 31, 2022?**

4 A. As shown in Exhibit IM-2 (BSO-2), the total cumulative balance as of December
5 31, 2022 is a regulatory liability of \$23,175,312, including carrying costs.

6 **Q. Please explain I&M's over-recovery balance as of December 31, 2022.**

7 A. The over-recovery balance is a function of I&M's beginning balance, 2022 RES
8 revenue in excess of ICC, and associated over-recovery carrying charges.

9 **Q. Please describe Exhibit IM-5 (BSO-5).**

10 A. Exhibit IM-5 (BSO-5) is the Renewable Energy Annual Report (Report),
11 consistent with MCL § 460.1051. The report demonstrates I&M's 2022
12 compliance at 15.0% of total I&M 2021 weather normal retail sales (net of
13 Customer Choice), as applicable. The Report sets forth the actions taken by
14 I&M in 2022 to comply with the renewable energy standards prescribed in PA
15 295, as amended, and details RECs generated and used for compliance from
16 designated wind Purchase Power Agreements (PPAs), CESPP, SJSF, Market
17 Purchased RECs, and existing hydro generation resources. I&M used vintage
18 RECs (e.g. pre-compliance year RECs) for 2022 compliance, which originated
19 from both renewable energy generated and allocated to I&M's Michigan
20 jurisdiction in prior years, consistent with terms prescribed in PA 295 for REC
21 shelf life. I&M also transferred vintage RECs to I&M's Michigan jurisdiction from
22 the Indiana Jurisdictional share of the Wildcat Wind I REPA RECs according to

1 the same shelf life provision for compliance as well.

2 **Q. Did I&M retire any voluntary Michigan Renewable Energy Credits,**
3 **Advanced Clean Energy Credits, or Energy Optimization credits during**
4 **2022?**

5 A. Yes, in 2022 I&M retired a commensurate number of RECs associated with its
6 VGP program.

7 **Q. Is I&M requesting a change to its RES?**

8 A. No. I&M recommends continuing the current effective surcharge factors set at
9 \$0.00 for all rate classes, as approved by the Commission in its Case No. U-
10 21199 Order dated February 2, 2023.

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

12 A. Yes, it does.

Appendix A

I have submitted testimony on behalf of I&M before the Michigan Public Service Commission in the following proceedings:

- Case No. U-18243 (Renewable Energy and Cost Reconciliation)
- Case No. U-18263 (Energy Waste Reduction Plan)
- Case No. U-18353 (Voluntary Green Pricing Program)
- Case No. U-20107 (Federal Tax Cuts and Jobs Act of 2017, Determination of Credit A)
- Case No. U-20316 (Federal Tax Cuts and Jobs Act of 2017, Determination of Credit B)
- Case No. U-20317 (Federal Tax Cuts and Jobs Act of 2017, Determination of Calculation C)
- Case No. U-20367 (Energy Waste Reduction Reconciliation)
- Case No. U-20374 (Energy Waste Reduction Plan)
- Case No. U-20485 (Renewable Energy and Cost Reconciliation)
- Case No. U-20539 (2020 Purchase Supply Cost Recovery Plan)
- Case No. U-18353 (Voluntary Green Pricing Program Update)
- Case No. U-20704 (Energy Waste Reduction Reconciliation)
- Case No. U-20724 (Renewable Energy and Cost Reconciliation)
- Case No. U-20867 (Energy Waste Reduction Reconciliation)
- Case No. U-20877 (Energy Waste Reduction Plan)
- Case No. U-21011 (Renewable Energy and Cost Reconciliation)
- Case No. U-21207 (Energy Waste Reduction Reconciliation)
- Case No. U-21199 (Renewable Energy and Cost Reconciliation)
- Case No. U-21314 (Energy Waste Reduction Reconciliation)

**Indiana Michigan Power Company
2022 REP Reconciliation
2022 Renewable Compliance Calculation**

<u>Description</u>	[A]	[B]	[C] = [A] - [B]	[D]	[E] = [C] + [D]
	Retail	Less: Choice Sales	Net Retail	Wholesale	Total
Michigan Jurisdictional MWh Sales	2,718,870	277,826	2,441,044	55,524	2,496,568
2022 Renewable Energy Credit Portfolio Standard	15.0%		15.0%	15.0%	15.0%
2022 Compliance Requirement	<u>407,831</u>		<u>366,157</u>	<u>8,329</u>	<u>374,485</u>
Method	Note 1	Note 1	Note 1	Note 2	

Note 1: 2021 Weather Normalized Sales

Note 2: Three-year average sales

Indiana Michigan Power Company
2022 REP Reconciliation

[A]	[B]	[C]	[D]	[E] = [B + C + D]	[F]	[G]	[H] = [F] X [G] X Michigan Allocation	[I] = [F] X Michigan Allocation X Transfer Price X -1	[J]	[K]	[L]	[M]	[N]	[O] = Sum of [H thru N]	[P] = [E] - [O]	[Q]	[R] = Authorized Rate of Return / 12	[S]	[T]
Month & Year	Michigan VGP Revenue (\$)	RES Revenue (\$)	Net REC Revenue (\$)	Total Net Revenue	Wildcat Generation (MWh)	Wildcat REPA Cost (\$ / MWh)	MI REPA Cost (\$)	REPA Transfer Cost to PSCR (\$)	Wildcat REC Transfer Cost (\$)	CESPP - Michigan Jurisdictional Revenue Requirement (\$)	CESPP Transfer Cost to PSCR (\$)	SJSF - Michigan Jurisdictional Revenue Requirement (\$)	SJSF Transfer Cost to PSCR (\$)	Total REP Compliance Cost (\$)	Monthly Over/(Under) Recovery (\$)	Monthly STD Rate	Monthly WACC Rate	Monthly Over/(Under) Carrying Charge (\$)	Cumulative Over/(Under) Balance w/ Carrying Charges (\$)
2021 Ending Over/(Under) Balance ¹																			
Jan-22	\$ 410	\$ 530,253	\$ (325,000)	\$ 205,664										\$ 203,194	\$ 2,470	0.0400%	0.6201%	\$ 5,975	\$ 14,920,613
Feb-22	550	527,947	(132,500)	395,997										320,927	75,070	0.0442%	0.6201%	6,618	15,010,301
Mar-22	503	527,405	-	527,908										296,570	231,339	0.0692%	0.6201%	10,468	15,252,108
Apr-22	433	519,358	-	519,791										110,031	409,760	0.0870%	0.6201%	13,451	15,675,319
May-22	189	347,632	776,984	1,124,805										115,044	1,009,761	0.0997%	0.6201%	16,126	16,701,206
Jun-22	223	348,864	500,000	849,087										66,232	782,854	0.1340%	0.6201%	22,904	17,506,965
Jul-22	280	355,842	255,100	611,221										91,037	520,185	0.1774%	0.6201%	31,513	18,058,663
Aug-22	289	356,639	3,090,096	3,447,024										81,137	3,365,887	0.1967%	0.6201%	38,830	21,463,380
Sep-22	277	356,558	-	356,836										94,487	262,349	0.2291%	0.6201%	49,473	21,775,201
Oct-22	237	347,456	560,912	908,605										129,109	779,495	0.3078%	0.6201%	68,218	22,622,915
Nov-22	618	345,207	-	345,826										212,922	132,904	0.3711%	0.6201%	84,210	22,840,028
Dec-22	19,990	351,421	-	371,410										129,591	241,820	0.4071%	0.6201%	93,464	23,175,312
	\$ 23,999	\$ 4,914,582	\$ 4,725,593	\$ 9,664,174										\$ 1,850,281	\$ 7,813,892			\$ 441,251	

¹ Beginning balance updated by a proposed \$10,297 adjustment from the \$14,930,466 liability balance approved in Case No. U-21199. The difference is related to an additional \$354,607 of SJSF IT investment not considered in Case No. U-21199. The total \$10,297 proposed adjustment consists of \$7,424 of related depreciation Expense; \$2,865 of related return; and \$8 of related carrying charge.

Indiana Michigan Power Company
2022 REP Reconciliation
Michigan Retail Allocation of Actual CESPP Costs

	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Total
I&M Total Company CESPP Rate Base														
Electric Plant-In-Service	37,495,340	37,495,340	37,495,340	37,495,340	37,495,340	37,495,340	37,495,340	37,495,340	37,495,340	37,495,340	37,495,340	37,495,340	37,495,340	
Accumulated Depreciation	(10,256,191)	(10,421,483)	(10,586,775)	(10,752,067)	(10,917,359)	(11,082,651)	(11,247,943)	(11,413,235)	(11,578,527)	(11,743,819)	(11,909,111)	(12,074,403)	(12,239,695)	
Net I&M Total Company CESPP Rate Base	27,239,149	27,073,857	26,908,565	26,743,273	26,577,981	26,412,689	26,247,397	26,082,105	25,916,813	25,751,521	25,586,229	25,420,937	25,255,645	-
Michigan Monthly Auth ROR per Case No. U-20359		0.6201%	0.6201%	0.6201%	0.6201%	0.6201%	0.6201%	0.6201%	0.6201%	0.6201%	0.6201%	0.6201%	0.6201%	
Michigan Pre-Tax Return on CESPP Rate Base	-	167,883	166,858	165,833	164,808	163,783	162,758	161,733	160,708	159,684	158,659	157,634	156,609	1,946,951
Michigan CESPP Revenue Requirement														
Michigan Pre-Tax Return on CESPP Rate Base		167,883	166,858	165,833	164,808	163,783	162,758	161,733	160,708	159,684	158,659	157,634	156,609	1,946,951
I&M Total Company Depreciation Expense (Composite Rate per U-20359)		165,292	165,292	165,292	165,292	165,292	165,292	165,292	165,292	165,292	165,292	165,292	165,292	1,983,504
Property Taxes		13,593	13,593	13,593	13,593	13,593	13,593	13,593	13,593	13,593	13,593	13,593	13,593	163,121
Total Company O&M Expense		12,818	6,502	(275,386)	11,566	7,484	13,189	13,246	33,278	10,262	25,643	4,129	38,506	(98,763)
Total Return on Rate Base and Authorized Expenses Before Registry Fees		359,587	352,245	69,332	355,260	350,153	354,832	353,865	372,872	348,831	363,187	340,648	374,000	3,994,813
Michigan Jurisdictional Factor per Case U-20359		0.1474099	0.1474099	0.1474099	0.1474099	0.1474099	0.1474099	0.1474099	0.1474099	0.1474099	0.1474099	0.1474099	0.1474099	
Total Michigan Jurisdictional CESPP Revenue Requirement Before Registry Fees		53,007	51,924	10,220	52,369	51,616	52,306	52,163	54,965	51,421	53,537	50,215	55,131	588,875
Plus 100% of MI RECs Registry Fees and Broker Fees		6,978	-	-	550	28,687	3,004	20,424	23,215	20,358	11,179	14,169	220	128,783
Total Michigan Jurisdictional - CESPP Revenue Requirement		59,985	51,924	10,220	52,919	80,303	55,310	72,587	78,180	71,779	64,716	64,384	55,351	717,658
2022 Transfer Price Schedule Case No. U-15800 (\$/MWh)	\$ 81.64	\$ 81.64	\$ 81.64	\$ 81.64	\$ 81.64	\$ 81.64	\$ 81.64	\$ 81.64	\$ 81.64	\$ 81.64	\$ 81.64	\$ 81.64	\$ 81.64	\$ 81.64
2022 Solar Output for Total Plant (MWh)	691	938	1,624	1,712	2,129	2,524	2,265	2,392	1,964	1,596	1,057	545	19,437	
Total Company PSCR Cost Recover Transfer	\$ 56,395	\$ 76,612	\$ 132,580	\$ 139,754	\$ 173,852	\$ 206,069	\$ 184,916	\$ 195,246	\$ 160,362	\$ 130,314	\$ 86,263	\$ 44,469	\$ 1,586,833	
Michigan Jurisdictional Factor per Case U-20359	0.1474099	0.1474099	0.1474099	0.1474099	0.1474099	0.1474099	0.1474099	0.1474099	0.1474099	0.1474099	0.1474099	0.1474099	0.1474099	
Michigan Jurisdictional PSCR Transfer Cost	\$ 8,313	\$ 11,293	\$ 19,544	\$ 20,601	\$ 25,627	\$ 30,377	\$ 27,258	\$ 28,781	\$ 23,639	\$ 19,210	\$ 12,716	\$ 6,555	\$ 233,915	

Indiana Michigan Power Company
2022 REP Reconciliation
Michigan Retail Allocation of Actual SJSF Costs

	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Total
I&M Total Company SJSF Rate Base														
Electric Plant-In-Service	32,239,702	32,255,680	32,261,657	32,268,381	32,272,160	32,279,658	32,298,253	31,931,408	31,954,642	32,040,658	32,053,229	32,069,452	32,075,770	
EPIS Accumulated Depreciation	(782,503)	(872,058)	(961,657)	(1,051,272)	(1,140,907)	(1,230,552)	(1,320,217)	(1,409,935)	(1,498,633)	(1,587,396)	(1,676,398)	(1,765,435)	(1,854,516)	
IT Plant ¹	354,607	354,506	354,506	354,506	354,506	354,506	354,506	354,506	354,506	354,506	354,506	354,506	354,506	
IT Accumulated Amortization	(50,363)	(56,273)	(62,182)	(68,090)	(73,999)	(79,907)	(85,816)	(91,724)	(97,632)	(103,541)	(109,449)	(115,358)	(121,266)	
Net I&M Total Company SJSF Rate Base	31,761,442	31,681,855	31,592,325	31,503,525	31,411,760	31,323,705	31,246,726	30,784,255	30,712,882	30,704,227	30,621,888	30,543,166	30,454,493	-
Michigan Monthly Auth ROR per Case No. U-20359		0.6201%	0.6201%	0.6201%	0.6201%	0.6201%	0.6201%	0.6201%	0.6201%	0.6201%	0.6201%	0.6201%	0.6201%	
Michigan Pre-Tax Return on SJSF Rate Base	-	196,457	195,902	195,351	194,782	194,236	193,759	190,891	190,449	190,395	189,884	189,396	188,846	2,310,349
Michigan SJSF Revenue Requirement														
Michigan Pre-Tax Return on SJSF Rate Base		196,457	195,902	195,351	194,782	194,236	193,759	190,891	190,449	190,395	189,884	189,396	188,846	2,310,349
I&M Total Company EPIS Depreciation Expense (Composite Rate per U-20765)		89,555	89,599	89,616	89,634	89,645	89,666	89,717	88,698	88,763	89,002	89,037	89,082	1,072,014
I&M Total Company IT Amortization Expense		5,910	5,908	5,908	5,908	5,908	5,908	5,908	5,908	5,908	5,908	5,908	5,908	70,903
Property Taxes		3,582	3,582	3,582	3,582	3,582	3,582	3,582	3,582	3,582	3,582	3,582	3,582	42,988
Total Company O&M Expense		-	8,604	283,602	-	-	1,367	58,656	2,336	4,029	62,553	2,594	4,336	428,078
Total Return on Rate Base and Authorized Expenses		295,504	303,596	578,060	293,907	293,372	294,283	348,755	290,973	292,677	350,930	290,517	291,755	3,924,331
Michigan Jurisdictional Factor per Case U-20359		0.1474099	0.1474099	0.1474099	0.1474099	0.1474099	0.1474099	0.1474099	0.1474099	0.1474099	0.1474099	0.1474099	0.1474099	
Total Michigan Jurisdictional SJSF Revenue Requirement		43,560	44,753	85,212	43,325	43,246	43,380	51,410	42,892	43,144	51,731	42,825	43,008	578,485
2022 Transfer Price Schedule Case No. U-15800 (\$/MWh)	\$ 59.21	\$ 59.21	\$ 59.21	\$ 59.21	\$ 59.21	\$ 59.21	\$ 59.21	\$ 59.21	\$ 59.21	\$ 59.21	\$ 59.21	\$ 59.21	\$ 59.21	\$ 59.21
2022 Solar Output for Total Plant (MWh)	1,025	1,522	1,906	1,674	2,537	2,906	3,051	3,103	2,235	1,979	1,576	762	24,277	
Total Company PSCR Cost Recover Transfer	\$ 60,682	\$ 90,131	\$ 112,861	\$ 99,108	\$ 150,244	\$ 172,077	\$ 180,650	\$ 183,719	\$ 132,318	\$ 117,189	\$ 93,319	\$ 45,129	\$ 1,437,426	
Michigan Jurisdictional Factor per Case U-20359	0.1474099	0.1474099	0.1474099	0.1474099	0.1474099	0.1474099	0.1474099	0.1474099	0.1474099	0.1474099	0.1474099	0.1474099	0.1474099	
Michigan Jurisdictional PSCR Transfer Cost	\$ 8,945	\$ 13,286	\$ 16,637	\$ 14,609	\$ 22,147	\$ 25,366	\$ 26,630	\$ 27,082	\$ 19,505	\$ 17,275	\$ 13,756	\$ 6,652	\$ 211,891	

¹ Beginning balance updated by a proposed \$354,607 adjustment related to IT investment not considered in Case No. U-21199.

Indiana Michigan Power Company
Renewable Energy Annual Report
Reporting Period: Calendar Year 2022
Case No. U-21354

Electric Provider: Indiana Michigan Power Company

Reporting Period: Calendar Year 2022

- Section 51(1) of 2008 PA 295 requires the filing of this document with the Michigan Public Service Commission.
- Many of the requested figures are available from MIRECS reports; names of which are noted within this template. If your figures agree with those within MIRECS, you may submit the MIRECS report as an attachment to this annual report. If your figures differ from those within MIRECS, please explain any discrepancies. Staff from the MPSC and MIRECS Administrator, APX, Inc., are available to help reconcile.

Section 51(1).

Within this section, list and describe actions taken by the electric provider to comply with the renewable energy standards.

a. Filings to the Commission (Case Numbers)

Fowler Ridge Wind Phase I PPA, Case U-15361
Fowler Ridge Wind Phase II PPA, Case U-15808
Wildcat Wind PPA, Case U-16584 ex-parte
Case U-16584 - Renewable Energy Plan
Case U-17303 - REP Plan
Case U-17323 - REP Reconciliation
Case U-17794 - REP Plan, revised rate factors.
Case U-17805 - REP Reconciliation; includes Clean Energy Solar Pilot Project beginning in 2016;
Case U-18803 - REP Reconciliation
Case U-18233 - REP Plan
Case U-18243 - REP Reconciliation
Case U-20173 - REP Reconciliation
Case U-20485 - REP Reconciliation
Case U-20724 - REP Reconciliation
Case U-21011 - REP Reconciliation
Case U-21199 – REP Reconciliation

b. Summary of actions taken during reporting period

Reduced the Renewable Energy Surcharge (RES) for incremental cost of compliance. Transferred vintage RECs from PJM GATS to MIRECs for 2022 compliance. Transferred RECs from I&M MIRECs account to I&M Wholesale customer accounts for wholesale customer 2022 compliance for the City of Dowagiac.

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Section 51(2)(a).

Within this section, list the type of and number of energy credits (either renewable energy credits or incentive renewable energy credits) obtained and the MWh of electricity generated or otherwise acquired during the reporting period. Distinguish between different vintages (years) obtained.

Credits From	Renewable Energy Credits	Incentive Credits	MWh Electricity Generated/Acquired
Existing, Co. Owned, pre PA 295	12,926	0	12,926
Built, Co. Owned (post PA 295)	6,275	13,412	19,687
Contracted (credits only)	164,845	0	164,845
Contracted (energy and credits)	190,282	0	190,282
Market Purchases	440,736	0	440,736
Total Credits acquired	815,063	13,412	828,475

This data may be found in MIRECS reports titled: My Generation Report and My Credit Transfers.

Explain any differences between total credits acquired and the sum of the first five rows above.

Jurisdictional allocation percentage differences and rounding
--

Within this section, list the type of and number of energy credits (either renewable energy credits or incentive renewable energy credits) sold, traded or otherwise transferred during the reporting period.

Credit no longer owned	Renewable Energy Credits	Incentive Credits	List sub-account name (indicate compliance year)
Sold, traded or otherwise transferred	222,705	0	222,705 City of Dowagiac = 8,329 Market Sales = 214,376 2022 Compliance Year
Expired (not in compliance sub-account)	0	0	NA
Moved to compliance sub-account ¹	366,157	0	2022 I&M Michigan Compliance

¹Report separate compliance sub-accounts on different rows.

This data may be found in MIRECS reports titled: My Sub-Accounts (filtered by Michigan eligibility and its end date) and My Credit Transfers.

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Within this section, report the total inventory of energy credits at the end of the reporting period. Inventory shall be reported by vintage year and not include credits within the current reporting year compliance sub-account.

Section 51(2)(a) continued

Renewable Energy Credits	Incentive Credits	Advanced Cleaner Energy Credits
2022 = 435,381	2022 = 18,854	2022 = 0

This data may be found in the MIRECS report titled: My Credit Breakdown.

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Section 51(2)(b).

Within this section, list the number of advanced cleaner energy credits obtained and the MWh of advanced cleaner energy generated or otherwise acquired during this reporting period.

Credits From	Advanced Cleaner Energy Credits	MWh Electricity Generated/Acquired
Existing, Co. Owned, pre PA 295	0	0
Built, Co. Owned (post PA 295)	6,275 + 13,412 Incentive	6,275
Contracted (credits only)	0	0
Contracted (energy and credits)	0	0
Total Credits acquired	19,687	6,275

This data may be found in MIRECS reports titled: My Generation Report and My Credit Transfers.

Did the percentage limits in Section 27(7) affect development of advanced cleaner energy by the electric provider? How so?

No

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Section 51(2)(c).

Within this section, list each renewable energy system (RES) and advanced cleaner energy system (ACES) owned, operated or controlled by the electric provider. List the capacity of each system, the amount of electricity generated by each system and the percentage of electricity which was generated from renewable energy (RE) or advanced cleaner energy (ACE).

System Name ¹	System Type (RES or ACES)	Nameplate Capacity (MW)	Electricity Generated (MWh)	% of Electricity generated by RE/ACE
Berrien Springs – Berrien Springs 1A	RES	7.2	3,606	100
Buchanan – Buchanan 1	RES	4.1	2,274	100
Constantine – Constantine 1	RES	1.2	689	100
Elkhart – Elkhart - 1	RES	3.44	1,916	100
Mottville – Mottville 1	RES	1.68	969	100
Twin Branch – Twin Branch 1	RES	4.8	3,472	100

¹System name should agree with the project name listed within MIRECS.

This data may be found in the Project Management module within MIRECS.

Within this section, list the renewable energy system (RES) and advanced cleaner energy systems (ACES) the electric provider is purchasing energy credits from. These include purchase power agreements. However, unbundled (credit only) purchases do not need to be listed here. Projects (generators) serving multijurisdictional electric providers should be listed here.

System Name	System Type (RES or ACES)	Electricity Purchased (MWh)	Energy Credits Purchased ¹	Allocation Factor and Method
Fowler Ridge Phase 1	RES	28,533	0	14.35%-System Load
Fowler Ridge Phase 2	RES	16,867	0	14.35%-System Load
Headwaters Wind Farm	RES	98,163	0	14.35% - System Load
Wildcat Wind	RES	211,564	0	14.35% - System Load
		355,127 Total		

¹Distinguish between different types of credits.

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Allocation Factor and Method: For use if 100% of system output is not purchased. For instance, a system selling to multiple parties: list how the energy and credits are allocated – if by percentage, list the percentage as well.

Allocation Factor and Method: If used by multijurisdictional electric providers please include which percentage of energy and credits are to be distributed to Michigan (list allocation method as well, for example: system load).

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Section 51(2)(d).

Within this section, list whether, during the reporting period, the electric provider entered into a contract for, began construction on, continued construction of, acquired, or placed into operation a renewable energy (RE) system or advanced cleaner energy (ACE) system.

System Name¹	Resource (technology, RE/ACE)	Nameplate Capacity (MW)	Construction start date or acquisition date	Commercial operation date	Owned by electric provider?
N/A					

¹System name should agree with the project name listed within MIRECS.

Dates may be forecast.

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Section 51(2)(e).

Within this section, list the total expenditures incurred during the reporting period to comply with the renewable energy standards. Also, electric providers with an approved or planned renewable energy surcharge (as per Section 45), list the incremental cost of compliance (ICC) incurred during the reporting period.

Total Transfer Cost for 2022	Total ICC for 2022
\$3,156,083	\$1,850,281

Transfer Cost: The component of renewable energy and capacity revenue recovered from PSCR clause.

Capital Expenditures for 2022
\$202,913

Capital Expenditure: An investment in a renewable energy capital asset.

List the forecasted total expenditures for the remaining plan period. Also, electric providers with an approved or planned renewable energy surcharge (as per Section 45), list the forecasted incremental cost of compliance (ICC) for the remaining plan period.

Forecast of total remaining expenditures for the residual plan period of 2023-2029	Forecast of the ICC for the remaining plan period (2023-2029)
\$45,005,326	\$22,644,362

Total Expenditures: ICC + Transfer Cost

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Section 51(2)(f).

Within this section, list the method and the retail sales in MWh for the reporting period.

List the Method: either average of 2019-2021 retail sales or the 2021 weather normalized retail sales.

2021 Weather Normal

The method chosen should be consistent with the method approved in the initial plan case from 2009. All sales are retail (net of wholesale).

(A) List the sales in MWh based on the method selected above. Please show the calculation of this figure (including listing the sales of each year if the three-year average method is used).

2,441,044 MWh (Net of Choice Customer Sales)

(B) Inventory: List the number of non-expired energy credits available after submittal of the 2022 MIRECS compliance report. These energy credits may have 2017, 2018, 2019, 2020 and 2021 vintages. Do not include credits within the 2022 compliance sub-account. This number may differ from the inventory figure given in **Section 51(2)(a)** above. List green pricing program, energy optimization and advanced cleaner energy credits separately and only if they are to be used for RPS compliance in a future year.

516,884

(C) 2022 Renewable Energy: List the number of energy credits with a 2022 vintage. Include 2022 vintage energy credits used for compliance in 2022 as well as those 2022 vintage energy credits not yet used for compliance. Again, take into account green pricing program credits and energy optimization or advanced cleaner energy credit substitutions with a 2022 vintage.

List credits from energy generated during 2021 (C)

585,611

Calculate the estimated renewable energy percentage. Figure above (C) divided by sales in MWh above (A).

Estimated Renewable Energy Percentage based on 2021 vintage energy credits (C divided by A)

23.99%

(D) Compliance: List the energy credits used for compliance for the 2022 compliance year. This number should agree with the compliance requirement listed in the 2022 compliance subaccount in MIRECS. Take into account any energy optimization or advanced cleaner energy credit substitutions and limits on their use.

366,157

Calculate the renewable energy percentage. Figure above divided by sales in MWh above (D divided by A).

15.0%

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Section 51(2)(f) continued

Does the “energy credits used for compliance in this reporting year” figure above include any credits representing energy generated within 120 days after the start of the next calendar year? Yes/No.

No

If yes, how many credits from 2023 generation are included?

Not Applicable.

To be used for 2023 Compliance Year

Similar to (A) from Section 51(2)(f) above.

List the sales in MWh based upon the same method selected above. Sales should either be the average of 2020-2022 retail sales or the 2022 weather normalized retail sales. Please show the calculation of this figure (including listing the sales of each year if the three year average method is used).

I&M 2022 weather normalized sales = 2,576,204 MWh (Net of Choice Customer Sales)