

1 Capital Cost Recovery: I&M has capital tracking mechanisms available under
2 its PJM tracker to recover selected capital investment costs between rate cases
3 (*i.e.*, generic infrastructure costs), consistent with 30 of 56 (approximately 54
4 percent) of the operating companies held by the Proxy Group that also have
5 some form of capital cost recovery mechanism for generic infrastructure costs.
6 However, should the PJM tracker be discontinued, the Company will face
7 greater regulatory risks, relative to the Proxy Group.

8 **Q104. What are your conclusions regarding the perceived risks related to the**
9 **Indiana regulatory environment?**

10 A104. As discussed throughout this section of my testimony, both Moody's and S&P
11 have identified the supportiveness of the regulatory environment as an
12 important consideration in developing their overall credit ratings for regulated
13 utilities. Considering the regulatory adjustment mechanisms, many of the
14 companies in the proxy group have cost recovery mechanisms that are similar
15 to those implemented by I&M (through forecasted test years, year-end rate
16 base, cost recovery trackers, and revenue stabilization mechanisms) in
17 Indiana. For that reason, I conclude that the regulatory risks for I&M are
18 comparable to the proxy group. However, if the PJM tracker did not exist, the
19 Company will have greater risk than the proxy group, particularly considering
20 the Company's most recent ROE decision was predicated on access to the
21 PJM tracker. In addition, the Company's financial health also relies on continual

jurisdictional support in Indiana, as well as the assumption of timely recovery of federal taxes if federal taxes rates increase. Without these provisions, I&M will be at an elevated financial risk.

VIII. CAPITAL STRUCTURE

Q105. Is the capital structure of the Company an important consideration in the determination of the appropriate ROE?

A105. Yes, it is. Assuming other factors equal, a higher debt ratio increases the risk to investors. For debt holders, higher debt ratios result in a greater portion of the available cash flow being required to meet debt service, thereby increasing the risk associated with the payments on debt. The result of increased risk is a higher interest rate. The incremental risk of a higher debt ratio is more significant for common equity shareholders, who are the residual claimants on the cash flow of the Company. Therefore, the greater the debt service requirement, the less cash flow is available for common equity holders.

Q106. What is I&M's projected capital structure?

A106. The Company's projection establishes a capital structure consisting of 50.94 percent common equity and 49.06 percent long-term debt.⁷⁶

⁷⁶ Messner Direct at 5, Figure FDM-2. Excludes customer deposits of 0.60%, accumulated deferred federal income taxes of 15.91%, and accumulated deferred job development investment tax credits of 0.20%.

1 **Q107. Did you conduct any analysis to determine if this projected equity ratio**
2 **was reasonable?**

3 A107. Yes, I did. I reviewed the Company's projected capital structure and the capital
4 structures of the utility operating subsidiaries of the proxy companies. Because
5 the ROE is set based on the return that is derived from the risk-comparable
6 proxy group, it is reasonable to look to the proxy group average capital structure
7 to benchmark the equity ratio for the Company.

8 **Q108. Please discuss your analysis of the capital structures of the proxy group**
9 **companies.**

10 A108. I calculated the mean proportions of common equity, long-term debt, short-term
11 debt, and preferred equity for the most recent year for each of the companies
12 in the proxy group at the operating subsidiary level.⁷⁷ My analysis of the capital
13 structures of the proxy group companies is provided in Attachment AEB-10. As
14 shown in Attachment AEB-10, the equity ratios for the proxy group ranged from
15 46.99 percent to 59.37 percent, with an average of 52.59 percent. I&M's

⁷⁷ Source: SNL Financial and FERC Form 1 and FERC Form 2 annual reports.

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1 projected equity ratio of 50.94 is below the average equity ratio for the utility
2 operating subsidiaries of the proxy groups and is therefore reasonable.

3 **Q109. Is there a relationship between the equity ratio and the authorized ROE?**

4 A109. Yes. The equity ratio is the primary indicator of financial risk for a regulated
5 utility such as I&M. To the extent the equity ratio is reduced, it is necessary to
6 increase the authorized ROE to compensate investors for the greater financial
7 risk associated with greater leverage and the resulting increased fixed payment
8 obligations.

9 **Q110. What is your conclusion regarding an appropriate equity ratio for I&M?**

10 A110. Considering the actual capital structures of the proxy group operating
11 companies, I believe that I&M's projected common equity ratio of 50.94 percent
12 is reasonable. The projected equity ratio is well within the range of equity ratios
13 established by the capital structures of the utility operating subsidiaries of the
14 proxy companies. In addition, based on the cash flow concerns raised by credit
15 rating agencies as a result of the TCJA, it is reasonable to rely on a higher
16 equity ratio than the Company may have relied on previously.

17 **IX. CONCLUSIONS AND RECOMMENDATION**

18 **Q111. What is your conclusion regarding a fair ROE for I&M?**

19 A111. Figure 11 below provides a summary of my analytical results for the proxy
20 group. Based on these results, the qualitative analyses presented in my Pre-

1 Filed Direct Testimony, the business and financial risks of I&M compared to the
2 proxy group, and the effects of Federal tax reform on the cash flow metrics of
3 utilities, it is my view that the Company's requested ROE of 10.00 percent is
4 reasonable in conjunction with the rate plan that is proposed by the Company,
5 including the continuation of the PJM tracker and would enable the Company
6 to attract capital at reasonable rates under a variety of economic and financial
7 market conditions, while continuing to provide safe, reliable, and
8 affordable electric service to customers in Indiana.

Figure 11: Summary of Analytical Results

Constant Growth DCF			
	Mean Low	Mean	Mean High
30-Day Average	8.59%	9.43%	10.35%
90-Day Average	8.79%	9.62%	10.54%
180-Day Average	8.88%	9.72%	10.64%
Average of Mean Results	8.75%	9.59%	10.51%
	Median Low	Median	Median High
30-Day Average	8.68%	9.66%	10.41%
90-Day Average	8.87%	9.88%	10.59%
180-Day Average	8.87%	9.88%	10.59%
Average of Median Results	8.81%	9.81%	10.53%
CAPM			
	Current 30-day Average Treasury Bond Yield	Near-Term Blue Chip Forecast Yield	Long-Term Blue Chip Forecast Yield
Value Line Beta	12.51%	12.55%	12.64%
Bloomberg Beta	11.58%	11.64%	11.80%
LT Avg. Beta	10.80%	10.88%	11.10%
ECAPM			
Value Line Beta	12.81%	12.84%	12.90%
Bloomberg Beta	12.11%	12.15%	12.27%
LT Avg. Beta	11.52%	11.59%	11.75%
Bond Yield Plus Risk Premium			
	Current 30-day Average Treasury Bond Yield	Near-Term Blue Chip Forecast Yield	Long-Term Blue Chip Forecast Yield
Risk Premium Analysis	9.67%	9.81%	10.18%
Expected Earnings Analysis			
	Mean	Median	
Expected Earnings Analysis	10.75%	10.76%	

1 **Q112. What is your conclusion with respect to I&M's projected capital**
2 **structure?**

3 A112. My conclusion is that I&M's projected capital structure consisting of 50.94
4 percent common equity and 49.06 percent long-term debt is reasonable when
5 compared to the capital structures of the companies in the proxy group and
6 taking in consideration the impact of the TCJA on the cash flows.⁷⁸

7 **Q113. Does this conclude your Pre-filed Direct Testimony?**

8 A113. Yes, it does.

⁷⁸ Messner Direct at 5, Figure FDM-2. Excludes customer deposits of 0.60%, accumulated deferred federal income taxes of 15.91%, and accumulated deferred job development investment tax credits of 0.20%.

VERIFICATION

I, Ann E. Bulkley, Senior Vice President at Concentric Energy Advisors, Inc., affirm under penalties of perjury that the foregoing representations are true and correct to the best of my knowledge, information, and belief.

Date: 6/24/21

Ann E Bulkley

Ann E. Bulkley



ANN E. BULKLEY

Senior Vice President

Ms. Bulkley has more than two decades of management and economic consulting experience in the energy industry. Ms. Bulkley has extensive state and federal regulatory experience on both electric and natural gas issues including rate of return, cost of equity and capital structure issues. Ms. Bulkley has provided expert testimony on the cost of capital in more than 30 regulatory proceedings before regulatory commissions in Arizona, Arkansas, Colorado, Connecticut, Kansas, Massachusetts, Michigan, Minnesota, Missouri, New Jersey, New Mexico, New York, North Dakota, Oklahoma, Pennsylvania, Texas, South Dakota, West Virginia, and the Federal Energy Regulatory Commission. In addition, Ms. Bulkley has prepared and provided supporting analysis for at least forty Federal and State regulatory proceedings. In addition, Ms. Bulkley has worked on acquisition teams with investors seeking to acquire utility assets, providing valuation services including an understanding of regulation, market expected returns, and the assessment of utility risk factors. Ms. Bulkley has assisted clients with valuations of public utility and industrial properties for ratemaking, purchase and sale considerations, ad valorem tax assessments, and accounting and financial purposes. In addition, Ms. Bulkley has experience in the areas of contract and business unit valuation, strategic alliances, market restructuring and regulatory and litigation support. Prior to joining Concentric, Ms. Bulkley held senior expertise-based consulting positions at several firms, including Reed Consulting Group and Navigant Consulting, Inc. where she specialized in valuation. Ms. Bulkley holds an M.A. in economics from Boston University and a B.A. in economics and finance from Simmons College. Ms. Bulkley is a Certified General Appraiser licensed in the Commonwealth of Massachusetts and the State of New Hampshire.

REPRESENTATIVE PROJECT EXPERIENCE

Regulatory Analysis and Ratemaking

Ms. Bulkley has provided a range of advisory services relating to regulatory policy analysis and many aspects of utility ratemaking. Specific services have included: cost of capital and return on equity testimony, cost of service and rate design analysis and testimony, development of ratemaking strategies; development of merchant function exit strategies; analysis and program development to address residual energy supply and/or provider of last resort obligations; stranded costs assessment and recovery; performance-based ratemaking analysis and design; and many aspects of traditional utility ratemaking (e.g., rate design, rate base valuation).

Cost of Capital

Ms. Bulkley has provided expert testimony on the cost of capital in more than 30 regulatory proceedings before regulatory commissions in Arizona, Arkansas, Colorado, Connecticut, Kansas, Massachusetts, Michigan, Minnesota, Missouri, New Jersey, New Mexico, New York, North Dakota, Oklahoma, Pennsylvania, Texas, South Dakota, West Virginia, and the Federal Energy Regulatory Commission. In addition, Ms. Bulkley has prepared and provided supporting analysis for at least forty Federal and State regulatory proceedings in which she did not testify.



Valuation

Ms. Bulkley has provided valuation services to utility clients, unregulated generators and private equity clients for a variety of purposes including ratemaking, fair value, ad valorem tax, litigation and damages, and acquisition. Ms. Bulkley's appraisal practices are consistent with the national standards established by the Uniform Standards of Professional Appraisal Practice.

Representative projects/clients have included:

- Northern Indiana Fuel and Light: Provided expert testimony regarding the fair value of the company's natural gas distribution system assets. Valuation relied on cost approach.
- Kokomo Gas: Provided expert testimony regarding the fair value of the company's natural gas distribution system assets. Valuation relied on cost approach.
- Prepared fair value rate base analyses for Northern Indiana Public Service Company for several electric rate proceedings. Valuation approaches used in this project included income, cost and comparable sales approaches.
- Confidential Utility Client: Prepared valuation of fossil and nuclear generation assets for financing purposes for regulated utility client.
- Prepared a valuation of a portfolio of generation assets for a large energy utility to be used for strategic planning purposes. Valuation approach included an income approach, a real options analysis and a risk analysis.
- Assisted clients in the restructuring of NUG contracts through the valuation of the underlying assets. Performed analysis to determine the option value of a plant in a competitively priced electricity market following the settlement of the NUG contract.
- Prepared market valuations of several purchase power contracts for large electric utilities in the sale of purchase power contracts. Assignment included an assessment of the regional power market, analysis of the underlying purchase power contracts, a traditional discounted cash flow valuation approach, as well as a risk analysis. Analyzed bids from potential acquirers using income and risk analysis approached. Prepared an assessment of the credit issues and value at risk for the selling utility.
- Prepared appraisal of a portfolio of generating facilities for a large electric utility to be used for financing purposes.
- Prepared an appraisal of a fleet of fossil generating assets for a large electric utility to establish the value of assets transferred from utility property.
- Conducted due diligence on an electric transmission and distribution system as part of a buy-side due diligence team.
- Provided analytical support for and prepared appraisal reports of generation assets to be used in ad valorem tax disputes.
- Provided analytical support and prepared testimony regarding the valuation of electric distribution system assets in five communities in a condemnation proceeding.
- Valued purchase power agreements in the transfer of assets to a deregulated electric market.



Ratemaking

Ms. Bulkley has assisted several clients with analysis to support investor-owned and municipal utility clients in the preparation of rate cases. Sample engagements include:

- Assisted several investor-owned and municipal clients on cost allocation and rate design issues including the development of expert testimony supporting recommended rate alternatives.

Worked with Canadian regulatory staff to establish filing requirements for a rate review of a newly regulated electric utility. Analyzed and evaluated rate application. Attended hearings and conducted investigation of rate application for regulatory staff. Prepared, supported and defended recommendations for revenue requirements and rates for the company. Developed rates for gas utility for transportation program and ancillary services.

Strategic and Financial Advisory Services

Ms. Bulkley has assisted several clients across North America with analytically based strategic planning, due diligence and financial advisory services.

Representative projects include:

- Preparation of feasibility studies for bond issuances for municipal and district steam clients.
- Assisted in the development of a generation strategy for an electric utility. Analyzed various NERC regions to identify potential market entry points. Evaluated potential competitors and alliance partners. Assisted in the development of gas and electric price forecasts. Developed a framework for the implementation of a risk management program.
- Assisted clients in identifying potential joint venture opportunities and alliance partners. Contacted interviewed and evaluated potential alliance candidates based on company-established criteria for several LDCs and marketing companies. Worked with several LDCs and unregulated marketing companies to establish alliances to enter into the retail energy market. Prepared testimony in support of several merger cases and participated in the regulatory process to obtain approval for these mergers.
- Assisted clients in several buy-side due diligence efforts, providing regulatory insight and developing valuation recommendations for acquisitions of both electric and gas properties.

PROFESSIONAL HISTORY

Concentric Energy Advisors, Inc. (2002 – Present)

Senior Vice President

Vice President

Assistant Vice President

Project Manager

Navigant Consulting, Inc. (1995 – 2002)

Project Manager

Cahners Publishing Company (1995)

Economist



EDUCATION

Boston University

M.A., Economics, 1995

Simmons College

B.A., Economics and Finance, 1991

CERTIFICATIONS

Certified General Appraiser licensed in the Commonwealth of Massachusetts and the State of New Hampshire.



SPONSOR	DATE	CASE/APPLICANT	DOCKET /CASE NO.	SUBJECT
Arizona Corporation Commission				
Arizona Public Service Company	10/19	Arizona Public Service Company	Docket No. E-01345A-19-0236	Return on Equity
Tucson Electric Power Company	04/19	Tucson Electric Power Company	Docket No. E-01933A-19-0028	Return on Equity
Tucson Electric Power Company	11/15	Tucson Electric Power Company	Docket No. E-01933A-15-0322	Return on Equity
UNS Electric	05/15	UNS Electric	Docket No. E-04204A-15-0142	Return on Equity
UNS Electric	12/12	UNS Electric	Docket No. E-04204A-12-0504	Return on Equity
Arkansas Public Service Commission				
Arkansas Oklahoma Gas Corporation	10/13	Arkansas Oklahoma Gas Corporation	Docket No. 13-078-U	Return on Equity
Colorado Public Utilities Commission				
Public Service Company of Colorado	02/20	Public Service Company of Colorado	20AL-0049G	Return on Equity
Public Service Company of Colorado	05/19	Public Service Company of Colorado	19AL-0268E	Return on Equity
Public Service Company of Colorado	01/19	Public Service Company of Colorado	19AL-0063ST	Return on Equity
Atmos Energy Corporation	05/15	Atmos Energy Corporation	Docket No. 15AL-0299G	Return on Equity
Atmos Energy Corporation	04/14	Atmos Energy Corporation	Docket No. 14AL-0300G	Return on Equity
Atmos Energy Corporation	05/13	Atmos Energy Corporation	Docket No. 13AL-0496G	Return on Equity
Connecticut Public Utilities Regulatory Authority				
Connecticut Water Company	01/21	Connecticut Water Company	Docket No. 20-12-30	Return on Equity
Connecticut Natural Gas Corporation	06/18	Connecticut Natural Gas Corporation	Docket No. 18-05-16	Return on Equity
Yankee Gas Services Co. d/b/a Eversource Energy	06/18	Yankee Gas Services Co. d/b/a Eversource Energy	Docket No. 18-05-10	Return on Equity
The Southern Connecticut Gas Company	06/17	The Southern Connecticut Gas Company	Docket No. 17-05-42	Return on Equity
The United Illuminating Company	07/16	The United Illuminating Company	Docket No. 16-06-04	Return on Equity
Federal Energy Regulatory Commission				
Wisconsin Electric Power Company	08/20	Wisconsin Electric Power Company	Docket No. EL20-57-000	Return on Equity



SPONSOR	DATE	CASE/APPLICANT	DOCKET /CASE NO.	SUBJECT
Panhandle Eastern Pipe Line Company, LP	10/19	Panhandle Eastern Pipe Line Company, LP	Docket Nos. RP19-78-000 RP19-78-001	Return on Equity
Panhandle Eastern Pipe Line Company, LP	08/19	Panhandle Eastern Pipe Line Company, LP	Docket Nos. RP19-1523	Return on Equity
Sea Robin Pipeline Company LLC	11/18	Sea Robin Pipeline Company LLC	Docket# RP19-352-000	Return on Equity
Tallgrass Interstate Gas Transmission	10/15	Tallgrass Interstate Gas Transmission	RP16-137	Return on Equity
Indiana Utility Regulatory Commission				
Indiana Gas Company Inc.	12/20	Indiana Gas Company Inc.	IURC Cause No. 45468	Return on Equity
Southern Indiana Gas and Electric Company	10/20	Southern Indiana Gas and Electric Company	IURC Cause No. 45447	Return on Equity
Indiana and Michigan American Water Company	09/18	Indiana and Michigan American Water Company	IURC Cause No. 45142	Return on Equity
Indianapolis Power and Light Company	12/17	Indianapolis Power and Light Company	Cause No. 45029	Fair Value
Northern Indiana Public Service Company	09/17	Northern Indiana Public Service Company	Cause No. 44988	Fair Value
Indianapolis Power and Light Company	12/16	Indianapolis Power and Light Company	Cause No.44893	Fair Value
Northern Indiana Public Service Company	10/15	Northern Indiana Public Service Company	Cause No. 44688	Fair Value
Indianapolis Power and Light Company	09/15	Indianapolis Power and Light Company	Cause No. 44576 Cause No. 44602	Fair Value
Kokomo Gas and Fuel Company	09/10	Kokomo Gas and Fuel Company	Cause No. 43942	Fair Value
Northern Indiana Fuel and Light Company, Inc.	09/10	Northern Indiana Fuel and Light Company, Inc.	Cause No. 43943	Fair Value
Iowa Department of Commerce Utilities Board				
Iowa-American Water Company	08/20	Iowa-American Water Company	Docket No. RPU-2020-0001	Return on Equity
Kansas Corporation Commission				
Atmos Energy Corporation	08/15	Atmos Energy Corporation	Docket No. 16-ATMG-079-RTS	Return on Equity
Kentucky Public Service Commission				
Kentucky American Water Company	11/18	Kentucky American Water Company	Docket No. 2018-00358	Return on Equity
Maine Public Utilities Commission				



SPONSOR	DATE	CASE/APPLICANT	DOCKET /CASE NO.	SUBJECT
Central Maine Power	10/18	Central Maine Power	Docket No. 2018-194	Return on Equity
Maryland Public Service Commission				
Maryland American Water Company	06/18	Maryland American Water Company	Case No. 9487	Return on Equity
Massachusetts Appellate Tax Board				
Hopkinton LNG Corporation	03/20	Hopkinton LNG Corporation	Docket No.	Valuation of LNG Facility
FirstLight Hydro Generating Company	06/17	FirstLight Hydro Generating Company	Docket No. F-325471 Docket No. F-325472 Docket No. F-325473 Docket No. F-325474	Valuation of Electric Generation Assets
Massachusetts Department of Public Utilities				
Berkshire Gas Company	05/18	Berkshire Gas Company	DPU 18-40	Return on Equity
Unitil Corporation	01/04	Fitchburg Gas and Electric	DTE 03-52	Integrated Resource Plan; Gas Demand Forecast
Michigan Public Service Commission				
Wisconsin Electric Power Company	12/11	Wisconsin Electric Power Company	Case No. U-16830	Return on Equity
Michigan Tax Tribunal				
New Covert Generating Co., LLC.	03/18	The Township of New Covert Michigan	MTT Docket No. 000248TT and 16-001888-TT	Valuation of Electric Generation Assets
Covert Township	07/14	New Covert Generating Co., LLC.	Docket No. 399578	Valuation of Electric Generation Assets
Minnesota Public Utilities Commission				
Otter Tail Power Company	11/20	Otter Tail Power Company	E017/GR-20-719	Return on Equity
Allete, Inc. d/b/a Minnesota Power	11/19	Allete, Inc. d/b/a Minnesota Power	E015/GR-19-442	Return on Equity
CenterPoint Energy Resources Corporation d/b/a CenterPoint Energy Minnesota Gas	10/19	CenterPoint Energy Resources Corporation d/b/a CenterPoint Energy Minnesota Gas	G-008/GR-19-524	Return on Equity
Great Plains Natural Gas Co.	09/19	Great Plains Natural Gas Co.	Docket No. G004/GR-19-511	Return on Equity
Minnesota Energy Resources Corporation	10/17	Minnesota Energy Resources Corporation	Docket No. G011/GR-17-563	Return on Equity
Missouri Public Service Commission				



SPONSOR	DATE	CASE/APPLICANT	DOCKET /CASE NO.	SUBJECT
Missouri American Water Company	06/20	Missouri American Water Company	Case No. WR-2020-0344 Case No. SR-2020-0345	Return on Equity
Missouri American Water Company	06/17	Missouri American Water Company	Case No. WR-17-0285 Case No. SR-17-0286	Return on Equity
Montana Public Service Commission				
Montana-Dakota Utilities Co.	06/20	Montana-Dakota Utilities Co.	D2020.06.076	Return on Equity
Montana-Dakota Utilities Co.	09/18	Montana-Dakota Utilities Co.	D2018.9.60	Return on Equity
New Hampshire - Board of Tax and Land Appeals				
Public Service Company of New Hampshire d/b/a Eversource Energy	11/19 12/19	Public Service Company of New Hampshire d/b/a Eversource Energy	Master Docket No. 28873-14-15-16-17PT	Valuation of Utility Property and Generating Assets
New Hampshire Public Utilities Commission				
Public Service Company of New Hampshire	05/19	Public Service Company of New Hampshire	DE-19-057	Return on Equity
New Hampshire-Merrimack County Superior Court				
Northern New England Telephone Operations, LLC d/b/a FairPoint Communications, NNE	04/18	Northern New England Telephone Operations, LLC d/b/a FairPoint Communications, NNE	220-2012-CV-1100	Valuation of Utility Property
New Hampshire-Rockingham Superior Court				
Eversource Energy	05/18	Public Service Commission of New Hampshire	218-2016-CV-00899 218-2017-CV-00917	Valuation of Utility Property
New Jersey Board of Public Utilities				
Public Service Electric and Gas Company	10/20	Public Service Electric and Gas Company	EO18101115	Return on Equity
New Jersey American Water Company, Inc.	12/19	New Jersey American Water Company, Inc.	WR19121516	Return on Equity
Public Service Electric and Gas Company	04/19	Public Service Electric and Gas Company	EO18060629 GO18060630	Return on Equity
Public Service Electric and Gas Company	02/18	Public Service Electric and Gas Company	GR17070776	Return on Equity
Public Service Electric and Gas Company	01/18	Public Service Electric and Gas Company	ER18010029 GR18010030	Return on Equity
New Mexico Public Regulation Commission				
Southwestern Public Service Company	07/19	Southwestern Public Service Company	19-00170-UT	Return on Equity



SPONSOR	DATE	CASE/APPLICANT	DOCKET /CASE NO.	SUBJECT
Southwestern Public Service Company	10/17	Southwestern Public Service Company	Case No. 17-00255-UT	Return on Equity
Southwestern Public Service Company	12/16	Southwestern Public Service Company	Case No. 16-00269-UT	Return on Equity
Southwestern Public Service Company	10/15	Southwestern Public Service Company	Case No. 15-00296-UT	Return on Equity
Southwestern Public Service Company	06/15	Southwestern Public Service Company	Case No. 15-00139-UT	Return on Equity
New York State Department of Public Service				
Central Hudson Gas and Electric Corporation	08/20	Central Hudson Gas and Electric Corporation	Electric 20-E-0428 Gas 20-G-0429	Return on Equity
Niagara Mohawk Power Corporation	07/20	National Grid USA	Case No. 20-E-0380 20-G-0381	Return on Equity
Corning Natural Gas Corporation	02/20	Corning Natural Gas Corporation	Case No. 20-G-0101	Return on Equity
New York State Electric and Gas Company	05/19	New York State Electric and Gas Company	19-E-0378 19-G-0379 19-E-0380 19-G-0381	Return on Equity
Rochester Gas and Electric		Rochester Gas and Electric		
Brooklyn Union Gas Company d/b/a National Grid NY KeySpan Gas East Corporation d/b/a National Grid	04/19	Brooklyn Union Gas Company d/b/a National Grid NY KeySpan Gas East Corporation d/b/a National Grid	19-G-0309 19-G-0310	Return on Equity
Central Hudson Gas and Electric Corporation	07/17	Central Hudson Gas and Electric Corporation	Electric 17-E-0459 Gas 17-G-0460	Return on Equity
Niagara Mohawk Power Corporation	04/17	National Grid USA	Case No. 17-E-0238 17-G-0239	Return on Equity
Corning Natural Gas Corporation	06/16	Corning Natural Gas Corporation	Case No. 16-G-0369	Return on Equity
National Fuel Gas Company	04/16	National Fuel Gas Company	Case No. 16-G-0257	Return on Equity
KeySpan Energy Delivery	01/16	KeySpan Energy Delivery	Case No. 15-G-0058 Case No. 15-G-0059	Return on Equity
New York State Electric and Gas Company Rochester Gas and Electric	05/15	New York State Electric and Gas Company Rochester Gas and Electric	Case No. 15-E-0283 Case No. 15-G-0284 Case No. 15-E-0285 Case No. 15-G-0286	Return on Equity
North Dakota Public Service Commission				
Montana-Dakota Utilities Co.	08/20	Montana-Dakota Utilities Co.	C-PU-20-379	Return on Equity
Northern States Power Company	12/12	Northern States Power Company	C-PU-12-813	Return on Equity



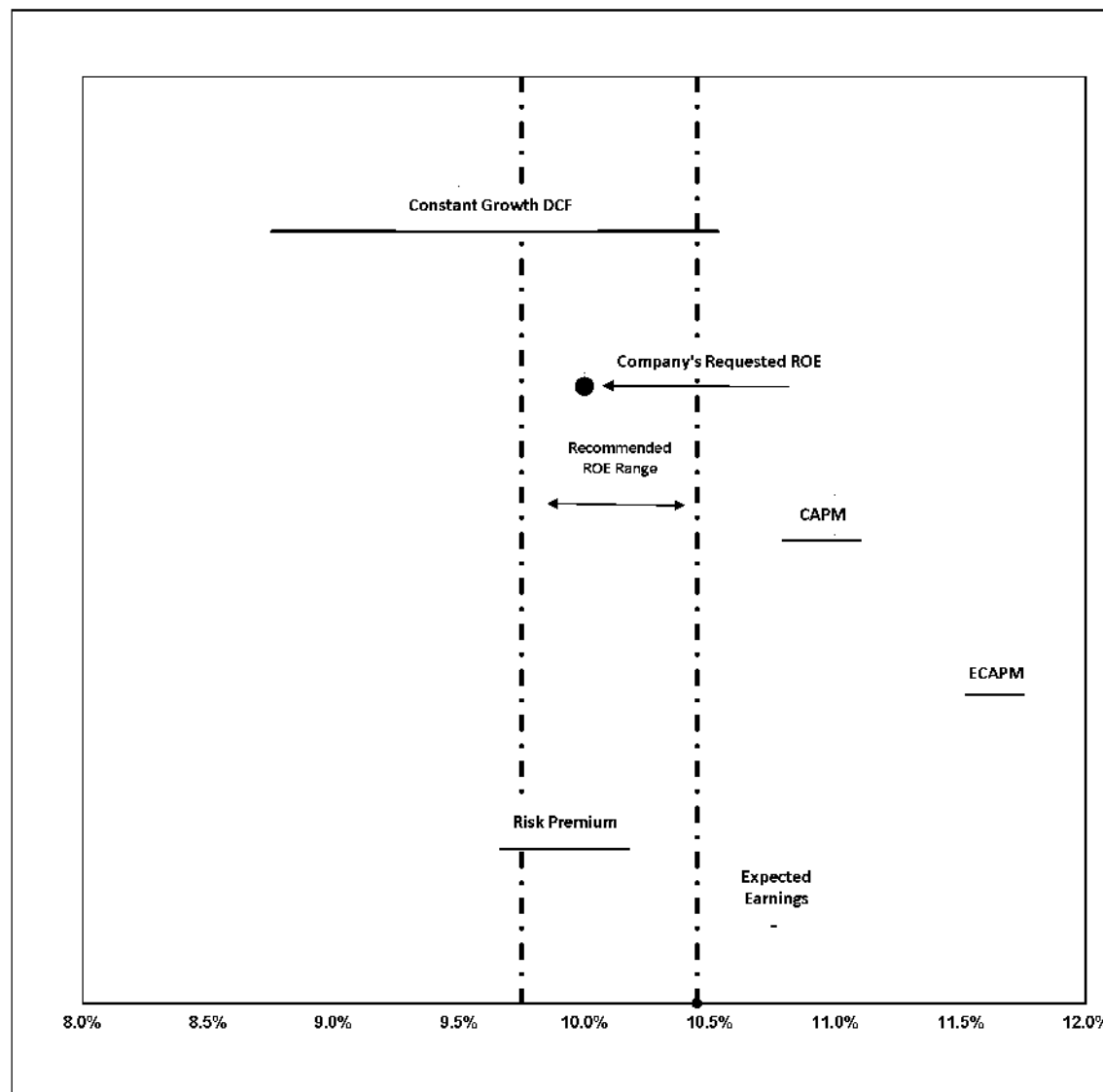
SPONSOR	DATE	CASE/APPLICANT	DOCKET /CASE NO.	SUBJECT
Northern States Power Company	12/10	Northern States Power Company	C-PU-10-657	Return on Equity
Oklahoma Corporation Commission				
Arkansas Oklahoma Gas Corporation	01/13	Arkansas Oklahoma Gas Corporation	Cause No. PUD 201200236	Return on Equity
Oregon Public Service Commission				
PacifiCorp d/b/a Pacific Power & Light	02/20	PacifiCorp d/b/a Pacific Power & Light	Docket No. UE-374	Return on Equity
Pennsylvania Public Utility Commission				
American Water Works Company Inc.	04/20	Pennsylvania-American Water Company	Docket No. R-2020-3019369 (water) Docket No. R-2020-3019371 (wastewater)	Return on Equity
American Water Works Company Inc.	04/17	Pennsylvania-American Water Company	Docket No. R-2017-2595853	Return on Equity
South Dakota Public Utilities Commission				
Northern States Power Company	06/14	Northern States Power Company	Docket No. EL14-058	Return on Equity
Texas Public Utility Commission				
Southwestern Public Service Commission	08/19	Southwestern Public Service Commission	Docket No. D-49831	Return on Equity
Southwestern Public Service Company	01/14	Southwestern Public Service Company	Docket No. 42004	Return on Equity
Utah Public Service Commission				
PacifiCorp d/b/a Rocky Mountain Power	05/20	PacifiCorp d/b/a Rocky Mountain Power	Docket No. 20-035-04	Return on Equity
Virginia State Corporation Commission				
Virginia American Water Company, Inc.	11/18	Virginia American Water Company, Inc.	Docket No. PUR-2018-00175	Return on Equity
Washington Utilities Transportation Commission				
Cascade Natural Gas Corporation	06/20	Cascade Natural Gas Corporation	Docket No. UG-200568	Return on Equity
PacifiCorp d/b/a Pacific Power & Light	12/19	PacifiCorp d/b/a Pacific Power & Light	Docket No. UE-191024	Return on Equity
Cascade Natural Gas Corporation	04/19	Cascade Natural Gas Corporation	Docket No. UG-190210	Return on Equity
West Virginia Public Service Commission				
West Virginia American Water Company	04/18	West Virginia American Water Company	Case No. 18-0573-W-42T Case No. 18-0576-S-42T	Return on Equity



SPONSOR	DATE	CASE/APPLICANT	DOCKET /CASE NO.	SUBJECT
Wisconsin Public Service Commission				
Wisconsin Electric Power Company and Wisconsin Gas LLC	03/19	Wisconsin Electric Power Company and Wisconsin Gas LLC	Docket No. 05-UR-109	Return on Equity
Wisconsin Public Service Corp.	03/19	Wisconsin Public Service Corp.	6690-UR-126	Return on Equity
Wyoming Public Service Commission				
PacifiCorp d/b/a Rocky Mountain Power	03/20	PacifiCorp d/b/a Rocky Mountain Power	Docket No. 20000-578-ER-20	Return on Equity
Montana-Dakota Utilities Co.	05/19	Montana-Dakota Utilities Co.	30013-351-GR-19	Return on Equity

SUMMARY OF ROE ANALYSES RESULTS

Constant Growth DCF			
	Mean Low	Mean	Mean High
30-Day Average	8.59%	9.43%	10.36%
90-Day Average	8.79%	9.62%	10.54%
180-Day Average	8.88%	9.72%	10.64%
Constant Growth Average	8.75%	9.59%	10.51%
	Median Low	Median	Median High
30-Day Average	8.68%	9.66%	10.41%
90-Day Average	8.87%	9.88%	10.59%
180-Day Average	8.87%	9.88%	10.59%
Constant Growth Average	8.81%	9.81%	10.53%
CAPM			
	Current 30-day Average Treasury Bond Yield	Near-Term Blue Chip Forecast Yield	Long-Term Blue Chip Forecast Yield
Value Line Beta	12.51%	12.55%	12.64%
Bloomberg Beta	11.58%	11.64%	11.80%
LT Avg. Beta	10.80%	10.88%	11.10%
ECAPM			
	Current 30-day Average Treasury Bond Yield	Near-Term Blue Chip Forecast Yield	Long-Term Blue Chip Forecast Yield
Value Line Beta	12.81%	12.84%	12.90%
Bloomberg Beta	12.11%	12.15%	12.27%
LT Avg. Beta	11.52%	11.59%	11.75%
Risk Premium			
	Current 30-day Average Treasury Bond Yield	Near-Term Blue Chip Forecast Yield	Long-Term Blue Chip Forecast Yield
Risk Premium Results	9.67%	9.81%	10.18%
Expected Earnings			
	Mean		Median
Expected Earnings Results	10.75%		10.76%



PROXY GROUP SCREENING DATA AND RESULTS

		[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]
Company		Dividends	S&P Credit Rating Between BBB- and AAA	Covered by More Than 1 Analyst	Positive Growth Rates from at least two sources (Value Line, Yahoo! First Call, and Zacks)	Own Generation Assets	Generation Assets Included in Rate Base	% Regulated Coal Generation Capacity > 5%	% Regulated Operating Income > 60%	% Regulated Electric Operating Income > 80%	Mean ROE (%) > 7.00%	Announced Merger
ALLETE, Inc.	ALE	Yes	BBB	Yes	Yes	Yes	Yes	49.92%	84.28%	97.40%	10.05%	No
Alliant Energy Corporation	LNT	Yes	A-	Yes	Yes	Yes	Yes	32.27%	96.01%	92.27%	8.41%	No
Ameren Corporation	AEE	Yes	BBB+	Yes	Yes	Yes	Yes	49.97%	100.00%	87.73%	9.70%	No
Duke Energy Corporation	DUK	Yes	BBB+	Yes	Yes	Yes	Yes	27.95%	100.00%	92.08%	9.66%	No
Entergy Corporation	ETR	Yes	BBB+	Yes	Yes	Yes	Yes	13.07%	100.00%	98.83%	8.27%	No
Evergy, Inc.	EVRG	Yes	A-	Yes	Yes	Yes	Yes	50.00%	100.00%	100.00%	10.04%	No
NextEra Energy, Inc.	NEE	Yes	A-	Yes	Yes	Yes	Yes	8.56%	68.66%	100.00%	10.91%	No
NorthWestern Corporation	NWE	Yes	BBB	Yes	Yes	Yes	Yes	32.54%	100.00%	82.80%	7.95%	No
OGE Energy Corporation	OGE	Yes	BBB+	Yes	Yes	Yes	Yes	37.97%	99.76%	100.00%	8.95%	No
Otter Tail Corporation	OTTR	Yes	BBB	Yes	Yes	Yes	Yes	66.95%	70.89%	100.00%	10.29%	No
Pinnacle West Capital Corporation	PNW	Yes	A-	Yes	Yes	Yes	Yes	25.20%	100.00%	100.00%	8.15%	No
Portland General Electric Company	POR	Yes	BBB+	Yes	Yes	Yes	Yes	20.81%	100.00%	100.00%	11.48%	No
Xcel Energy Inc.	XEL	Yes	A-	Yes	Yes	Yes	Yes	32.85%	100.00%	86.98%	8.75%	No

Notes:

- [1] Source: Bloomberg Professional
[2] Source: Bloomberg Professional
[3] Source: Yahoo! Finance and Zacks
[4] Source: Yahoo! Finance, Value Line Investment Survey, and Zacks
[5] to [7] Source: SNL Financial
[8] to [9] Source: Form 10-Ks for 2019, 2018 & 2017
[10] See Schedule 4 - Constant DCF column [10]
[11] SNL Financial News Releases

30-DAY CONSTANT GROWTH DCF – I&M PROXY GROUP											All Proxy Group		
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	
					Expected	Value Line	Yahoo!	Zacks	Average				
Company	Ticker	Annualized Dividend	Stock Price	Dividend Yield	Dividend Yield	Earnings Growth	Earnings Growth	Earnings Growth	Growth Rate	Low ROE	Mean ROE	High ROE	
ALLETE, Inc.	ALE	\$2.52	\$70.03	3.60%	3.71%	6.00%	7.00%	6.00%	6.33%	9.71%	10.05%	10.72%	
Alliant Energy Corporation	LNT	\$1.61	\$66.78	2.84%	2.91%	5.50%	5.50%	5.50%	5.50%	8.41%	8.41%	8.41%	
Ameren Corporation	AEE	\$2.20	\$84.32	2.61%	2.70%	6.00%	7.70%	7.30%	7.00%	8.69%	9.70%	10.41%	
Duke Energy Corporation	DUK	\$3.86	\$101.08	3.82%	3.93%	7.00%	5.00%	5.20%	5.73%	8.91%	9.66%	10.95%	
Entergy Corporation	ETR	\$3.80	\$106.82	3.56%	3.64%	3.00%	5.80%	5.10%	4.63%	6.61%	8.27%	9.46%	
Eversource, Inc.	ESV	\$2.14	\$63.02	3.40%	3.51%	8.00%	5.80%	5.80%	6.53%	9.29%	10.04%	11.53%	
NextEra Energy, Inc.	NEE	\$1.54	\$75.18	2.05%	2.14%	10.50%	8.01%	7.80%	8.77%	9.93%	10.91%	12.66%	
NorthWestern Corporation	NWE	\$2.48	\$66.12	3.75%	3.83%	3.00%	4.46%	4.90%	4.12%	6.81%	7.95%	8.74%	
OGE Energy Corporation	OGE	\$1.61	\$33.62	4.79%	4.89%	4.00%	3.80%	4.40%	4.07%	8.68%	8.95%	9.29%	
Otter Tail Corporation	OTTR	\$1.56	\$47.60	3.28%	3.39%	7.00%	9.00%	4.70%	6.90%	8.05%	10.29%	12.43%	
Pinnacle West Capital Corporation	PNW	\$3.32	\$84.99	3.91%	3.99%	5.00%	3.50%	4.00%	4.17%	7.47%	8.15%	9.00%	
Portland General Electric Company	POR	\$1.63	\$49.69	3.28%	3.41%	8.50%	7.10%	8.60%	8.07%	10.50%	11.48%	12.02%	
Xcel Energy Inc.	XEL	\$1.83	\$71.08	2.57%	2.65%	6.00%	6.20%	6.10%	6.10%	8.65%	8.75%	8.85%	
Mean				3.34%	3.44%	6.12%	6.07%	5.80%	5.99%	8.59%	9.43%	10.35%	
Median				3.40%	3.51%	6.00%	5.80%	5.50%	6.10%	8.68%	9.66%	10.41%	

Notes:

- [1] Source: Bloomberg Professional
[2] Source: Bloomberg Professional, equals 30-day average as of May 31, 2021
[3] Equals [1] / [2]
[4] Equals [3] x (1 + 0.50 x [8])
[5] Source: Value Line
[6] Source: Yahoo! Finance
[7] Source: Zacks
[8] Equals Average ([5], [6], [7])
[9] Equals [3] x (1 + 0.50 x Minimum ([5], [6], [7]) + Minimum ([5], [6], [7])
[10] Equals [4] + [8]
[11] Equals [3] x (1 + 0.50 x Maximum ([5], [6], [7]) + Maximum ([5], [6], [7])

90-DAY CONSTANT GROWTH DCF – I&M PROXY GROUP											All Proxy Group		
		[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]			
							Yahoo!						
		Annualized	Stock	Dividend	Expected	Value Line	Finance	Zacks	Average				
Company	Ticker	Dividend	Price	Yield	Dividend	Earnings	Earnings	Earnings	Growth	Low ROE	Mean ROE	High ROE	
ALLETE, Inc.	ALE	\$2.52	\$67.46	3.74%	3.85%	6.00%	7.00%	6.00%	6.33%	9.85%	10.19%	10.87%	
Alliant Energy Corporation	LNT	\$1.61	\$52.75	3.06%	3.14%	5.50%	5.50%	5.50%	5.50%	8.64%	8.64%	8.64%	
Ameren Corporation	AEE	\$2.20	\$78.93	2.79%	2.88%	6.00%	7.70%	7.30%	7.00%	8.87%	9.88%	10.58%	
Duke Energy Corporation	DUK	\$3.86	\$95.48	4.04%	4.16%	7.00%	5.00%	5.20%	5.73%	9.14%	9.88%	11.18%	
Entergy Corporation	ETR	\$3.80	\$99.47	3.82%	3.91%	3.00%	5.80%	5.10%	4.63%	6.88%	8.54%	9.73%	
Eversource Energy, Inc.	ESB	\$2.14	\$58.85	3.64%	3.76%	8.00%	5.80%	5.80%	6.53%	9.54%	10.29%	11.78%	
NextEra Energy, Inc.	NEE	\$1.54	\$76.84	2.00%	2.09%	10.50%	8.01%	7.80%	8.77%	9.88%	10.86%	12.61%	
NorthWestern Corporation	NWE	\$2.48	\$62.63	3.96%	4.04%	3.00%	4.46%	4.90%	4.12%	7.02%	8.16%	8.96%	
OGE Energy Corporation	OGE	\$1.61	\$32.36	4.97%	5.08%	4.00%	3.80%	4.40%	4.07%	8.87%	9.14%	9.48%	
Otter Tail Corporation	OTTR	\$1.56	\$44.92	3.47%	3.59%	7.00%	9.00%	4.70%	6.90%	8.25%	10.49%	12.63%	
Pinnacle West Capital Corporation	PNW	\$3.32	\$80.49	4.12%	4.21%	5.00%	3.50%	4.00%	4.17%	7.70%	8.38%	9.23%	
Portland General Electric Company	POR	\$1.63	\$46.53	3.50%	3.64%	8.50%	7.10%	8.60%	8.07%	10.73%	11.71%	12.25%	
Xcel Energy Inc.	XEL	\$1.83	\$66.23	2.76%	2.85%	6.00%	6.20%	6.10%	6.10%	8.85%	8.95%	9.05%	
Mean				3.53%	3.63%	6.12%	6.07%	5.80%	5.99%	8.79%	9.62%	10.54%	
Median				3.64%	3.76%	6.00%	5.80%	5.50%	6.10%	8.87%	9.88%	10.58%	

Notes:

- [1] Source: Bloomberg Professional
[2] Source: Bloomberg Professional, equals 90-day average as of May 31, 2021
[3] Equals [1] / [2]
[4] Equals [3] x (1 + 0.50 x [8])
[5] Source: Value Line
[6] Source: Yahoo! Finance
[7] Source: Zacks
[8] Equals Average ([5], [6], [7])
[9] Equals [3] x (1 + 0.50 x Minimum ([5], [6], [7]) + Minimum ([5], [6], [7])
[10] Equals [4] + [8]
[11] Equals [3] x (1 + 0.50 x Maximum ([5], [6], [7]) + Maximum ([5], [6], [7])

180-DAY CONSTANT GROWTH DCF – I&M PROXY GROUP											All Proxy Group		
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)			
					Expected	Value Line	Yahoo!	Zacks	Average				
Company	Ticker	Annualized Dividend	Stock Price	Dividend Yield	Dividend Yield	Earnings Growth	Earnings Growth	Earnings Growth	Growth Rate	Low ROE	Mean ROE	High ROE	
ALLETE, Inc.	ALE	\$2.52	\$62.30	4.06%	4.17%	6.00%	7.00%	6.00%	6.33%	10.17%	10.51%	11.19%	
Alliant Energy Corporation	LNT	\$1.61	\$52.77	3.06%	3.13%	5.50%	5.50%	5.50%	5.50%	8.63%	8.63%	8.63%	
Ameren Corporation	AEE	\$2.20	\$78.96	2.79%	2.88%	6.00%	7.70%	7.30%	7.00%	8.87%	9.88%	10.59%	
Duke Energy Corporation	DUK	\$3.86	\$93.15	4.14%	4.26%	7.00%	5.00%	5.20%	5.73%	9.25%	10.00%	11.29%	
Entergy Corporation	ETR	\$3.80	\$101.01	3.76%	3.85%	3.00%	5.80%	5.10%	4.63%	6.82%	8.48%	9.67%	
Evergy, Inc.	EVRG	\$2.14	\$66.47	3.79%	3.91%	8.00%	5.80%	5.80%	6.53%	9.70%	10.45%	11.94%	
NextEra Energy, Inc.	NEE	\$1.54	\$75.80	2.03%	2.12%	10.50%	8.01%	7.80%	8.77%	9.91%	10.89%	12.64%	
NorthWestern Corporation	NWE	\$2.48	\$58.75	4.22%	4.31%	3.00%	4.46%	4.90%	4.12%	7.28%	8.43%	9.22%	
OGE Energy Corporation	OGE	\$1.61	\$32.07	5.02%	5.12%	4.00%	3.80%	4.40%	4.07%	8.92%	9.19%	9.53%	
Otter Tail Corporation	OTTR	\$1.56	\$42.60	3.66%	3.79%	7.00%	9.00%	4.70%	6.90%	8.45%	10.69%	12.83%	
Pinnacle West Capital Corporation	PNW	\$3.32	\$80.37	4.13%	4.22%	5.00%	3.50%	4.00%	4.17%	7.70%	8.38%	9.23%	
Portland General Electric Company	POR	\$1.63	\$43.27	3.77%	3.92%	8.50%	7.10%	8.60%	8.07%	11.00%	11.99%	12.53%	
Xcel Energy Inc.	XEL	\$1.83	\$67.54	2.71%	2.79%	6.00%	6.20%	6.10%	6.10%	8.79%	8.89%	8.99%	
Mean				3.62%	3.73%	6.12%	6.07%	5.80%	5.99%	8.88%	9.72%	10.64%	
Median				3.77%	3.91%	6.00%	5.80%	5.50%	6.10%	8.87%	9.88%	10.59%	

Notes:

- [1] Source: Bloomberg Professional
[2] Source: Bloomberg Professional, equals 180-day average as of May 31, 2021
[3] Equals [1] / [2]
[4] Equals [3] x (1 + 0.50 x [8])
[5] Source: Value Line
[6] Source: Yahoo! Finance
[7] Source: Zacks
[8] Equals Average ([5], [6], [7])
[9] Equals [3] x (1 + 0.50 x Minimum ([5], [6], [7]) + Minimum ([5], [6], [7])
[10] Equals [4] + [8]
[11] Equals [3] x (1 + 0.50 x Maximum ([5], [6], [7]) + Maximum ([5], [6], [7])

CAPITAL ASSET PRICING MODEL -- CURRENT RISK-FREE RATE & VL BETA

$$K = R_f + \beta \times (R_m - R_f)$$

$$K = R_f + 0.25 \times (R_m) + 0.75 \times \beta \times (R_m - R_f)$$

Company	Ticker	[1] Current 30-day average of 30-year U.S. Treasury bond yield	[2] Beta (β)	[3] Market Return (R _m)	[4] Market Risk Premium (R _m - R _f)	[5] CAPM ROE (K)	[6] ECAPM ROE (K)
ALLETE, Inc.	ALE	2.30%	0.90	13.70%	11.39%	12.56%	12.84%
Alliant Energy Corporation	LNT	2.30%	0.85	13.70%	11.39%	11.99%	12.41%
Ameren Corporation	AEE	2.30%	0.80	13.70%	11.39%	11.42%	11.99%
Duke Energy Corporation	DUK	2.30%	0.85	13.70%	11.39%	11.99%	12.41%
Entergy Corporation	ETR	2.30%	0.95	13.70%	11.39%	13.13%	13.27%
Evergy, Inc.	EVRG	2.30%	0.95	13.70%	11.39%	13.13%	13.27%
NextEra Energy, Inc.	NEE	2.30%	0.90	13.70%	11.39%	12.56%	12.84%
NorthWestern Corporation	NWE	2.30%	0.95	13.70%	11.39%	13.13%	13.27%
OGE Energy Corporation	OGE	2.30%	1.05	13.70%	11.39%	14.27%	14.12%
Otter Tail Corporation	OTTR	2.30%	0.85	13.70%	11.39%	11.99%	12.41%
Pinnacle West Capital Corporation	PNW	2.30%	0.90	13.70%	11.39%	12.56%	12.84%
Portland General Electric Company	POR	2.30%	0.90	13.70%	11.39%	12.56%	12.84%
Xcel Energy Inc.	XEL	2.30%	0.80	13.70%	11.39%	11.42%	11.99%
Mean						12.51%	12.81%

Notes:

[1] Source: Bloomberg Professional, as of May 31, 2021

[2] Source: Value Line

[3] Source: Schedule 5 CAPM 3

[4] Equals [3] - [1]

[5] Equals [1] + [2] x [4]

[6] Equals [1] + 0.25 x ([4]) + 0.75 x ([2] x [4])

CAPITAL ASSET PRICING MODEL -- NEAR-TERM PROJECTED RISK-FREE RATE & VL BETA

$$K = R_f + \beta \times (R_m - R_f)$$

$$K = R_f + 0.25 \times (R_m) + 0.75 \times \beta \times (R_m - R_f)$$

Company	Ticker	[1]	[2]	[3]	[4]	[5]	[6]
		Near-term projected 30-year U.S. Treasury bond yield (Q3 2021 - Q3 2022)	Beta (β)	Market Return (R _m)	Market Risk Premium (R _m - R _f)	CAPM ROE (K)	ECAPM ROE (K)
ALLETE, Inc.	ALE	2.64%	0.90	13.70%	11.06%	12.59%	12.87%
Alliant Energy Corporation	LNT	2.64%	0.85	13.70%	11.06%	12.04%	12.45%
Ameren Corporation	AEE	2.64%	0.80	13.70%	11.06%	11.49%	12.04%
Duke Energy Corporation	DUK	2.64%	0.85	13.70%	11.06%	12.04%	12.45%
Entergy Corporation	ETR	2.64%	0.95	13.70%	11.06%	13.14%	13.28%
Eversource Energy	ESV	2.64%	0.95	13.70%	11.06%	13.14%	13.28%
NextEra Energy, Inc.	NEE	2.64%	0.90	13.70%	11.06%	12.59%	12.87%
NorthWestern Corporation	NWE	2.64%	0.95	13.70%	11.06%	13.14%	13.28%
OGE Energy Corporation	OGE	2.64%	1.05	13.70%	11.06%	14.25%	14.11%
Otter Tail Corporation	OTTR	2.64%	0.85	13.70%	11.06%	12.04%	12.45%
Pinnacle West Capital Corporation	PNW	2.64%	0.90	13.70%	11.06%	12.59%	12.87%
Portland General Electric Company	POR	2.64%	0.90	13.70%	11.06%	12.59%	12.87%
Xcel Energy Inc.	XEL	2.64%	0.80	13.70%	11.06%	11.49%	12.04%
Mean						12.55%	12.84%

Notes:

- [1] Source: Blue Chip Financial Forecasts, Vol. 40, No. 6, June 1, 2021, at 2
[2] Source: Value Line
[3] Source: Schedule 5 CAPM 3
[4] Equals [3] - [1]
[5] Equals [1] + [2] x [4]
[6] Equals [1] + 0.25 x ([4]) + 0.75 x ([2] x [4])

CAPITAL ASSET PRICING MODEL -- LONG-TERM PROJECTED RISK-FREE RATE & VL BETA

$$K = R_f + \beta \times (R_m - R_f)$$

$$K = R_f + 0.25 \times (R_m) + 0.75 \times \beta \times (R_m - R_f)$$

		[1]	[2]	[3]	[4]	[5]	[6]
		Projected 30-year U.S. Treasury bond yield (2023 - 2027)	Beta (β)	Market Return (R _m)	Market Risk Premium (R _m - R _f)	CAPM ROE (K)	ECAPM ROE (K)
Company	Ticker						
ALLETE, Inc.	ALE	3.50%	0.90	13.70%	10.20%	12.68%	12.93%
Alliant Energy Corporation	LNT	3.50%	0.85	13.70%	10.20%	12.17%	12.55%
Ameren Corporation	AEE	3.50%	0.80	13.70%	10.20%	11.66%	12.17%
Duke Energy Corporation	DUK	3.50%	0.85	13.70%	10.20%	12.17%	12.55%
Entergy Corporation	ETR	3.50%	0.95	13.70%	10.20%	13.19%	13.31%
Evergy, Inc.	EVRG	3.50%	0.95	13.70%	10.20%	13.19%	13.31%
NextEra Energy, Inc.	NEE	3.50%	0.90	13.70%	10.20%	12.68%	12.93%
NorthWestern Corporation	NWE	3.50%	0.95	13.70%	10.20%	13.19%	13.31%
OGE Energy Corporation	OGE	3.50%	1.05	13.70%	10.20%	14.21%	14.08%
Otter Tail Corporation	OTTR	3.50%	0.85	13.70%	10.20%	12.17%	12.55%
Pinnacle West Capital Corporation	PNW	3.50%	0.90	13.70%	10.20%	12.68%	12.93%
Portland General Electric Company	POR	3.50%	0.90	13.70%	10.20%	12.68%	12.93%
Xcel Energy Inc.	XEL	3.50%	0.80	13.70%	10.20%	11.66%	12.17%
Mean						12.64%	12.90%

Notes:

[1] Source: Blue Chip Financial Forecasts, Vol. 40, No. 6, June 1, 2021, at 14

[2] Source: Value Line

[3] Source: Schedule 5 CAPM 3

[4] Equals [3] - [1]

[5] Equals [1] + [2] x [4]

[6] Equals [1] + 0.25 x ([4]) + 0.75 x ([2] x [4])

CAPITAL ASSET PRICING MODEL -- CURRENT RISK-FREE RATE & BLOOMBERG BETA

$$K = R_f + \beta \times (R_m - R_f)$$

$$K = R_f + 0.25 \times (R_m) + 0.75 \times \beta \times (R_m - R_f)$$

Company	Ticker	[1] Current 30-day average of 30-year U.S. Treasury bond yield	[2] Beta (β)	[3] Market Return (R _m)	[4] Market Risk Premium (R _m - R _f)	[5] CAPM ROE (K)	[6] ECAPM ROE (K)
ALLETE, Inc.	ALE	2.30%	0.84	13.70%	11.39%	11.87%	12.33%
Alliant Energy Corporation	LNT	2.30%	0.80	13.70%	11.39%	11.39%	11.97%
Ameren Corporation	AEE	2.30%	0.74	13.70%	11.39%	10.78%	11.51%
Duke Energy Corporation	DUK	2.30%	0.71	13.70%	11.39%	10.37%	11.20%
Entergy Corporation	ETR	2.30%	0.84	13.70%	11.39%	11.85%	12.31%
Evergy, Inc.	EVRG	2.30%	0.79	13.70%	11.39%	11.26%	11.87%
NextEra Energy, Inc.	NEE	2.30%	0.77	13.70%	11.39%	11.11%	11.75%
NorthWestern Corporation	NWE	2.30%	0.91	13.70%	11.39%	12.62%	12.89%
OGE Energy Corporation	OGE	2.30%	0.93	13.70%	11.39%	12.93%	13.12%
Otter Tail Corporation	OTTR	2.30%	0.87	13.70%	11.39%	12.24%	12.60%
Pinnacle West Capital Corporation	PNW	2.30%	0.84	13.70%	11.39%	11.84%	12.30%
Portland General Electric Company	POR	2.30%	0.81	13.70%	11.39%	11.58%	12.11%
Xcel Energy Inc.	XEL	2.30%	0.73	13.70%	11.39%	10.85%	11.41%
Mean						11.58%	12.11%

Notes:

[1] Source: Bloomberg Professional, as of May 31, 2021

[2] Source: Bloomberg Professional, as of May 31, 2021

[3] Source: Schedule 5 CAPM 3

[4] Equals [3] - [1]

[5] Equals [1] + [2] x [4]

[6] Equals [1] + 0.25 x ([4]) + 0.75 x ([2] x [4])

CAPITAL ASSET PRICING MODEL -- NEAR-TERM PROJECTED RISK-FREE RATE & BLOOMBERG BETA

$$K = R_f + \beta \times (R_m - R_f)$$

$$K = R_f + 0.25 \times (R_m) + 0.75 \times \beta \times (R_m - R_f)$$

Company	Ticker	[1]	[2]	[3]	[4]	[5]	[6]
		Near-term projected 30-year U.S. Treasury bond yield (Q2 2021 - Q2 2022)	Beta (β)	Market Return (R _m)	Market Risk Premium (R _m - R _f)	CAPM ROE (K)	ECAPM ROE (K)
ALLETE, Inc.	ALE	2.64%	0.84	13.70%	11.06%	11.92%	12.37%
Alliant Energy Corporation	LNT	2.64%	0.80	13.70%	11.06%	11.46%	12.02%
Ameren Corporation	AEE	2.64%	0.74	13.70%	11.06%	10.87%	11.57%
Duke Energy Corporation	DUK	2.64%	0.71	13.70%	11.06%	10.47%	11.28%
Entergy Corporation	ETR	2.64%	0.84	13.70%	11.06%	11.91%	12.35%
Evergy, Inc.	EVRG	2.64%	0.79	13.70%	11.06%	11.33%	11.92%
NextEra Energy, Inc.	NEE	2.64%	0.77	13.70%	11.06%	11.18%	11.81%
NorthWestern Corporation	NWE	2.64%	0.91	13.70%	11.06%	12.65%	12.91%
OGE Energy Corporation	OGE	2.64%	0.93	13.70%	11.06%	12.95%	13.14%
Otter Tail Corporation	OTTR	2.64%	0.87	13.70%	11.06%	12.28%	12.63%
Pinnacle West Capital Corporation	PNW	2.64%	0.84	13.70%	11.06%	11.89%	12.34%
Portland General Electric Company	POR	2.64%	0.81	13.70%	11.06%	11.64%	12.16%
Xcel Energy Inc.	XEL	2.64%	0.73	13.70%	11.06%	10.74%	11.48%
Mean						11.64%	12.15%

Notes:

- [1] Source: Blue Chip Financial Forecasts, Vol. 40, No. 6, June 1, 2021, at 2
[2] Source: Bloomberg Professional, as of May 31, 2021
[3] Source: Schedule 5 CAPM 3
[4] Equals [3] - [1]
[5] Equals [1] + [2] x [4]
[6] Equals [1] + 0.25 x ([4]) + 0.75 x ([2] x [4])

CAPITAL ASSET PRICING MODEL -- LONG-TERM PROJECTED RISK-FREE RATE & BLOOMBERG BETA

$$K = R_f + \beta \times (R_m - R_f)$$

$$K = R_f + 0.25 \times (R_m) + 0.75 \times \beta \times (R_m - R_f)$$

		[1]	[2]	[3]	[4]	[5]	[6]
		Projected 30-year U.S. Treasury bond yield (2022 - 2026)	Beta (β)	Market Return (R _m)	Market Risk Premium (R _m - R _f)	CAPM ROE (K)	ECAPM ROE (K)
Company	Ticker						
ALLETE, Inc.	ALE	3.50%	0.84	13.70%	10.20%	12.06%	12.47%
Alliant Energy Corporation	LNT	3.50%	0.80	13.70%	10.20%	11.64%	12.15%
Ameren Corporation	AEE	3.50%	0.74	13.70%	10.20%	11.09%	11.74%
Duke Energy Corporation	DUK	3.50%	0.71	13.70%	10.20%	10.72%	11.47%
Entergy Corporation	ETR	3.50%	0.84	13.70%	10.20%	12.04%	12.46%
Evergy, Inc.	EVRG	3.50%	0.79	13.70%	10.20%	11.51%	12.06%
NextEra Energy, Inc.	NEE	3.50%	0.77	13.70%	10.20%	11.38%	11.96%
NorthWestern Corporation	NWE	3.50%	0.91	13.70%	10.20%	12.73%	12.97%
OGE Energy Corporation	OGE	3.50%	0.93	13.70%	10.20%	13.01%	13.18%
Otter Tail Corporation	OTTR	3.50%	0.87	13.70%	10.20%	12.39%	12.72%
Pinnacle West Capital Corporation	PNW	3.50%	0.84	13.70%	10.20%	12.03%	12.45%
Portland General Electric Company	POR	3.50%	0.81	13.70%	10.20%	11.80%	12.28%
Xcel Energy Inc.	XEL	3.50%	0.73	13.70%	10.20%	10.97%	11.65%
Mean						11.80%	12.27%

Notes:

[1] Source: Blue Chip Financial Forecasts, Vol. 40, No. 6, June 1, 2021, at 14

[2] Source: Bloomberg Professional, as of May 31, 2021

[3] Source: Schedule 5 CAPM 3

[4] Equals [3] - [1]

[5] Equals [1] + [2] x [4]

[6] Equals [1] + 0.25 x ([4]) + 0.75 x ([2] x [4])

CAPITAL ASSET PRICING MODEL -- LONG-TERM AVERAGE BETA

$$CAPM: K = R_f + \beta (R_m - R_f) / ECAPM: K = R_f + 0.25(R_m - R_f) + 0.75\beta (R_m - R_f)$$

	[4]	[5]	[6]	[7]	[8]	[9]
	Risk-Free Rate (R_f)	Beta (β)	Market Return (R_m)	Market Risk Premium ($R_m - R_f$)	CAPM (K)	ECAPM (K)
Current 30-day average of 30-year U.S. Treasury bond yield [1]	2.30%	0.745	13.70%	11.39%	10.80%	11.52%
Near-term projected 30-year U.S. Treasury bond yield (Q3 2021 - Q3 2022) [2]	2.64%	0.745	13.70%	11.06%	10.88%	11.59%
Projected 30-year U.S. Treasury bond yield (2023 - 2027) [3]	3.50%	0.745	13.70%	10.20%	11.10%	11.75%
				Average:	10.93%	11.62%

Notes:

- [1] Source: Bloomberg Professional, as of May 31, 2021
[2] Source: Blue Chip Financial Forecasts, Vol. 40, No. 6, June 1, 2021, at 2
[3] Source: Blue Chip Financial Forecasts, Vol. 40, No. 6, June 1, 2021, at 14
[4] See Notes [1], [2], and [3]
[5] Source: Schedule AEB-D6
[6] Source: Schedule AEB-D7
[7] Equals [6] - [4]
[8] Equals [4] + [5] x [7]
[9] Equals [4] + 0.25 x ([7]) + 0.75 x ([5] x [7])

MARKET RISK PREMIUM DERIVED FROM S&P 500 INDEX

[1] Estimate of the S&P 500 Dividend Yield	1.46%
[2] Estimate of the S&P 500 Growth Rate	12.15%
[3] S&P 500 Estimated Required Market Return	13.70%

Notes:

- [1] Sum of [6]
[2] Sum of [8]
[3] Equals $((1) \times (1 + 0.5 \times [2])) + [2]$

STANDARD AND POOR'S 500 INDEX

Name	Ticker	[4] Weight in Index	[5] Current Dividend Yield	[6] Cap-Weighted Dividend Yield	[7] Value Line Long-Term Growth Est.	[8] Cap-Weighted Long-Term Growth Est.
LyondellBasell Industries NV	LYB	0.11%	4.01%	0.00%	0.00%	0.00%
American Express Co	AXP	0.38%	1.07%	0.00%	6.00%	0.02%
Verizon Communications Inc	VZ	0.68%	4.44%	0.03%	3.50%	0.02%
Broadcom Inc	AVGO	0.56%	3.05%	0.02%	27.00%	0.15%
Boeing Co/The	BA	0.00%	n/a	n/a	0.00%	0.00%
Caterpillar Inc	CAT	0.39%	1.71%	0.01%	8.50%	0.03%
JP Morgan Chase & Co	JPM	1.45%	2.19%	0.03%	6.50%	0.09%
Chevron Corp	CVX	0.59%	5.16%	0.03%	23.50%	0.14%
Coca-Cola Co/The	KO	0.70%	3.04%	0.02%	6.50%	0.05%
AbbVie Inc	ABBV	0.58%	4.59%	0.03%	6.50%	0.04%
Walt Disney Co/The	DIS	0.95%	n/a	n/a	14.00%	0.13%
FleetCor Technologies Inc	FLT	0.07%	n/a	n/a	11.00%	0.01%
Extra Space Storage Inc	EXR	0.06%	2.67%	0.00%	3.50%	0.00%
Exxon Mobil Corp	XOM	0.72%	5.96%	0.04%	2.50%	0.02%
Phillips 66	PSX	0.11%	4.27%	0.00%	20.00%	0.02%
General Electric Co	GE	0.36%	0.28%	0.00%	4.00%	0.01%
HP Inc	HPQ	0.11%	2.65%	0.00%	14.00%	0.01%
Home Depot Inc/The	HD	0.99%	2.07%	0.02%	8.00%	0.08%
Monolithic Power Systems Inc	MPWR	0.05%	0.70%	0.00%	17.50%	0.01%
International Business Machines Corp	IBM	0.38%	4.56%	0.02%	1.50%	0.01%
Johnson & Johnson	JNJ	1.30%	2.51%	0.03%	10.00%	0.13%
McDonald's Corp	MCD	0.51%	2.21%	0.01%	10.00%	0.05%
Merck & Co Inc	MRK	0.54%	3.59%	0.02%	8.00%	0.04%
3M Co	MMM	0.34%	2.92%	0.01%	4.50%	0.02%
American Water Works Co Inc	AVK	0.08%	1.55%	0.00%	8.50%	0.01%
Bank of America Corp	BAC	1.06%	1.70%	0.02%	4.50%	0.05%
Baker Hughes Co	BKR	0.00%	2.95%	0.00%	0.00%	0.00%
Pfizer Inc	PFE	0.63%	4.03%	0.03%	9.50%	0.06%
Procter & Gamble Co/The	PG	0.96%	2.58%	0.02%	7.00%	0.07%
AT&T Inc	T	0.61%	7.07%	0.04%	2.50%	0.02%
Travelers Cos Inc/The	TRV	0.12%	2.20%	0.00%	8.00%	0.01%
Raytheon Technologies Corp	RTX	0.39%	2.30%	0.01%	1.00%	0.00%
Analog Devices Inc	ADI	0.18%	1.68%	0.00%	8.50%	0.02%
Walmart Inc	WMT	1.17%	1.55%	0.02%	6.00%	0.07%
Cisco Systems Inc/Delaware	CSCO	0.65%	2.80%	0.02%	6.00%	0.04%
Intel Corp	INTC	0.67%	2.43%	0.02%	7.00%	0.05%

General Motors Co	GM	0.25%	n/a	n/a	11.00%	0.03%
Microsoft Corp	MSFT	5.49%	0.90%	0.05%	15.00%	0.82%
Dollar General Corp	DG	0.14%	0.83%	0.00%	10.50%	0.01%
Cigna Corp	CI	0.26%	1.55%	0.00%	11.00%	0.03%
Kinder Morgan Inc	KMI	0.12%	5.89%	0.01%	19.00%	0.02%
Citigroup Inc	C	0.48%	2.59%	0.01%	5.00%	0.02%
American International Group Inc	AIG	0.13%	2.42%	0.00%	28.50%	0.04%
Altria Group Inc	MO	0.27%	6.99%	0.02%	6.50%	0.02%
HCA Healthcare Inc	HCA	0.21%	0.89%	0.00%	10.50%	0.02%
Under Armour Inc	UAA	0.01%	n/a	n/a	11.00%	0.00%
International Paper Co	IP	0.07%	3.25%	0.00%	6.50%	0.00%
Hewlett Packard Enterprise Co	HPE	0.06%	3.01%	0.00%	6.50%	0.00%
Abbott Laboratories	ABT	0.61%	1.54%	0.01%	11.50%	0.07%
Aflac Inc	AFL	0.11%	2.33%	0.00%	7.00%	0.01%
Air Products and Chemicals Inc	APD	0.19%	2.00%	0.00%	12.00%	0.02%
Royal Caribbean Cruises Ltd	RCL	0.00%	n/a	n/a	0.00%	0.00%
Hess Corp	HES	0.00%	1.19%	0.00%	0.00%	0.00%
Archer-Daniels-Midland Co	ADM	0.11%	2.22%	0.00%	7.50%	0.01%
Automatic Data Processing Inc	ADP	0.24%	1.90%	0.00%	9.00%	0.02%
Verisk Analytics Inc	VRSK	0.08%	0.67%	0.00%	7.50%	0.01%
AutoZone Inc	AZO	0.09%	n/a	n/a	14.50%	0.01%
Avery Dennison Corp	AVY	0.05%	1.23%	0.00%	9.50%	0.01%
Enphase Energy Inc	ENPH	0.06%	n/a	n/a	40.00%	0.02%
MSCI Inc	MSCI	0.11%	0.67%	0.00%	16.00%	0.02%
Ball Corp	BLL	0.08%	0.73%	0.00%	20.00%	0.02%
Carrier Global Corp	CARR	0.00%	1.05%	0.00%	0.00%	0.00%
Bank of New York Mellon Corp/The	BK	0.13%	2.38%	0.00%	3.00%	0.00%
Otis Worldwide Corp	OTIS	0.00%	1.23%	0.00%	0.00%	0.00%
Baxter International Inc	BAX	0.12%	1.36%	0.00%	8.50%	0.01%
Becton Dickinson and Co	BDX	0.21%	1.37%	0.00%	7.50%	0.02%
Berkshire Hathaway Inc	BRK/B	0.00%	n/a	n/a	0.00%	0.00%
Best Buy Co Inc	BBY	0.08%	2.41%	0.00%	8.50%	0.01%
Boston Scientific Corp	BSX	0.18%	n/a	n/a	17.50%	0.03%
Bristol-Myers Squibb Co	BMJ	0.43%	2.96%	0.01%	12.50%	0.05%
Fortune Brands Home & Security Inc	FBHS	0.04%	1.01%	0.00%	10.00%	0.00%
Brown-Forman Corp	BF/B	0.00%	0.89%	0.00%	0.00%	0.00%
Cabot Oil & Gas Corp	COG	0.02%	2.68%	0.00%	14.50%	0.00%
Campbell Soup Co	CPB	0.04%	3.04%	0.00%	5.00%	0.00%
Kansas City Southern	KSU	0.08%	0.73%	0.00%	12.50%	0.01%
Hilton Worldwide Holdings Inc	HLT	0.00%	n/a	n/a	0.00%	0.00%
Carnival Corp	CCL	0.00%	n/a	n/a	0.00%	0.00%
Qorvo Inc	QRVO	0.06%	n/a	n/a	18.00%	0.01%
Lumen Technologies Inc	LUMN	0.04%	7.23%	0.00%	2.50%	0.00%
UDR Inc	UDR	0.04%	3.04%	0.00%	6.00%	0.00%
Clorox Co/The	CLX	0.06%	2.51%	0.00%	6.50%	0.00%
Paycom Software Inc	PAYC	0.06%	n/a	n/a	19.50%	0.01%
CMS Energy Corp	CMS	0.05%	2.77%	0.00%	7.50%	0.00%
Newell Brands Inc	NWL	0.00%	3.21%	0.00%	0.00%	0.00%
Colgate-Palmolive Co	CL	0.21%	2.15%	0.00%	5.00%	0.01%
Comerica Inc	CMA	0.03%	3.47%	0.00%	2.50%	0.00%
IPG Photonics Corp	IPGP	0.03%	n/a	n/a	18.50%	0.01%
Conagra Brands Inc	CAG	0.05%	2.89%	0.00%	5.00%	0.00%
Consolidated Edison Inc	ED	0.08%	4.01%	0.00%	4.00%	0.00%
Corning Inc	GLW	0.11%	2.20%	0.00%	20.00%	0.02%
Cummins Inc	CMI	0.11%	2.10%	0.00%	7.50%	0.01%
Caesars Entertainment Inc	CZR	0.00%	n/a	n/a	0.00%	0.00%
Danaher Corp	DHR	0.53%	0.33%	0.00%	18.00%	0.10%
Target Corp	TGT	0.33%	1.20%	0.00%	13.00%	0.04%

Deere & Co	DE	0.33%	1.00%	0.00%	14.00%	0.05%
Dominion Energy Inc	D	0.18%	3.31%	0.01%	12.00%	0.02%
Dover Corp	DOV	0.06%	1.32%	0.00%	6.50%	0.00%
Alliant Energy Corp	LNT	0.04%	2.82%	0.00%	5.50%	0.00%
Duke Energy Corp	DUK	0.23%	3.85%	0.01%	7.00%	0.02%
Regency Centers Corp	REG	0.03%	3.68%	0.00%	10.00%	0.00%
Eaton Corp PLC	ETN	0.17%	2.09%	0.00%	5.50%	0.01%
Ecolab Inc	ECL	0.18%	0.89%	0.00%	6.00%	0.01%
PerkinElmer Inc	PKI	0.05%	0.19%	0.00%	11.00%	0.01%
Emerson Electric Co	EMR	0.17%	2.11%	0.00%	9.50%	0.02%
EOG Resources Inc	EOG	0.14%	2.05%	0.00%	12.50%	0.02%
Aon PLC	AON	0.17%	0.81%	0.00%	7.00%	0.01%
Entergy Corp	ETR	0.06%	3.61%	0.00%	3.00%	0.00%
Equifax Inc	EFX	0.08%	0.66%	0.00%	5.50%	0.00%
IQVIA Holdings Inc	IQV	0.13%	n/a	n/a	14.00%	0.02%
Gartner Inc	IT	0.06%	n/a	n/a	15.50%	0.01%
FedEx Corp	FDX	0.24%	0.83%	0.00%	8.50%	0.02%
FMC Corp	FMC	0.04%	1.65%	0.00%	8.50%	0.00%
Ford Motor Co	F	0.17%	n/a	n/a	46.00%	0.08%
NextEra Energy Inc	NEE	0.42%	2.10%	0.01%	10.50%	0.04%
Franklin Resources Inc	BEN	0.05%	3.27%	0.00%	11.50%	0.01%
Freeport-McMoRan Inc	FCX	0.18%	0.70%	0.00%	32.50%	0.06%
Gap Inc/The	GPS	0.04%	1.43%	0.00%	25.00%	0.01%
Dexcom Inc	DXCM	0.00%	n/a	n/a	0.00%	0.00%
General Dynamics Corp	GD	0.16%	2.51%	0.00%	5.00%	0.01%
General Mills Inc	GIS	0.11%	3.25%	0.00%	3.50%	0.00%
Genuine Parts Co	GPC	0.06%	2.49%	0.00%	7.00%	0.00%
Atmos Energy Corp	ATO	0.04%	2.52%	0.00%	7.00%	0.00%
WW Grainger Inc	GWV	0.07%	1.40%	0.00%	7.50%	0.01%
Halliburton Co	HAL	0.06%	0.80%	0.00%	7.00%	0.00%
L3Harris Technologies Inc	LHX	0.00%	1.87%	0.00%	0.00%	0.00%
Healthpeak Properties Inc	PEAK	0.05%	3.59%	0.00%	-13.00%	-0.01%
Catalent Inc	CTLT	0.05%	n/a	n/a	21.00%	0.01%
Fortive Corp	FTV	0.07%	0.39%	0.00%	6.00%	0.00%
Hershey Co/The	HSY	0.07%	1.86%	0.00%	5.50%	0.00%
Synchrony Financial	SYF	0.08%	1.86%	0.00%	4.50%	0.00%
Hormel Foods Corp	HRL	0.08%	2.02%	0.00%	9.00%	0.01%
Arthur J Gallagher & Co	AJG	0.09%	1.31%	0.00%	12.50%	0.01%
Mondelez International Inc	MDLZ	0.26%	1.98%	0.01%	8.00%	0.02%
CenterPoint Energy Inc	CNP	0.04%	2.53%	0.00%	8.00%	0.00%
Humana Inc	HUM	0.16%	0.64%	0.00%	11.00%	0.02%
Willis Towers Watson PLC	WLTW	0.10%	1.09%	0.00%	11.50%	0.01%
Illinois Tool Works Inc	ITW	0.21%	1.97%	0.00%	11.00%	0.02%
CDW Corp/DE	CDW	0.07%	0.97%	0.00%	11.00%	0.01%
Trane Technologies PLC	TT	0.00%	1.27%	0.00%	0.00%	0.00%
Interpublic Group of Cos Inc/The	IPG	0.04%	3.21%	0.00%	12.00%	0.00%
International Flavors & Fragrances Inc	IFF	0.10%	2.17%	0.00%	7.50%	0.01%
Jacobs Engineering Group Inc	J	0.05%	0.59%	0.00%	12.50%	0.01%
Generac Holdings Inc	GNRC	0.06%	n/a	n/a	19.50%	0.01%
NXP Semiconductors NV	NXPI	0.17%	1.06%	0.00%	11.00%	0.02%
Hanesbrands Inc	HBI	0.02%	3.07%	0.00%	6.50%	0.00%
Kellogg Co	K	0.07%	3.54%	0.00%	3.00%	0.00%
Broadridge Financial Solutions Inc	BR	0.05%	1.44%	0.00%	10.50%	0.01%
Perrigo Co PLC	PRGO	0.02%	2.08%	0.00%	-2.00%	0.00%
Kimberly-Clark Corp	KMB	0.13%	3.49%	0.00%	5.50%	0.01%
Kimco Realty Corp	KIM	0.03%	3.19%	0.00%	-2.00%	0.00%
Oracle Corp	ORCL	0.66%	1.63%	0.01%	9.50%	0.06%
Kroger Co/The	KR	0.08%	1.95%	0.00%	5.00%	0.00%

Leggett & Platt Inc	LEG	0.02%	3.05%	0.00%	10.00%	0.00%
Lennar Corp	LEN	0.08%	1.01%	0.00%	7.00%	0.01%
Eli Lilly & Co	LLY	0.56%	1.70%	0.01%	9.00%	0.05%
L Brands Inc	LB	0.06%	0.86%	0.00%	28.50%	0.02%
Charter Communications Inc	CHTR	0.38%	n/a	n/a	26.50%	0.10%
Lincoln National Corp	LNC	0.04%	2.41%	0.00%	9.00%	0.00%
Loews Corp	L	0.04%	0.43%	0.00%	12.00%	0.01%
Lowe's Cos Inc	LOW	0.40%	1.64%	0.01%	15.50%	0.06%
IDEX Corp	IEX	0.05%	0.97%	0.00%	7.50%	0.00%
Marsh & McLennan Cos Inc	MMC	0.21%	1.34%	0.00%	9.50%	0.02%
Masco Corp	MAS	0.04%	1.56%	0.00%	7.50%	0.00%
S&P Global Inc	SPGI	0.27%	0.81%	0.00%	8.50%	0.02%
Medtronic PLC	MDT	0.50%	1.99%	0.01%	7.00%	0.03%
Viatis Inc	VTRS	0.00%	2.89%	0.00%	0.00%	0.00%
CVS Health Corp	CVS	0.33%	2.31%	0.01%	6.00%	0.02%
DuPont de Nemours Inc	DD	0.00%	1.42%	0.00%	0.00%	0.00%
Micron Technology Inc	MU	0.28%	n/a	n/a	12.50%	0.03%
Motorola Solutions Inc	MSI	0.10%	1.38%	0.00%	7.00%	0.01%
Boe Global Markets Inc	CBOE	0.03%	1.51%	0.00%	12.00%	0.00%
Laboratory Corp of America Holdings	LH	0.08%	n/a	n/a	9.50%	0.01%
Newmont Corp	NEM	0.17%	2.99%	0.01%	14.50%	0.02%
NIKE Inc	NKE	0.51%	0.81%	0.00%	24.00%	0.12%
NiSource Inc	NI	0.03%	3.45%	0.00%	9.50%	0.00%
Norfolk Southern Corp	NSC	0.21%	1.41%	0.00%	9.00%	0.02%
Principal Financial Group Inc	PFG	0.05%	3.73%	0.00%	5.50%	0.00%
Eversource Energy	ES	0.08%	2.97%	0.00%	5.50%	0.00%
Northrop Grumman Corp	NOC	0.17%	1.72%	0.00%	7.00%	0.01%
Wells Fargo & Co	WFC	0.56%	0.86%	0.00%	5.00%	0.03%
Nucor Corp	NUE	0.09%	1.58%	0.00%	8.00%	0.01%
PVH Corp	PVH	0.02%	n/a	n/a	12.50%	0.00%
Occidental Petroleum Corp	OXY	0.07%	0.15%	0.00%	36.50%	0.03%
Omnicom Group Inc	OMC	0.05%	3.40%	0.00%	6.00%	0.00%
ONEOK Inc	OKE	0.07%	7.09%	0.00%	9.50%	0.01%
Raymond James Financial Inc	RJF	0.05%	1.18%	0.00%	6.50%	0.00%
Parker-Hannifin Corp	PH	0.12%	1.34%	0.00%	13.00%	0.02%
Rollins Inc	ROL	0.05%	0.94%	0.00%	11.50%	0.01%
PPL Corp	PPL	0.07%	5.70%	0.00%	3.00%	0.00%
ConocoPhillips	COP	0.22%	3.09%	0.01%	10.50%	0.02%
PulteGroup Inc	PHM	0.04%	0.97%	0.00%	7.00%	0.00%
Pinnacle West Capital Corp	PNW	0.03%	3.93%	0.00%	5.00%	0.00%
PNC Financial Services Group Inc/The	PNC	0.24%	2.36%	0.01%	3.00%	0.01%
PPG Industries Inc	PPG	0.12%	1.20%	0.00%	3.00%	0.00%
Progressive Corp/The	PGR	0.17%	0.40%	0.00%	5.00%	0.01%
Public Service Enterprise Group Inc	PEG	0.09%	3.28%	0.00%	3.50%	0.00%
Robert Half International Inc	RHI	0.03%	1.71%	0.00%	7.50%	0.00%
Edison International	EIX	0.00%	4.74%	0.00%	0.00%	0.00%
Schlumberger NV	SLB	0.13%	1.60%	0.00%	8.50%	0.01%
Charles Schwab Corp/The	SCHW	0.39%	0.97%	0.00%	7.50%	0.03%
Sherwin-Williams Co/The	SHW	0.22%	0.78%	0.00%	10.00%	0.02%
West Pharmaceutical Services Inc	WST	0.07%	0.20%	0.00%	17.00%	0.01%
J M Smucker Co/The	SJM	0.04%	2.70%	0.00%	4.00%	0.00%
Snap-on Inc	SNA	0.04%	1.93%	0.00%	5.00%	0.00%
AMETEK Inc	AME	0.05%	0.59%	0.00%	10.00%	0.01%
Southern Co/The	SO	0.20%	4.13%	0.01%	5.00%	0.01%
Truist Financial Corp	TFC	0.24%	2.91%	0.01%	5.50%	0.01%
Southwest Airlines Co	LUV	0.11%	n/a	n/a	1.50%	0.00%
W R Berkley Corp	WRB	0.04%	0.62%	0.00%	14.50%	0.01%
Stanley Black & Decker Inc	SWK	0.10%	1.29%	0.00%	6.00%	0.01%

Public Storage	PSA	0.14%	2.83%	0.00%	2.50%	0.00%
Arista Networks Inc	ANET	0.08%	n/a	n/a	4.50%	0.00%
Sysco Corp	SYT	0.12%	2.32%	0.00%	11.50%	0.01%
Corteva Inc	CTVA	0.00%	1.14%	0.00%	0.00%	0.00%
Texas Instruments Inc	TXN	0.51%	2.15%	0.01%	5.50%	0.03%
Textron Inc	TXT	0.05%	0.12%	0.00%	7.50%	0.00%
Thermo Fisher Scientific Inc	TMO	0.54%	0.22%	0.00%	13.00%	0.07%
TJX Cos Inc/The	TJX	0.24%	1.54%	0.00%	12.00%	0.03%
Globe Life Inc	GL	0.03%	0.75%	0.00%	8.00%	0.00%
Johnson Controls International plc	JCI	0.14%	1.62%	0.00%	8.50%	0.01%
Ulta Beauty Inc	ULTA	0.06%	n/a	n/a	12.50%	0.01%
Union Pacific Corp	UNP	0.44%	1.90%	0.01%	10.00%	0.04%
Keysight Technologies Inc	KEYS	0.08%	n/a	n/a	17.00%	0.01%
UnitedHealth Group Inc	UNH	1.14%	1.21%	0.01%	12.00%	0.14%
Unum Group	UNM	0.02%	3.87%	0.00%	3.50%	0.00%
Marathon Oil Corp	MRO	0.00%	1.32%	0.00%	0.00%	0.00%
Bio-Rad Laboratories Inc	BIO	0.04%	n/a	n/a	11.50%	0.00%
Ventas Inc	VTR	0.06%	3.25%	0.00%	4.50%	0.00%
VF Corp	VFC	0.09%	2.48%	0.00%	5.50%	0.01%
Vornado Realty Trust	VNO	0.03%	4.48%	0.00%	-18.50%	0.00%
Vulcan Materials Co	VMC	0.07%	0.81%	0.00%	10.00%	0.01%
Weyerhaeuser Co	WY	0.08%	1.79%	0.00%	20.50%	0.02%
Whirlpool Corp	WHR	0.04%	2.36%	0.00%	5.50%	0.00%
Williams Cos Inc/The	WMB	0.09%	6.23%	0.01%	12.00%	0.01%
WEC Energy Group Inc	WEC	0.09%	2.89%	0.00%	6.50%	0.01%
Adobe Inc	ADBE	0.70%	n/a	n/a	14.50%	0.10%
AES Corp/The	AES	0.05%	2.37%	0.00%	24.00%	0.01%
Amgen Inc	AMGN	0.40%	2.96%	0.01%	6.00%	0.02%
Apple Inc	AAPL	6.07%	0.71%	0.04%	14.50%	0.88%
Autodesk Inc	ADSK	0.00%	n/a	n/a	0.00%	0.00%
Cintas Corp	CTAS	0.11%	0.85%	0.00%	13.00%	0.01%
Comcast Corp	CMCSA	0.77%	1.74%	0.01%	8.00%	0.06%
Molson Coors Beverage Co	TAP	0.03%	n/a	n/a	41.00%	0.01%
KLA Corp	KLAC	0.14%	1.14%	0.00%	17.50%	0.02%
Marriott International Inc/MD	MAR	0.14%	n/a	n/a	17.50%	0.02%
McCormick & Co Inc/MD	MKC	0.06%	1.53%	0.00%	5.50%	0.00%
PACCAR Inc	PCAR	0.09%	1.49%	0.00%	5.50%	0.01%
Costco Wholesale Corp	COST	0.49%	0.84%	0.00%	9.50%	0.05%
First Republic Bank/CA	FRC	0.10%	0.46%	0.00%	12.50%	0.01%
Stryker Corp	SYK	0.28%	0.99%	0.00%	11.00%	0.03%
Tyson Foods Inc	TSN	0.07%	2.24%	0.00%	6.50%	0.00%
Lamb Weston Holdings Inc	LW	0.04%	1.14%	0.00%	2.50%	0.00%
Applied Materials Inc	AMAT	0.37%	0.69%	0.00%	9.00%	0.03%
American Airlines Group Inc	AAL	0.05%	n/a	n/a	-3.50%	0.00%
Cardinal Health Inc	CAH	0.05%	3.50%	0.00%	12.00%	0.01%
Cerner Corp	CERN	0.07%	1.12%	0.00%	9.00%	0.01%
Cincinnati Financial Corp	CINF	0.06%	2.07%	0.00%	13.50%	0.01%
ViacomCBS Inc	VIAC	0.08%	2.26%	0.00%	8.00%	0.01%
DR Horton Inc	DHI	0.10%	0.84%	0.00%	10.50%	0.01%
Electronic Arts Inc	EA	0.12%	0.48%	0.00%	9.00%	0.01%
Expeditors International of Washington Inc	EXPD	0.06%	0.92%	0.00%	8.50%	0.01%
Fastenal Co	FAST	0.09%	2.11%	0.00%	8.00%	0.01%
M&T Bank Corp	MTB	0.06%	2.74%	0.00%	4.00%	0.00%
Xcel Energy Inc	XEL	0.11%	2.58%	0.00%	6.00%	0.01%
Fiserv Inc	FISV	0.22%	n/a	n/a	13.00%	0.03%
Fifth Third Bancorp	FITB	0.09%	2.56%	0.00%	7.00%	0.01%
Gilead Sciences Inc	GILD	0.24%	4.30%	0.01%	3.50%	0.01%
Hasbro Inc	HAS	0.04%	2.83%	0.00%	12.50%	0.00%

Huntington Bancshares Inc/OH	HBAN	0.05%	3.78%	0.00%	6.00%	0.00%
Welltower Inc	WELL	0.09%	3.26%	0.00%	3.50%	0.00%
Biogen Inc	BIIB	0.12%	n/a	n/a	7.00%	0.01%
Northern Trust Corp	NTRS	0.07%	2.31%	0.00%	7.00%	0.01%
Packaging Corp of America	PKG	0.04%	2.69%	0.00%	5.00%	0.00%
Paychex Inc	PAYX	0.11%	2.61%	0.00%	6.50%	0.01%
People's United Financial Inc	PBCT	0.02%	3.86%	0.00%	2.50%	0.00%
QUALCOMM Inc	QCOM	0.44%	2.02%	0.01%	16.50%	0.07%
Roper Technologies Inc	ROP	0.14%	0.50%	0.00%	10.00%	0.01%
Ross Stores Inc	ROST	0.13%	0.90%	0.00%	14.00%	0.02%
IDEXX Laboratories Inc	IDXX	0.14%	n/a	n/a	13.50%	0.02%
Starbucks Corp	SBUX	0.39%	1.58%	0.01%	16.00%	0.06%
KeyCorp	KEY	0.07%	3.21%	0.00%	9.50%	0.01%
Fox Corp	FOXA	0.00%	1.23%	0.00%	0.00%	0.00%
Fox Corp	FOX	0.00%	1.27%	0.00%	0.00%	0.00%
State Street Corp	STT	0.09%	2.39%	0.00%	6.50%	0.01%
Norwegian Cruise Line Holdings Ltd	NCLH	0.00%	n/a	n/a	0.00%	0.00%
US Bancorp	USB	0.26%	2.76%	0.01%	4.50%	0.01%
A O Smith Corp	AOS	0.03%	1.46%	0.00%	5.00%	0.00%
NortonLifeLock Inc	NLOK	0.05%	1.81%	0.00%	7.00%	0.00%
T Rowe Price Group Inc	TROW	0.13%	2.26%	0.00%	8.00%	0.01%
Waste Management Inc	WM	0.17%	1.63%	0.00%	6.00%	0.01%
Constellation Brands Inc	STZ	0.12%	1.27%	0.00%	6.50%	0.01%
Xilinx Inc	XLNX	0.09%	n/a	n/a	7.50%	0.01%
DENTSPLY SIRONA Inc	XRAY	0.04%	0.66%	0.00%	5.50%	0.00%
Zions Bancorp NA	ZION	0.03%	2.35%	0.00%	7.00%	0.00%
Alaska Air Group Inc	ALK	0.00%	n/a	n/a	0.00%	0.00%
Invesco Ltd	IVZ	0.04%	2.38%	0.00%	12.00%	0.00%
Linde PLC	LIN	0.00%	1.41%	0.00%	0.00%	0.00%
Intuit Inc	INTU	0.35%	0.54%	0.00%	14.50%	0.05%
Morgan Stanley	MS	0.49%	1.54%	0.01%	8.50%	0.04%
Microchip Technology Inc	MCHP	0.13%	1.05%	0.00%	9.00%	0.01%
Chubb Ltd	CB	0.22%	1.88%	0.00%	10.00%	0.02%
Hologic Inc	HOLX	0.05%	n/a	n/a	25.00%	0.01%
Citizens Financial Group Inc	CFG	0.06%	3.13%	0.00%	12.00%	0.01%
O'Reilly Automotive Inc	ORLY	0.11%	n/a	n/a	11.00%	0.01%
Allstate Corp/The	ALL	0.12%	2.37%	0.00%	5.00%	0.01%
Equity Residential	EQR	0.08%	3.11%	0.00%	2.00%	0.00%
BorgWarner Inc	BWA	0.04%	1.33%	0.00%	5.50%	0.00%
Host Hotels & Resorts Inc	HST	0.04%	n/a	n/a	8.00%	0.00%
Incyte Corp	INCY	0.00%	n/a	n/a	0.00%	0.00%
Simon Property Group Inc	SPG	0.12%	4.05%	0.00%	-0.50%	0.00%
Eastman Chemical Co	EMN	0.05%	2.20%	0.00%	5.00%	0.00%
Twitter Inc	TWTR	0.14%	n/a	n/a	29.00%	0.04%
AvalonBay Communities Inc	AVB	0.08%	3.07%	0.00%	1.00%	0.00%
Prudential Financial Inc	PRU	0.12%	4.30%	0.01%	4.50%	0.01%
United Parcel Service Inc	UPS	0.45%	1.90%	0.01%	10.50%	0.05%
Walgreens Boots Alliance Inc	WBA	0.13%	3.55%	0.00%	6.00%	0.01%
STERIS PLC	STE	0.05%	0.84%	0.00%	10.00%	0.00%
McKesson Corp	MCK	0.09%	0.87%	0.00%	9.00%	0.01%
Lockheed Martin Corp	LMT	0.31%	2.72%	0.01%	7.50%	0.02%
AmerisourceBergen Corp	ABC	0.07%	1.53%	0.00%	6.50%	0.00%
Capital One Financial Corp	COF	0.21%	1.00%	0.00%	5.50%	0.01%
Waters Corp	WAT	0.06%	n/a	n/a	6.00%	0.00%
Dollar Tree Inc	DLTR	0.07%	n/a	n/a	9.50%	0.01%
Darden Restaurants Inc	DRI	0.05%	2.46%	0.00%	14.50%	0.01%
Domino's Pizza Inc	DPZ	0.05%	0.88%	0.00%	13.00%	0.01%
NVR Inc	NVR	0.05%	n/a	n/a	8.00%	0.00%

NetApp Inc	NTAP	0.05%	2.48%	0.00%	6.00%	0.00%
Citrix Systems Inc	CTXS	0.04%	1.29%	0.00%	9.00%	0.00%
DXC Technology Co	DXC	0.03%	n/a	n/a	2.50%	0.00%
Old Dominion Freight Line Inc	ODFL	0.09%	0.30%	0.00%	9.00%	0.01%
DaVita Inc	DVA	0.04%	n/a	n/a	15.00%	0.01%
Hartford Financial Services Group Inc/The	HIG	0.07%	2.14%	0.00%	8.50%	0.01%
Iron Mountain Inc	IRM	0.04%	5.68%	0.00%	7.50%	0.00%
Estee Lauder Cos Inc/The	EL	0.21%	0.69%	0.00%	11.00%	0.02%
Cadence Design Systems Inc	CDNS	0.10%	n/a	n/a	9.50%	0.01%
Tyler Technologies Inc	TYL	0.05%	n/a	n/a	8.00%	0.00%
Universal Health Services Inc	UHS	0.04%	0.50%	0.00%	10.00%	0.00%
Skyworks Solutions Inc	SWKS	0.08%	1.18%	0.00%	11.50%	0.01%
NOV Inc	NOV	0.00%	n/a	n/a	0.00%	0.00%
Quest Diagnostics Inc	DGX	0.05%	1.88%	0.00%	7.00%	0.00%
Activision Blizzard Inc	ATVI	0.22%	0.48%	0.00%	14.50%	0.03%
Rockwell Automation Inc	ROK	0.09%	1.62%	0.00%	6.50%	0.01%
Kraft Heinz Co/The	KHC	0.16%	3.67%	0.01%	1.50%	0.00%
American Tower Corp	AMT	0.34%	1.99%	0.01%	10.00%	0.03%
HollyFrontier Corp	HFC	0.02%	4.31%	0.00%	2.50%	0.00%
Regeneron Pharmaceuticals Inc	REGN	0.15%	n/a	n/a	12.50%	0.02%
Amazon.com Inc	AMZN	4.75%	n/a	n/a	28.50%	1.35%
Jack Henry & Associates Inc	JKHY	0.03%	1.19%	0.00%	10.50%	0.00%
Ralph Lauren Corp	RL	0.02%	2.22%	0.00%	6.00%	0.00%
Boston Properties Inc	BXP	0.05%	3.33%	0.00%	1.50%	0.00%
Amphenol Corp	APH	0.12%	0.86%	0.00%	11.00%	0.01%
Howmet Aerospace Inc	HWM	0.04%	n/a	n/a	12.00%	0.01%
Pioneer Natural Resources Co	PXD	0.11%	1.47%	0.00%	17.50%	0.02%
Valero Energy Corp	VLO	0.10%	4.88%	0.00%	2.00%	0.00%
Synopsys Inc	SNPS	0.11%	n/a	n/a	12.50%	0.01%
Western Union Co/The	WU	0.03%	3.84%	0.00%	6.00%	0.00%
Etsy Inc	ETSY	0.06%	n/a	n/a	27.00%	0.02%
CH Robinson Worldwide Inc	CHRW	0.04%	2.10%	0.00%	8.00%	0.00%
Accenture PLC	ACN	0.52%	1.25%	0.01%	9.50%	0.05%
TransDigm Group Inc	TDG	0.10%	n/a	n/a	9.50%	0.01%
Yum! Brands Inc	YUM	0.10%	1.67%	0.00%	10.50%	0.01%
Prologis Inc	PLD	0.25%	2.14%	0.01%	8.50%	0.02%
FirstEnergy Corp	FE	0.06%	4.12%	0.00%	11.50%	0.01%
VeriSign Inc	VRSN	0.07%	n/a	n/a	9.50%	0.01%
Quanta Services Inc	PWR	0.04%	0.25%	0.00%	12.50%	0.00%
Henry Schein Inc	HSIC	0.03%	n/a	n/a	6.50%	0.00%
Ameren Corp	AEE	0.06%	2.61%	0.00%	6.00%	0.00%
ANSYS Inc	ANSS	0.09%	n/a	n/a	8.00%	0.01%
NVIDIA Corp	NVDA	1.18%	0.10%	0.00%	14.50%	0.17%
Sealed Air Corp	SEE	0.03%	1.41%	0.00%	13.50%	0.00%
Cognizant Technology Solutions Corp	CTSH	0.11%	1.34%	0.00%	6.50%	0.01%
SVB Financial Group	SIVB	0.09%	n/a	n/a	8.00%	0.01%
Intuitive Surgical Inc	ISRG	0.29%	n/a	n/a	15.00%	0.04%
Take-Two Interactive Software Inc	TTWO	0.06%	n/a	n/a	15.50%	0.01%
Republic Services Inc	RSG	0.10%	1.56%	0.00%	7.50%	0.01%
eBay Inc	EBAY	0.12%	1.18%	0.00%	16.50%	0.02%
Goldman Sachs Group Inc/The	GS	0.37%	1.34%	0.00%	7.00%	0.03%
SBA Communications Corp	SBAC	0.10%	0.78%	0.00%	43.50%	0.04%
Sempra Energy	SRE	0.12%	3.25%	0.00%	10.00%	0.01%
Moody's Corp	MCO	0.18%	0.74%	0.00%	9.00%	0.02%
Booking Holdings Inc	BKNG	0.28%	n/a	n/a	14.00%	0.04%
F5 Networks Inc	FFIV	0.03%	n/a	n/a	7.00%	0.00%
Akamai Technologies Inc	AKAM	0.05%	n/a	n/a	9.50%	0.01%
Charles River Laboratories International Inc	CRL	0.05%	n/a	n/a	7.00%	0.00%

MarketAxess Holdings Inc	MKTX	0.05%	0.57%	0.00%	15.00%	0.01%
Devon Energy Corp	DVN	0.00%	1.66%	0.00%	0.00%	0.00%
Alphabet Inc	GOOGL	0.00%	n/a	n/a	0.00%	0.00%
Teleflex Inc	TFX	0.05%	0.34%	0.00%	14.50%	0.01%
Allegion plc	ALLE	0.04%	1.03%	0.00%	9.00%	0.00%
Netflix Inc	NFLX	0.65%	n/a	n/a	23.50%	0.15%
Agilent Technologies Inc	A	0.12%	0.56%	0.00%	11.00%	0.01%
Trimble Inc	TRMB	0.06%	n/a	n/a	14.50%	0.01%
Anthem Inc	ANTM	0.28%	1.14%	0.00%	12.50%	0.04%
CME Group Inc	CME	0.23%	1.65%	0.00%	8.00%	0.02%
Juniper Networks Inc	JNPR	0.03%	3.04%	0.00%	5.50%	0.00%
BlackRock Inc	BLK	0.39%	1.88%	0.01%	9.50%	0.04%
DTE Energy Co	DTE	0.08%	3.15%	0.00%	6.00%	0.00%
Celanese Corp	CE	0.05%	1.64%	0.00%	5.50%	0.00%
Nasdaq Inc	NDAQ	0.08%	1.29%	0.00%	5.00%	0.00%
Philip Morris International Inc	PM	0.44%	4.96%	0.02%	5.00%	0.02%
Ingersoll Rand Inc	IR	0.00%	n/a	n/a	0.00%	0.00%
salesforce.com Inc	CRM	0.64%	n/a	n/a	39.50%	0.25%
Huntington Ingalls Industries Inc	HII	0.03%	2.11%	0.00%	7.00%	0.00%
MetLife Inc	MET	0.17%	2.94%	0.00%	6.50%	0.01%
Under Armour Inc	UA	0.00%	n/a	n/a	0.00%	0.00%
Tapestry Inc	TPR	0.04%	n/a	n/a	1.50%	0.00%
CSX Corp	CSX	0.22%	1.12%	0.00%	8.50%	0.02%
Edwards Lifesciences Corp	EW	0.17%	n/a	n/a	13.00%	0.02%
Ameriprise Financial Inc	AMP	0.09%	1.74%	0.00%	13.00%	0.01%
Zebra Technologies Corp	ZBRA	0.08%	n/a	n/a	11.00%	0.01%
Zimmer Biomet Holdings Inc	ZBH	0.10%	0.57%	0.00%	8.50%	0.01%
CBRE Group Inc	CBRE	0.09%	n/a	n/a	8.50%	0.01%
Mastercard Inc	MA	1.03%	0.49%	0.01%	12.50%	0.13%
CarMax Inc	KMX	0.05%	n/a	n/a	11.00%	0.01%
Intercontinental Exchange Inc	ICE	0.19%	1.17%	0.00%	8.00%	0.01%
Fidelity National Information Services Inc	FIS	0.27%	1.05%	0.00%	28.00%	0.08%
Chipotle Mexican Grill Inc	CMG	0.11%	n/a	n/a	18.50%	0.02%
Wynn Resorts Ltd	WYNN	0.04%	n/a	n/a	27.00%	0.01%
Live Nation Entertainment Inc	LYV	0.00%	n/a	n/a	0.00%	0.00%
Assurant Inc	AIZ	0.03%	1.64%	0.00%	11.50%	0.00%
NRG Energy Inc	NRG	0.02%	4.04%	0.00%	-1.50%	0.00%
Monster Beverage Corp	MNST	0.15%	n/a	n/a	11.50%	0.02%
Regions Financial Corp	RF	0.07%	2.65%	0.00%	9.00%	0.01%
Mosaic Co/The	MOS	0.04%	0.83%	0.00%	30.00%	0.01%
Expedia Group Inc	EXPE	0.00%	n/a	n/a	0.00%	0.00%
Evergy Inc	EVERG	0.04%	3.45%	0.00%	8.00%	0.00%
Discovery Inc	DISCA	0.02%	n/a	n/a	15.50%	0.00%
CF Industries Holdings Inc	CF	0.03%	2.26%	0.00%	14.50%	0.00%
APA Corp	APA	0.00%	0.48%	0.00%	0.00%	0.00%
Leidos Holdings Inc	LDOS	0.04%	1.32%	0.00%	9.50%	0.00%
Alphabet Inc	GOOG	2.28%	n/a	n/a	15.00%	0.34%
Cooper Cos Inc/The	COO	0.06%	0.02%	0.00%	14.50%	0.01%
TE Connectivity Ltd	TEL	0.13%	1.47%	0.00%	8.00%	0.01%
Discover Financial Services	DFS	0.10%	1.50%	0.00%	5.50%	0.01%
Visa Inc	V	1.12%	0.56%	0.01%	12.00%	0.13%
Mid-America Apartment Communities Inc	MAA	0.05%	2.55%	0.00%	0.50%	0.00%
Xylem Inc/NY	XYL	0.06%	0.95%	0.00%	10.50%	0.01%
Marathon Petroleum Corp	MPC	0.12%	3.75%	0.00%	3.50%	0.00%
Advanced Micro Devices Inc	AMD	0.28%	n/a	n/a	24.00%	0.07%
Tractor Supply Co	TSCO	0.06%	1.14%	0.00%	9.50%	0.01%
ResMed Inc	RMD	0.09%	0.76%	0.00%	8.50%	0.01%
Mettler-Toledo International Inc	MTD	0.09%	n/a	n/a	11.50%	0.01%

Copart Inc	CPRT	0.09%	n/a	n/a	10.00%	0.01%
Fortinet Inc	FTNT	0.10%	n/a	n/a	19.00%	0.02%
Albemarle Corp	ALB	0.06%	0.93%	0.00%	4.00%	0.00%
Essex Property Trust Inc	ESS	0.06%	2.83%	0.00%	1.00%	0.00%
Realty Income Corp	O	0.07%	4.12%	0.00%	6.00%	0.00%
Westrock Co	WRK	0.05%	1.65%	0.00%	6.50%	0.00%
IHS Markit Ltd	INFO	0.12%	0.76%	0.00%	11.50%	0.01%
Westinghouse Air Brake Technologies Corp	WAB	0.05%	0.58%	0.00%	9.50%	0.00%
Pool Corp	POOL	0.05%	0.73%	0.00%	15.00%	0.01%
Western Digital Corp	WDC	0.07%	n/a	n/a	1.00%	0.00%
PepsiCo Inc	PEP	0.60%	2.91%	0.02%	6.00%	0.04%
Diamondback Energy Inc	FANG	0.04%	2.00%	0.00%	0.50%	0.00%
Maxim Integrated Products Inc	MXIM	0.08%	n/a	n/a	8.00%	0.01%
ServiceNow Inc	NOW	0.27%	n/a	n/a	44.50%	0.12%
Church & Dwight Co Inc	CHD	0.06%	1.18%	0.00%	8.00%	0.00%
Duke Realty Corp	DRE	0.05%	2.20%	0.00%	-2.50%	0.00%
Federal Realty Investment Trust	FRT	0.03%	3.71%	0.00%	-2.00%	0.00%
MGM Resorts International	MGM	0.06%	0.02%	0.00%	25.00%	0.02%
American Electric Power Co Inc	AEP	0.13%	3.44%	0.00%	6.50%	0.01%
PTC Inc	PTC	0.00%	n/a	n/a	0.00%	0.00%
JB Hunt Transport Services Inc	JBHT	0.05%	0.70%	0.00%	8.00%	0.00%
Lam Research Corp	LRCX	0.27%	0.80%	0.00%	12.50%	0.03%
Mohawk Industries Inc	MHK	0.04%	n/a	n/a	6.50%	0.00%
Pentair PLC	PNR	0.03%	1.16%	0.00%	5.50%	0.00%
Vertex Pharmaceuticals Inc	VRTX	0.16%	n/a	n/a	28.50%	0.04%
Amcor PLC	AMCR	0.00%	3.98%	0.00%	0.00%	0.00%
Facebook Inc	FB	2.30%	n/a	n/a	15.50%	0.36%
T-Mobile US Inc	TMUS	0.52%	n/a	n/a	8.50%	0.04%
United Rentals Inc	URI	0.07%	n/a	n/a	7.50%	0.01%
Alexandria Real Estate Equities Inc	ARE	0.08%	2.45%	0.00%	13.00%	0.01%
Honeywell International Inc	HON	0.47%	1.61%	0.01%	8.00%	0.04%
ABIOMED Inc	ABMD	0.04%	n/a	n/a	10.00%	0.00%
Delta Air Lines Inc	DAL	0.09%	n/a	n/a	49.00%	0.04%
United Airlines Holdings Inc	UAL	0.00%	n/a	n/a	0.00%	0.00%
Seagate Technology Holdings PLC	STX	0.06%	2.80%	0.00%	4.00%	0.00%
News Corp	NWS	0.00%	0.78%	0.00%	0.00%	0.00%
Centene Corp	CNC	0.13%	n/a	n/a	9.50%	0.01%
Martin Marietta Materials Inc	MLM	0.07%	0.63%	0.00%	6.00%	0.00%
Teradyne Inc	TER	0.06%	0.30%	0.00%	10.50%	0.01%
PayPal Holdings Inc	PYPL	0.89%	n/a	n/a	19.00%	0.17%
Tesla Inc	TSLA	0.00%	n/a	n/a	0.00%	0.00%
DISH Network Corp	DISH	0.04%	n/a	n/a	0.00%	0.00%
Alexion Pharmaceuticals Inc	ALXN	0.11%	n/a	n/a	19.50%	0.02%
Penn National Gaming Inc	PENN	0.04%	n/a	n/a	27.00%	0.01%
Dow Inc	DOW	0.00%	4.09%	0.00%	0.00%	0.00%
Everest Re Group Ltd	RE	0.03%	2.38%	0.00%	10.50%	0.00%
Teledyne Technologies Inc	TDY	0.06%	n/a	n/a	7.50%	0.00%
News Corp	NWSA	0.00%	0.74%	0.00%	0.00%	0.00%
Exelon Corp	EXC	0.13%	3.39%	0.00%	5.50%	0.01%
Global Payments Inc	GPN	0.17%	0.40%	0.00%	16.50%	0.03%
Crown Castle International Corp	CCI	0.24%	2.81%	0.01%	11.50%	0.03%
Aptiv PLC	APTIV	0.12%	n/a	n/a	15.50%	0.02%
Advance Auto Parts Inc	AAP	0.04%	2.11%	0.00%	11.00%	0.00%
Align Technology Inc	ALGN	0.14%	n/a	n/a	17.00%	0.02%
Illumina Inc	ILMN	0.17%	n/a	n/a	14.00%	0.02%
LKQ Corp	LKQ	0.04%	n/a	n/a	10.50%	0.00%
Nielsen Holdings PLC	NLSN	0.00%	0.88%	0.00%	0.00%	0.00%
Garmin Ltd	GRMN	0.08%	1.88%	0.00%	10.50%	0.01%

Zoetis Inc	ZTS	0.24%	0.57%	0.00%	10.00%	0.02%
Digital Realty Trust Inc	DLR	0.12%	3.06%	0.00%	7.00%	0.01%
Equinix Inc	EQIX	0.19%	1.56%	0.00%	14.50%	0.03%
Las Vegas Sands Corp	LVS	0.13%	n/a	n/a	19.00%	0.02%
Discovery Inc	DISCK	0.00%	n/a	n/a	0.00%	0.00%

Notes:

[4] Source: Bloomberg Professional

[5] Source: Bloomberg Professional

[6] Equals [4] x [5]

[7] Source: Value Line

[8] Equals [4] x [7]

HISTORICAL BETA - 2011 - 2020

		[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]
Company	Ticker	12/31/2011	12/31/2012	12/31/2013	12/31/2014	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020	Average
ALLETE, Inc.	ALE	0.70	0.70	0.75	0.80	0.80	0.75	0.80	0.65	0.65	0.85	0.75
Alliant Energy Corporation	LNT	0.75	0.70	0.75	0.80	0.80	0.70	0.70	0.60	0.60	0.85	0.73
Ameren Corporation	AEE	0.80	0.80	0.80	0.75	0.75	0.65	0.70	0.55	0.55	0.85	0.72
Duke Energy Corporation	DUK	0.65	0.60	0.65	0.60	0.65	0.60	0.60	0.50	0.50	0.85	0.62
Entergy Corporation	ETR	0.70	0.70	0.70	0.70	0.70	0.65	0.65	0.60	0.60	0.95	0.70
Energy, Inc.	EVRG								NMF	NMF	1.00	1.00
NextEra Energy, Inc.	NEE	0.75	0.70	0.70	0.70	0.75	0.65	0.65	0.55	0.55	0.90	0.69
NorthWestern Corporation	NWE	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.60	0.60	0.90	0.70
OGE Energy Corporation	OGE	0.80	0.75	0.85	0.90	0.95	0.90	0.95	0.85	0.75	1.10	0.88
Otter Tail Corporation	OTTR	0.90	0.90	0.95	0.90	0.85	0.85	0.90	0.75	0.70	0.85	0.86
Pinnacle West Capital Corporation	PNW	0.70	0.70	0.70	0.70	0.75	0.70	0.70	0.60	0.55	0.85	0.70
Portland General Electric Company	POR	0.75	0.75	0.75	0.80	0.80	0.70	0.70	0.60	0.60	0.85	0.73
Xcel Energy Inc.	XEL	0.65	0.65	0.65	0.70	0.65	0.60	0.60	0.55	0.50	0.80	0.64
Mean		0.74	0.72	0.75	0.75	0.76	0.70	0.72	0.62	0.60	0.89	0.75

Notes:

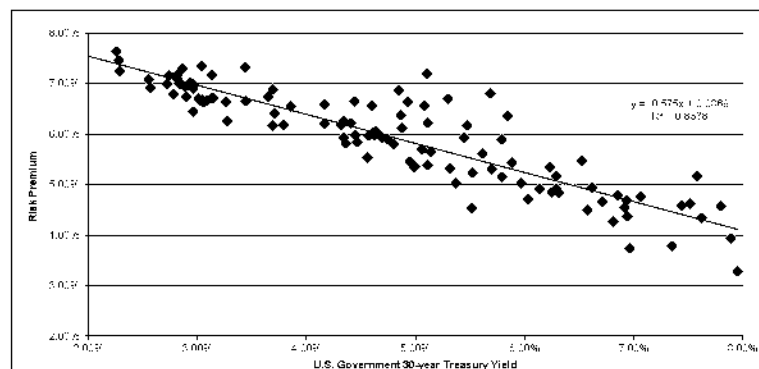
- [1] Value Line, dated November 4, 2011, November 25, 2011, and December 23, 2011.
[2] Value Line, dated November 2, 2012, November 23, 2012, and December 21, 2012.
[3] Value Line, dated November 1, 2013, November 22, 2013, and December 20, 2013.
[4] Value Line, dated October 31, 2014, November 21, 2014, and December 19, 2014.
[5] Value Line, dated October 30, 2015, November 20, 2015, and December 18, 2015.
[6] Value Line, dated October 28, 2016, November 18, 2016, and December 16, 2016.
[7] Value Line, dated October 27, 2017, November 17, 2017, and December 15, 2017.
[8] Value Line, dated October 18, 2018, November 16, 2018, and December 14, 2018.
[9] Value Line, dated October 25, 2019, November 15, 2019, and December 13, 2019.
[10] Value Line, dated October 23, 2020, November 13, 2020, and December 11, 2020.
[11] Average ([1] - [10])

Risk Premium – Vertically Integrated Electric Utilities

	[1]	[2]	[3]
	Average Authorized Electric ROE	U.S. Govt. 30-year Treasury	Risk Premium
1992.1	12.35%	7.80%	4.55%
1992.2	11.83%	7.89%	3.93%
1992.3	12.03%	7.45%	4.58%
1992.4	12.14%	7.52%	4.62%
1993.1	11.84%	7.07%	4.77%
1993.2	11.84%	6.86%	4.97%
1993.3	11.15%	6.31%	4.84%
1993.4	11.04%	6.14%	4.90%
1994.1	11.07%	6.57%	4.49%
1994.2	11.13%	7.35%	3.78%
1994.3	12.75%	7.58%	5.17%
1994.4	11.24%	7.96%	3.28%
1995.1	11.99%	7.63%	4.34%
1995.2	11.32%	6.94%	4.37%
1995.3	11.37%	6.71%	4.66%
1995.4	11.58%	6.23%	5.35%
1996.1	11.48%	6.29%	5.17%
1996.2	11.48%	6.92%	4.54%
1996.3	10.70%	6.96%	3.74%
1996.4	11.56%	6.62%	4.94%
1997.1	11.08%	6.81%	4.27%
1997.2	11.62%	6.93%	4.68%
1997.3	12.00%	6.53%	5.47%
1997.4	11.08%	6.14%	4.92%
1998.1	11.31%	5.88%	5.43%
1998.2	12.20%	5.85%	6.35%
1998.3	11.05%	5.47%	5.58%
1998.4	12.30%	5.10%	7.20%
1999.1	10.40%	5.37%	5.03%
1999.2	10.94%	5.79%	5.15%
1999.3	10.75%	6.04%	4.71%
1999.4	11.10%	6.25%	4.85%
2000.1	11.21%	6.29%	4.92%
2000.2	11.00%	5.97%	5.03%
2000.3	11.68%	5.79%	5.89%
2000.4	12.50%	5.69%	6.81%
2001.1	11.38%	5.44%	5.93%
2001.2	11.00%	5.70%	5.30%
2001.3	10.78%	5.52%	5.23%
2001.4	11.99%	5.30%	6.70%
2002.1	10.05%	5.51%	4.54%
2002.2	11.23%	5.81%	5.41%
2002.3	11.65%	5.08%	6.57%
2002.4	11.57%	4.93%	6.64%
2003.1	11.72%	4.85%	6.87%
2003.2	11.16%	4.60%	6.56%
2003.3	10.50%	5.11%	5.39%
2003.4	11.34%	5.11%	6.23%
2004.1	11.00%	4.88%	6.12%
2004.2	10.64%	5.32%	5.32%
2004.3	10.75%	5.06%	5.69%
2004.4	11.24%	4.86%	6.38%
2005.1	10.63%	4.66%	5.93%
2005.2	10.31%	4.47%	5.85%
2005.3	11.08%	4.44%	6.65%
2005.4	10.63%	4.68%	5.95%
2006.1	10.70%	4.63%	6.06%
2006.2	10.79%	5.14%	5.65%
2006.3	10.35%	4.99%	5.35%

Risk Premium – Vertically Integrated Electric Utilities

	[1]	[2]	[3]
	Average Authorized Electric ROE	U.S. Govt. 30-year Treasury	Risk Premium
2006.4	10.05%	4.74%	5.91%
2007.1	10.60%	4.80%	5.80%
2007.2	10.33%	4.99%	5.34%
2007.3	10.40%	4.95%	5.45%
2007.4	10.65%	4.61%	6.04%
2008.1	10.62%	4.41%	6.21%
2008.2	10.54%	4.57%	5.97%
2008.3	10.43%	4.44%	5.98%
2008.4	10.39%	3.65%	6.74%
2009.1	10.75%	3.44%	7.31%
2009.2	10.75%	4.17%	6.58%
2009.3	10.50%	4.32%	6.18%
2009.4	10.59%	4.34%	6.25%
2010.1	10.59%	4.62%	5.97%
2010.2	10.18%	4.36%	5.82%
2010.3	10.40%	3.86%	6.55%
2010.4	10.38%	4.17%	6.21%
2011.1	10.08%	4.56%	5.53%
2011.2	10.28%	4.34%	5.92%
2011.3	10.57%	3.69%	6.88%
2011.4	10.38%	3.04%	7.35%
2012.1	10.30%	3.14%	7.17%
2012.2	9.95%	2.93%	7.02%
2012.3	9.90%	2.74%	7.16%
2012.4	10.16%	2.86%	7.30%
2013.1	9.85%	3.13%	6.72%
2013.2	9.88%	3.14%	6.72%
2013.3	10.12%	3.71%	6.41%
2013.4	9.97%	3.79%	6.18%
2014.1	9.86%	3.69%	6.17%
2014.2	10.10%	3.44%	6.66%
2014.3	9.90%	3.26%	6.64%
2014.4	9.94%	2.96%	6.98%
2015.1	9.64%	2.55%	7.08%
2015.2	9.83%	2.88%	6.94%
2015.3	9.40%	2.96%	6.44%
2015.4	9.86%	2.96%	6.90%
2016.1	9.70%	2.72%	6.98%
2016.2	9.48%	2.57%	6.91%
2016.3	9.74%	2.28%	7.46%
2016.4	9.83%	2.83%	7.00%
2017.1	9.72%	3.04%	6.67%
2017.2	9.64%	2.90%	6.75%
2017.3	10.00%	2.82%	7.18%
2017.4	9.91%	2.82%	7.09%
2018.1	9.69%	3.02%	6.66%
2018.2	9.75%	3.09%	6.66%
2018.3	9.69%	3.06%	6.63%
2018.4	9.52%	3.27%	6.25%
2019.1	9.72%	3.01%	6.71%
2019.2	9.58%	2.78%	6.79%
2019.3	9.53%	2.29%	7.24%
2019.4	9.89%	2.25%	7.63%
2020.1	9.72%	1.89%	7.83%
2020.2	9.58%	1.38%	8.20%
2020.3	9.30%	1.37%	7.93%
2020.4	9.56%	1.62%	7.94%
2021.1	9.45%	2.07%	7.38%
2021.2	9.73%	2.30%	7.42%
AVERAGE	10.66%	4.65%	6.02%
MEDIAN	10.80%	4.66%	6.17%



SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.913124318
R Square	0.83379602
Adjusted R Square	0.832363227
Standard Error	0.00421811
Observations	118

ANOVA					
	df	SS	MS	F	Significance F
Regression	1	0.010354094	0.010354094	581.9375601	5.0666E-47
Residual	116	0.002083924	1.77924E-05		
Total	117	0.012418018			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	0.086887704	0.0011735	74.04150347	1.6798E-99	0.084563439	0.08921197	0.084563439	0.089211968
U.S. Govt. 30-year Treasury	-0.574984531	0.023835154	-24.12338202	5.0666E-47	-0.622193057	-0.5277776	-0.622193057	-0.527776004

	[7]	[8]	[9]
	U.S. Govt. 30-year Treasury	Risk Premium	ROE
Current 30-day average of 30-year U.S. Treasury bond yield [4]	2.30%	7.37%	9.67%
Blue Chip Near-Term Projected Forecast (Q3 2021 - Q3 2022) [5]	2.84%	7.17%	9.81%
Blue Chip Long-Term Projected Forecast (2023-2027) [6]	3.50%	6.66%	10.18%
AVERAGE			9.88%

Notes:

- [1] Source: Regulatory Research Associates, rate cases through May 31, 2021
[2] Source: Bloomberg Professional, quarterly bond yields are the average of each trading day in the quarter
[3] Equals Column [1] - Column [2]
[4] Source: Bloomberg Professional, 30-day average as of May 31, 2021
[5] Source: Blue Chip Financial Forecasts, Vol. 40, No. 6, June 1, 2021, at 2
[6] Source: Blue Chip Financial Forecasts, Vol. 40, No. 6, June 1, 2021, at 14
[7] See notes [4], [5], & [6]
[8] Equals $0.086888 + (-0.574985 \times \text{Column [7]})$
[9] Equals Column [7] + Column [8]

EXPECTED EARNINGS ANALYSIS

		[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]
Company	Ticker	Value Line ROE 2024-2026	Value Line Total Capital 2020	Value Line Common Equity Ratio 2020	Total Equity 2020	Value Line Total Capital 2024-2026	Value Line Common Equity Ratio 2024-2026	Total Equity 2024-2026	Compound Annual Growth Rate	Adjustment Factor	Adjusted Return on Common Equity
ALLETE, Inc.	ALE	9.00%	3,888	59.00%	2,294	4,725	57.00%	2,693	3.26%	1.016	9.14%
Alliant Energy Corporation	LNT	10.50%	11,362	45.70%	5,192	14,500	46.00%	6,670	5.14%	1.025	10.76%
Ameren Corporation	AEE	10.00%	20,158	44.30%	8,930	27,100	49.00%	13,279	8.26%	1.040	10.40%
Duke Energy Corporation	DUK	9.50%	103,589	44.40%	45,994	120,900	43.50%	52,592	2.72%	1.013	9.63%
Entergy Corporation	ETR	11.00%	32,386	33.70%	10,914	40,500	35.50%	14,378	5.67%	1.028	11.30%
Eversource Energy	ESV	9.00%	17,924	48.70%	8,729	21,500	48.50%	10,428	3.62%	1.018	9.16%
NextEra Energy, Inc.	NEE	12.00%	78,457	46.50%	36,483	113,700	47.00%	53,439	7.83%	1.038	12.46%
NorthWestern Corporation	NWE	8.50%	4,409	47.20%	2,081	5,075	50.50%	2,563	4.25%	1.021	8.68%
OGE Energy Corporation	OGE	13.00%	7,126	51.00%	3,634	8,375	51.00%	4,271	3.28%	1.016	13.21%
Otter Tail Corporation	OTTR	12.50%	1,495	58.20%	870	1,825	59.50%	1,086	4.52%	1.022	12.78%
Pinnacle West Capital Corporation	PNW	11.00%	11,948	47.20%	5,639	17,025	42.00%	7,151	4.86%	1.024	11.26%
Portland General Electric Company	POR	10.00%	5,628	46.40%	2,611	6,550	47.50%	3,111	3.56%	1.018	10.18%
Xcel Energy Inc.	XEL	10.50%	34,220	42.60%	14,578	45,100	42.00%	18,942	5.39%	1.026	10.77%
Mean											10.75%
Median											10.76%

Notes:

[1] Source: Value Line, dated March 12, 2021; April 23, 2021; and May 14, 2021.

[2] Source: Value Line, dated March 12, 2021; April 23, 2021; and May 14, 2021.

[3] Source: Value Line, dated March 12, 2021; April 23, 2021; and May 14, 2021.

[4] Equals [2] x [3]

[5] Source: Value Line, dated March 12, 2021; April 23, 2021; and May 14, 2021.

[6] Source: Value Line, dated March 12, 2021; April 23, 2021; and May 14, 2021.

[7] Equals [5] x [6]

[8] Equals ([7] / [4]) ^ (1/5) - 1

[9] Equals 2 x (1 + [8]) / (2 + [8])

[10] Equals [1] x [9]

FLOTATION COST ADJUSTMENT											
		[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	
Company	Date [i]	Shares Issued (\$000)	Offering Price	Under-writing Discount [ii]	Offering Expense (\$000)	Net Proceeds Per Share	Total Flotation Costs (\$000)	Gross Equity Issue Before Costs (\$000)	Net Proceeds (\$000)	Flotation Cost Percentage	
American Electric Power Company	4/1/2009	69,000	\$ 24.50	\$ 0.74	\$ 400	\$ 23.76	\$ 51,115	\$ 1,690,500	\$ 1,639,385	3.02%	
American Electric Power Company	2/27/2003	56,000	\$ 20.95	\$ 0.63	\$ 550	\$ 20.31	\$ 35,746	\$ 1,173,200	\$ 1,137,454	3.05%	
							\$ 86,861	\$ 2,863,700	\$ 2,776,839	3.03%	

Notes:

[i] Offering Completion Date

[ii] Underwriting discount was calculated as the market price minus the offering price when not explicitly given in the prospectus.

The flotation cost adjustment is derived by dividing the dividend yield by 1 - F (where F = flotation costs expressed in percentage terms), or by 0.9697, and adding that result to the constant growth rate to determine the cost of equity. Using the formulas shown previously in my testimony, the Constant Growth DCF calculation is modified as follows to accommodate an adjustment for flotation costs:

$$k = \frac{D \times (1 + 0.5g)}{P \times (1 - F)} + g$$

		[10]	[11]	[12]	[13]	[14]	[15]	[16]	[17]	[18]	[19]	[20]
Company	Ticker	Annualized Dividend	Stock Price	Dividend Yield	Expected Dividend Yield	Expected Dividend Yield Adjusted for Flotation Costs	Value Line Earnings Growth	Yahoo! Finance Earnings Growth	Zacks Earnings Growth	Average Earnings Growth	ROE	ROE Adjusted for Flotation Costs
ALLETE, Inc.	ALE	\$2.52	\$70.03	3.60%	3.71%	3.83%	6.00%	7.00%	6.00%	6.33%	10.05%	10.16%
Alliant Energy Corporation	LNT	\$1.61	\$56.78	2.84%	2.91%	3.00%	5.50%	5.50%	5.50%	5.50%	8.41%	8.50%
Ameren Corporation	AEE	\$2.20	\$84.32	2.61%	2.70%	2.78%	6.00%	7.70%	7.30%	7.00%	9.70%	9.78%
Duke Energy Corporation	DUK	\$3.86	\$101.08	3.82%	3.93%	4.05%	7.00%	5.00%	5.20%	5.73%	9.68%	9.78%
Energy Corporation	ETR	\$3.80	\$106.82	3.56%	3.64%	3.75%	3.00%	5.80%	5.10%	4.63%	8.27%	8.39%
Eversys, Inc.	EVRG	\$2.14	\$63.02	3.40%	3.51%	3.62%	8.00%	5.80%	5.80%	6.53%	10.04%	10.15%
NextEra Energy, Inc.	NEE	\$1.54	\$75.18	2.05%	2.14%	2.21%	10.50%	8.01%	7.80%	8.77%	10.91%	10.98%
NorthWestern Corporation	NWE	\$2.48	\$68.12	3.75%	3.83%	3.95%	3.00%	4.46%	4.90%	4.12%	7.95%	8.07%
OGE Energy Corporation	OGE	\$1.61	\$33.62	4.79%	4.89%	5.04%	4.00%	3.80%	4.40%	4.07%	8.95%	9.11%
Otter Tail Corporation	OTTR	\$1.56	\$47.60	3.28%	3.39%	3.50%	7.00%	9.00%	4.70%	6.90%	10.29%	10.40%
Pinnacle West Capital Corporation	PNW	\$3.32	\$84.59	3.91%	3.99%	4.11%	5.00%	3.50%	4.00%	4.17%	8.15%	8.28%
Portland General Electric Company	POR	\$1.63	\$49.69	3.28%	3.41%	3.52%	8.50%	7.10%	8.60%	8.07%	11.48%	11.59%
Xcel Energy Inc.	XEL	\$1.83	\$71.08	2.57%	2.65%	2.74%	6.00%	6.20%	6.10%	6.10%	8.75%	8.84%
Mean											9.43%	9.54%
Flotation Cost Adjustment [15]												0.11%

Notes:

[1]-[3] Source: Company prospecti

[4] Equals [7] - [8] - [1] x [3]

[5] Equals [8]/[1]

[6] Equals [4] + ([1] x [3])

[7] Equals [1] x [2]

[8] Source: Company prospecti

[9] Equals [6] / [7]

[10] Source: Bloomberg Professional

[11] Source: Bloomberg Professional, equals 30-day average as of May 31, 2021

[12] Equals [10] / [11]

[13] Equals [12] x (1 + 0.5 x [18])

[14] Equals [13] / (1 - Flotation Cost)

[15] Source: Value Line

[16] Source: Yahoo! Finance

[17] Source: Zacks

[18] Equals Average ([15], [16], [17])

[19] Equals [13] + [18]

[20] Equals [14] + [18]

COMPARISON OF I&M AND PROXY GROUP COMPANIES
RISK ASSESSMENT

					[1]	[2]	[3]		[4]	[5]	[6]
Proxy Group Company	Operating Subsidiary	Jurisdiction	Service	Forward Test Year	Year-End Rate Base	Decoupling	Generation Capacity	Generic Infrastructure	New Capital	Total	
ALLETE, Inc.	ALLETE (Minnesota Power)	Minnesota	Electric	Yes	No	No	No	No	No	No	
Alliant Energy Corporation	Interstate Power & Light Co.	Iowa	Electric	Yes	No	No	No	No	No	No	
	Interstate Power & Light Co.	Iowa	Gas	Yes	No	No	No	No	No	No	
	Wisconsin Power & Light Co.	Wisconsin	Electric	Yes	No	No	No	No	No	No	
	Wisconsin Power & Light Co.	Wisconsin	Gas	Yes	No	No	No	No	No	No	
Ameren Corporation	Union Electric Co.	Missouri	Electric	No	Yes	Partial	No	Yes	Yes	Yes	
	Union Electric Co.	Missouri	Gas	No	Yes	Partial	No	Yes	Yes	Yes	
	Ameren Illinois Co.	Illinois	Electric	No	Yes	No	No	No	No	No	
	Ameren Illinois Co.	Illinois	Gas	Yes	No	Partial	No	Yes	Yes	Yes	
Duke Energy Corporation	Duke Energy Florida LLC	Florida	Electric	Yes	No	No	Yes	No	Yes	Yes	
	Duke Energy Indiana LLC	Indiana	Electric	Yes	Yes	Partial	Yes	Yes	Yes	Yes	
	Duke Energy Kentucky Inc.	Kentucky	Electric	Yes	No	Partial	Yes	No	No	No	
	Duke Energy Kentucky Inc.	Kentucky	Gas	Yes	No	Partial	No	No	No	No	
	Duke Energy Carolinas LLC/Duke Energy Progress LLC	North Carolina	Electric	No	Yes	No	No	No	No	No	
	Piedmont Natural Gas Co. Inc.	North Carolina	Gas	No	Yes	Full	No	Yes	Yes	Yes	
	Duke Energy Ohio Inc.	Ohio	Electric	No	Yes	Partial	No	Yes	Yes	Yes	
	Duke Energy Ohio Inc.	Ohio	Gas	Yes	Yes	SFV	No	Yes	Yes	Yes	
	Duke Energy Carolinas LLC/Duke Energy Progress LLC	South Carolina	Electric	No	Yes	No	No	No	No	No	
	Piedmont Natural Gas Co. Inc.	South Carolina	Gas	No	Yes	Partial	No	No	No	No	
	Piedmont Natural Gas Co. Inc.	Tennessee	Gas	Yes	No	Partial	No	Yes	Yes	Yes	
Entergy Corporation	Entergy Arkansas LLC	Arkansas	Electric	Yes	No	Partial	Yes	Yes	Yes	Yes	
	Entergy New Orleans LLC	Louisiana-NOCT	Electric	Yes	Yes	Partial	Yes	Yes	No	Yes	
	Entergy New Orleans LLC	Louisiana-NOCT	Gas	Yes	Yes	No	No	No	No	No	
	Entergy Louisiana LLC	Louisiana	Electric	Yes	Yes	Partial	Yes	Yes	Yes	Yes	
	Entergy Mississippi LLC	Mississippi	Electric	Yes	No	Partial	No	No	No	No	
	Entergy Texas Inc.	Texas	Electric	No	Yes	No	No	Yes	Yes	Yes	
Eversky, Inc.	Eversky Kansas Central Inc./Eversky Kansas South Inc.	Kansas	Electric	No	Yes	Partial	No	No	No	No	
	Eversky Metro Inc.	Kansas	Electric	No	Yes	No	No	Yes	Yes	Yes	
	Eversky Metro Inc./Eversky Missouri West Inc.	Missouri	Electric	No	Yes	Partial	No	Yes	Yes	Yes	
NextEra Energy, Inc.	Florida Power & Light Co.	Florida	Electric	Yes	No	No	Yes	No	Yes	Yes	
	Gulf Power Co.	Florida	Electric	Yes	No	No	Yes	No	Yes	Yes	
	Piedmont Utility Holdings Inc.	Florida	Gas	Yes	No	No	No	Yes	Yes	Yes	
	Lone Star Transmission LLC	Texas	Electric	No	Yes	No	No	Yes	Yes	Yes	
NorthWestern Corporation	NorthWestern Corporation	Montana	Electric	No	No	No	No	No	No	No	
	NorthWestern Corporation	Montana	Gas	No	No	No	No	No	No	No	
	NorthWestern Corporation	Nebraska	Gas	No	Yes	No	No	No	No	No	
	NorthWestern Corporation	South Dakota	Electric	No	No	No	No	No	No	No	
	NorthWestern Corporation	South Dakota	Gas	No	No	No	No	No	No	No	
OGE Energy Corporation	Oklahoma Gas and Electric Co.	Oklahoma	Electric	No	No	Partial	Yes	No	Yes	Yes	
	Oklahoma Gas and Electric Co.	Oklahoma	Electric	No	Yes	Partial	No	Yes	Yes	Yes	
Otter Tail Corporation	Otter Tail Power Co.	Minnesota	Electric	Yes	No	No	No	No	No	No	
	Otter Tail Power Co.	North Dakota	Electric	Yes	No	No	Yes	Yes	Yes	Yes	
	Otter Tail Power Co.	South Dakota	Electric	No	No	No	Yes	Yes	Yes	Yes	
Pinnacle West Capital Corporation	Arizona Public Service Co.	Arizona	Electric	No	Yes	Partial	No	No	No	No	
Portland General Electric Company	Portland General Electric Co.	Oregon	Electric	Yes	Yes	Partial	Yes	No	Yes	Yes	
Xcel Energy Inc.	Public Service Co. of Colorado	Colorado	Electric	No	No	No	Yes	Yes	Yes	Yes	
	Public Service Co. of Colorado	Colorado	Gas	No	Yes	Partial	No	Yes	Yes	Yes	
	Northern States Power Co.-Minnesota	Minnesota	Electric	Yes	No	Partial	No	No	No	No	
	Northern States Power Co.-Minnesota	Minnesota	Gas	Yes	No	No	No	Yes	Yes	Yes	
	Southwestern Public Service Co.	New Mexico	Electric	No	Yes	No	No	No	No	No	
	Northern States Power Co.-Minnesota	North Dakota	Electric	Yes	No	No	No	Yes	Yes	Yes	
	Northern States Power Co.-Minnesota	North Dakota	Gas	Yes	No	SFV	No	No	No	No	
	Northern States Power Co.-Minnesota	South Dakota	Electric	No	No	Partial	Yes	Yes	Yes	Yes	
	Southwestern Public Service Co.	Texas	Electric	No	Yes	No	No	Yes	Yes	Yes	
	Northern States Power Co.-Wisconsin	Wisconsin	Electric	Yes	No	No	No	No	No	No	
	Northern States Power Co.-Wisconsin	Wisconsin	Gas	Yes	No	No	No	No	No	No	
Proxy Group Average				Forward Historical	29 27	25 31	SFV Full Partial No	2 1 22 31	Yes No 43 32	13 26 30 26	
				Forward	51.8%	44.6%	RDM	44.6%	Yes	23.2%	42.9%
										53.6%	
American Electric Power Company	Indiana Michigan Power Co.	Indiana	Electric	Yes	Yes	Partial	No	Yes	Yes	Yes	

Notes:
 [1] - [2] Source: Regulatory Research Associates, effective as of May 31, 2021.
 [3] - [5] S&P Global Market Intelligence, Regulatory Focus: Adjustment Clauses, dated November 12, 2019. Operating subsidiaries not covered in this report were excluded from this exhibit.
 [6] "Yes" if either column [4] or column [5] listed as "Yes", otherwise "No."

CAPITAL STRUCTURE ANALYSIS

		COMMON EQUITY RATIO [1]								
Proxy Group Company	Ticker	2021Q1	2020Q4	2020Q3	2020Q2	2020Q1	2019Q4	2019Q3	2019Q2	Average
ALLETE, Inc.	ALE	56.69%	58.05%	54.37%	55.82%	58.34%	59.55%	59.30%	60.87%	57.88%
Alliant Energy Corporation	LNT	51.51%	50.53%	50.88%	50.12%	50.84%	49.95%	50.45%	49.61%	50.49%
Ameren Corporation	AEE	52.15%	52.63%	53.04%	52.20%	50.80%	51.06%	51.63%	51.14%	51.83%
Duke Energy Corporation	DUK	52.51%	52.06%	52.42%	51.82%	51.37%	52.24%	52.13%	51.77%	52.04%
Entergy Corporation	ETR	44.94%	46.00%	47.68%	47.65%	47.31%	48.03%	47.55%	46.74%	46.99%
Evergy, Inc.	EVRG		58.26%	58.71%	56.61%	56.48%	57.92%	58.44%	56.35%	57.54%
NextEra Energy, Inc.	NEE	60.68%	58.13%	60.08%	62.57%	58.70%	56.64%	58.24%	59.90%	59.37%
NorthWestern Corporation	NWE	46.04%	46.12%	47.15%	47.49%	47.78%	47.59%	47.80%	48.07%	47.26%
OGE Energy Corporation	OGE	53.10%	53.04%	52.78%	53.08%	55.28%	55.15%	54.96%	53.47%	53.86%
Otter Tail Corporation	OTTR	52.34%	53.60%	52.72%	52.84%	50.85%	51.12%	52.11%	52.67%	52.28%
Pinnacle West Capital Corporation	PNW	50.67%	51.35%	51.58%	50.91%	51.65%	52.80%	54.24%	52.51%	51.96%
Portland General Electric Company	POR	46.17%	44.88%	45.94%	47.04%	49.90%	49.85%	51.78%	51.39%	48.37%
Xcel Energy Inc.	XEL	53.44%	53.79%	54.19%	52.76%	53.84%	54.04%	53.89%	54.19%	53.78%
MEAN		51.69%	52.19%	52.42%	52.38%	52.55%	52.76%	53.28%	52.97%	52.59%
LOW		44.94%	44.88%	45.94%	47.04%	47.31%	47.59%	47.55%	46.74%	46.93%
HIGH		60.68%	58.26%	60.08%	62.57%	58.70%	59.55%	59.30%	60.87%	59.37%

COMMON EQUITY RATIO - UTILITY OPERATING COMPANIES [2]										
Company Name	Ticker	2021Q1	2020Q4	2020Q3	2020Q2	2020Q1	2019Q4	2019Q3	2019Q2	Average
ALLETE (Minnesota Power)	ALE	56.68%	58.12%	54.30%	55.80%	58.32%	59.59%	59.33%	60.94%	57.89%
Superior Water, Light and Power Company	ALE	56.91%	55.60%	57.22%	56.66%	59.14%	58.08%	58.03%	58.38%	57.50%
Interstate Power and Light Company	LNT	50.73%	50.92%	50.88%	48.89%	49.75%	48.74%	48.56%	50.11%	49.80%
Wisconsin Power and Light Company	LNT	52.65%	49.96%	51.18%	51.95%	52.41%	51.71%	53.30%	48.92%	51.51%
Ameren Illinois Company	AEE	53.90%	54.68%	54.57%	55.46%	53.49%	52.22%	51.81%	52.17%	53.54%
Union Electric Company	AEE	50.57%	50.81%	51.59%	49.16%	48.36%	49.96%	51.47%	50.22%	50.27%
Duke Energy Carolinas, LLC	DUK	51.66%	51.30%	51.93%	51.30%	50.26%	52.06%	51.69%	51.17%	51.42%
Duke Energy Florida, LLC	DUK	51.98%	51.88%	51.86%	50.29%	50.16%	49.91%	51.38%	49.64%	50.89%
Duke Energy Indiana, LLC	DUK	54.32%	52.96%	52.58%	50.12%	50.22%	52.66%	51.52%	53.76%	52.27%
Duke Energy Kentucky, Inc.	DUK	47.71%	47.09%	47.96%	48.48%	46.90%	46.44%	45.44%	49.43%	47.43%
Duke Energy Ohio, Inc.	DUK	61.17%	61.55%	61.71%	61.73%	62.24%	62.67%	62.90%	63.12%	62.14%
Duke Energy Progress, LLC	DUK	50.59%	49.89%	50.65%	51.51%	51.18%	51.10%	50.63%	49.73%	50.66%
Entergy Arkansas, Inc.	ETR	46.62%	45.94%	44.42%	47.93%	47.46%	47.90%	47.72%	46.49%	46.81%
Entergy Louisiana, LLC	ETR	43.54%	45.62%	48.23%	46.62%	46.00%	47.47%	47.13%	46.32%	46.37%
Entergy Mississippi, Inc.	ETR	45.91%	48.19%	47.91%	47.09%	48.92%	48.60%	48.35%	44.93%	47.49%
Entergy New Orleans, LLC	ETR	43.23%	42.79%	46.69%	50.33%	49.02%	48.00%	47.91%	47.37%	46.92%
Entergy Texas, Inc.	ETR	47.26%	46.68%	51.82%	50.71%	50.08%	49.93%	48.13%	50.79%	49.43%
Kansas City Power & Light Company	EVRG		48.69%	48.77%	46.87%	45.82%	48.42%	49.70%	47.48%	47.97%
Kansas Gas and Electric Company	EVRG		82.66%	82.55%	82.18%	82.03%	81.96%	81.84%	81.49%	82.10%
KCP&L Greater Missouri Operations Company	EVRG		47.22%	49.89%	46.95%	45.68%	47.14%	47.94%	47.32%	47.45%
Westar Energy (KPL)	EVRG		56.66%	56.97%	54.25%	55.10%	56.04%	56.24%	53.34%	55.51%
Florida Power & Light Company	NEE	60.70%	57.81%	59.99%	63.02%	59.82%	57.82%	59.04%	59.95%	59.77%
Gulf Power Company	NEE	60.51%	60.94%	60.84%	58.47%	48.83%	45.12%	50.20%	59.36%	55.53%
NorthWestern Corporation	NWE	46.04%	46.12%	47.15%	47.49%	47.78%	47.59%	47.80%	48.07%	47.26%
Oklahoma Gas and Electric Company	OGE	53.10%	53.04%	52.78%	53.09%	55.28%	55.15%	54.96%	53.47%	53.86%
Otter Tail Corporation	OTTR	52.34%	53.60%	52.72%	52.84%	50.85%	51.12%	52.11%	52.67%	52.28%
Arizona Public Service Company	PNW	50.67%	51.35%	51.58%	50.91%	51.65%	52.80%	54.24%	52.51%	51.96%
Portland General Electric Company	POR	46.17%	44.88%	45.94%	47.04%	49.90%	49.85%	51.78%	51.39%	48.37%
Northern States Power Company - MN	XEL	51.37%	52.44%	52.20%	50.13%	52.55%	52.06%	51.78%	52.47%	51.87%
Northern States Power Company - WI	XEL	54.48%	53.34%	53.13%	52.61%	52.69%	52.32%	51.56%	52.01%	52.77%
Public Service Company of Colorado	XEL	54.91%	55.97%	56.26%	54.56%	55.67%	56.10%	56.31%	56.16%	55.74%
Southwestern Public Service Company	XEL	54.27%	52.03%	54.06%	54.22%	52.75%	54.14%	54.21%	54.14%	53.73%

Notes:

[1] Ratios are weighted by actual common capital, preferred capital, long-term debt, and short-term debt of Operating Subsidiaries.

[2] Natural Gas and Electric Operating Subsidiaries with data listed as N/A from SNL Financial have been excluded from the analysis.

CAPITAL STRUCTURE ANALYSIS

		LONG-TERM DEBT RATIO [1]								
Proxy Group Company	Ticker	2021Q1	2020Q4	2020Q3	2020Q2	2020Q1	2019Q4	2019Q3	2019Q2	Average
ALLETE, Inc.	ALE	43.17%	41.79%	45.56%	44.10%	41.66%	40.45%	40.70%	39.13%	42.07%
Alliant Energy Corporation	LNT	45.62%	45.70%	46.28%	47.80%	45.77%	46.72%	47.67%	48.46%	46.75%
Ameren Corporation	AEE	44.56%	46.52%	44.79%	45.91%	47.22%	46.32%	44.66%	45.41%	45.67%
Duke Energy Corporation	DUK	45.90%	46.24%	47.06%	47.25%	47.38%	47.16%	46.93%	45.69%	46.70%
Entergy Corporation	ETR	54.96%	53.89%	52.21%	52.24%	52.57%	51.84%	52.32%	53.26%	52.91%
Evergy, Inc.	EVRG		40.35%	40.59%	40.97%	38.02%	38.92%	39.37%	37.42%	39.38%
NextEra Energy, Inc.	NEE	37.57%	38.04%	39.47%	36.74%	39.51%	38.77%	40.22%	37.84%	38.52%
NorthWestern Corporation	NWE	53.96%	51.66%	50.56%	50.20%	52.22%	52.41%	52.20%	51.93%	51.89%
OGE Energy Corporation	OGE	41.38%	46.96%	47.22%	46.91%	44.72%	44.85%	45.04%	46.53%	45.45%
Otter Tail Corporation	OTTR	44.03%	45.35%	47.28%	47.16%	49.15%	48.88%	41.90%	45.31%	46.13%
Pinnacle West Capital Corporation	PNW	47.72%	48.65%	48.42%	47.21%	44.60%	47.20%	45.74%	44.00%	46.69%
Portland General Electric Company	POR	50.38%	52.54%	50.08%	50.29%	49.73%	50.15%	48.22%	48.27%	49.96%
Xcel Energy Inc.	XEL	46.50%	44.33%	45.57%	47.21%	44.83%	45.50%	45.75%	43.88%	45.45%
MEAN		46.31%	46.31%	46.54%	46.46%	45.95%	46.09%	45.44%	45.16%	45.97%
LOW		37.57%	38.04%	39.47%	36.74%	38.02%	38.77%	39.37%	37.42%	38.52%
HIGH		54.96%	53.89%	52.21%	52.24%	52.57%	52.41%	52.32%	53.26%	52.91%

		LONG-TERM DEBT RATIO - UTILITY OPERATING COMPANIES [2]								
Company Name	Ticker	2021Q1	2020Q4	2020Q3	2020Q2	2020Q1	2019Q4	2019Q3	2019Q2	Average
ALLETE (Minnesota Power)	ALE	43.32%	41.88%	45.70%	44.20%	41.68%	40.41%	40.67%	39.06%	42.11%
Superior Water, Light and Power Company	ALE	37.49%	38.21%	39.86%	39.90%	40.86%	41.92%	41.97%	41.62%	40.23%
Interstate Power and Light Company	LNT	46.57%	46.38%	46.60%	48.30%	47.32%	48.28%	48.44%	46.70%	47.32%
Wisconsin Power and Light Company	LNT	44.23%	44.70%	45.79%	47.06%	43.52%	44.45%	46.51%	50.90%	45.89%
Ameren Illinois Company	AEE	42.16%	44.41%	41.90%	43.30%	45.00%	46.31%	43.32%	44.34%	43.84%
Union Electric Company	AEE	46.70%	48.39%	47.52%	48.34%	49.25%	46.33%	45.87%	46.36%	47.35%
Duke Energy Carolinas, LLC	DUK	46.39%	46.73%	48.07%	48.19%	49.74%	47.84%	48.11%	45.48%	47.57%
Duke Energy Florida, LLC	DUK	46.13%	46.77%	47.68%	48.08%	47.62%	50.09%	45.88%	46.65%	47.37%
Duke Energy Indiana, LLC	DUK	45.68%	45.59%	46.48%	49.88%	49.78%	46.99%	48.48%	44.29%	47.15%
Duke Energy Kentucky, Inc.	DUK	47.15%	47.96%	49.36%	45.92%	46.77%	47.62%	54.56%	43.77%	47.89%
Duke Energy Ohio, Inc.	DUK	35.95%	37.00%	37.57%	38.27%	32.63%	33.43%	34.02%	34.81%	35.46%
Duke Energy Progress, LLC	DUK	48.54%	48.52%	48.46%	47.12%	47.58%	48.54%	48.93%	49.56%	48.41%
Entergy Arkansas, Inc.	ETR	53.38%	54.06%	55.58%	52.07%	52.54%	52.10%	52.28%	53.51%	53.19%
Entergy Louisiana, LLC	ETR	56.46%	54.38%	51.77%	53.38%	54.00%	52.53%	52.87%	53.68%	53.63%
Entergy Mississippi, Inc.	ETR	54.09%	51.81%	52.08%	52.91%	51.08%	51.40%	51.65%	55.07%	52.51%
Entergy New Orleans, LLC	ETR	56.77%	57.21%	53.31%	49.67%	50.98%	52.00%	52.09%	52.63%	53.08%
Entergy Texas, Inc.	ETR	51.98%	52.55%	47.32%	48.41%	49.03%	49.08%	50.84%	49.21%	49.80%
Kansas City Power & Light Company	EVRG		51.31%	51.23%	52.59%	45.88%	47.83%	48.86%	48.21%	49.42%
Kansas Gas and Electric Company	EVRG		17.34%	17.45%	17.82%	17.97%	18.04%	18.16%	18.51%	17.90%
KCP&L Greater Missouri Operations Company	EVRG		43.64%	44.41%	43.79%	44.74%	46.50%	45.72%	44.14%	44.71%
Westar Energy (KPL)	EVRG		42.69%	43.03%	42.85%	40.03%	40.63%	41.29%	36.79%	41.06%
Florida Power & Light Company	NEE	38.10%	38.47%	40.01%	36.76%	39.64%	38.17%	39.71%	37.85%	38.59%
Gulf Power Company	NEE	32.85%	34.17%	34.74%	36.59%	38.41%	44.58%	45.39%	37.72%	38.06%
NorthWestern Corporation	NWE	53.96%	51.66%	50.56%	50.20%	52.22%	52.41%	52.20%	51.93%	51.89%
Oklahoma Gas and Electric Company	OGE	41.38%	46.96%	47.22%	46.91%	44.72%	44.85%	45.04%	46.53%	45.45%
Otter Tail Corporation	OTTR	44.03%	45.35%	47.28%	47.16%	49.15%	48.88%	41.90%	45.31%	46.13%
Arizona Public Service Company	PNW	47.72%	48.65%	48.42%	47.21%	44.60%	47.20%	45.74%	44.00%	46.69%
Portland General Electric Company	POR	50.38%	52.54%	50.08%	50.29%	49.73%	50.15%	48.22%	48.27%	49.96%
Northern States Power Company - MN	XEL	48.62%	46.16%	47.79%	48.86%	47.44%	47.67%	48.20%	45.30%	47.63%
Northern States Power Company - WI	XEL	44.88%	45.71%	46.87%	47.39%	43.28%	44.16%	44.71%	45.22%	45.28%
Public Service Company of Colorado	XEL	45.03%	42.54%	43.22%	45.37%	42.72%	43.51%	43.61%	41.46%	43.43%
Southwestern Public Service Company	XEL	45.73%	44.03%	45.77%	45.78%	44.69%	45.86%	45.79%	45.86%	45.44%

Notes:

[1] Ratios are weighted by actual common capital, preferred capital, long-term debt, and short-term debt of Operating Subsidiaries.

[2] Natural Gas and Electric Operating Subsidiaries with data listed as N/A from SNL Financial have been excluded from the analysis.

CAPITAL STRUCTURE ANALYSIS

Proxy Group Company	Ticker	PREFERRED EQUITY RATIO [1]								Average
		2021Q1	2020Q4	2020Q3	2020Q2	2020Q1	2019Q4	2019Q3	2019Q2	
ALLETE, Inc.	ALE	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Alliant Energy Corporation	LNT	1.61%	1.61%	1.63%	1.68%	1.74%	1.77%	1.80%	1.85%	1.71%
Ameren Corporation	AEE	0.65%	0.75%	0.80%	0.82%	0.85%	0.87%	0.89%	0.90%	0.82%
Duke Energy Corporation	DUK	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Entergy Corporation	ETR	0.10%	0.11%	0.11%	0.12%	0.12%	0.13%	0.13%	0.00%	0.10%
Evergy, Inc.	EVRG	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
NextEra Energy, Inc.	NEE	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
NorthWestern Corporation	NWE	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
OGE Energy Corporation	OGE	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Otter Tail Corporation	OTTR	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Pinnacle West Capital Corporation	PNW	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Portland General Electric Company	POR	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Xcel Energy Inc.	XEL	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
MEAN		0.20%	0.19%	0.20%	0.20%	0.21%	0.21%	0.22%	0.21%	0.20%
LOW		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
HIGH		1.61%	1.61%	1.63%	1.69%	1.74%	1.77%	1.80%	1.85%	1.71%

Company Name	Ticker	PREFERRED EQUITY RATIO - UTILITY OPERATING COMPANIES [2]								Average
		2021Q1	2020Q4	2020Q3	2020Q2	2020Q1	2019Q4	2019Q3	2019Q2	
ALLETE (Minnesota Power)	ALE	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Superior Water, Light and Power Company	ALE	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Interstate Power and Light Company	LNT	2.71%	2.70%	2.72%	2.82%	2.93%	2.98%	2.99%	3.18%	2.88%
Wisconsin Power and Light Company	LNT	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Ameren Illinois Company	AEE	0.52%	0.69%	0.72%	0.74%	0.77%	0.79%	0.81%	0.83%	0.73%
Union Electric Company	AEE	0.77%	0.80%	0.88%	0.90%	0.92%	0.95%	0.96%	0.97%	0.89%
Duke Energy Carolinas, LLC	DUK	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Duke Energy Florida, LLC	DUK	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Duke Energy Indiana, LLC	DUK	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Duke Energy Kentucky, Inc.	DUK	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Duke Energy Ohio, Inc.	DUK	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Duke Energy Progress, LLC	DUK	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Entergy Arkansas, Inc.	ETR	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Entergy Louisiana, LLC	ETR	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Entergy Mississippi, Inc.	ETR	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Entergy New Orleans, LLC	ETR	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Entergy Texas, Inc.	ETR	0.76%	0.77%	0.86%	0.88%	0.89%	0.98%	1.03%	0.00%	0.77%
Kansas City Power & Light Company	EVRG	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Kansas Gas and Electric Company	EVRG	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
KCP&L Greater Missouri Operations Company	EVRG	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Westar Energy (KPL)	EVRG	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Florida Power & Light Company	NEE	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Gulf Power Company	NEE	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
NorthWestern Corporation	NWE	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Oklahoma Gas and Electric Company	OGE	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Otter Tail Corporation	OTTR	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Arizona Public Service Company	PNW	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Portland General Electric Company	POR	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Northern States Power Company - MN	XEL	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Northern States Power Company - WI	XEL	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Public Service Company of Colorado	XEL	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Southwestern Public Service Company	XEL	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Notes:

[1] Ratios are weighted by actual common capital, preferred capital, long-term debt, and short-term debt of Operating Subsidiaries.

[2] Natural Gas and Electric Operating Subsidiaries with data listed as N/A from SNL Financial have been excluded from the analysis.

ORIGINAL

Commissioner	Yes	No	Not Participating
Huston	√		
Freeman	√		
Kreyda	√		
Ober	√		
Ziegner			√

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF INDIANA MICHIGAN POWER)
COMPANY, AN INDIANA CORPORATION,)
FOR AUTHORITY TO INCREASE ITS RATES)
AND CHARGES FOR ELECTRIC UTILITY)
SERVICE THROUGH A PHASE IN RATE)
ADJUSTMENT; AND FOR APPROVAL OF)
RELATED RELIEF INCLUDING: (1) REVISED) CAUSE NO. 45576
DEPRECIATION RATES; (2) ACCOUNTING)
RELIEF; (3) INCLUSION OF CAPITAL)
INVESTMENT; (4) RATE ADJUSTMENT) APPROVED: FEB 23 2022
MECHANISM PROPOSALS; (5) CUSTOMER)
PROGRAMS; (6) WAIVER OR DECLINATION)
OF JURISDICTION WITH RESPECT TO)
CERTAIN RULES; AND (7) NEW SCHEDULES)
OF RATES, RULES, AND REGULATIONS.)

ORDER OF THE COMMISSION

Presiding Officers:

David L. Ober, Commissioner

Carol Sparks Drake, Senior Administrative Law Judge

Table of Contents

	Page
1. Notice and Jurisdiction.	4
2. Petitioner’s Organization and Business.	5
3. Existing Rates.	5
4. Test Year and Rate Base Cutoff.	5
5. I&M’s Requested Relief.	5
6. Opposition, Rebuttal, and Cross-Answering.	6
7. Settlement Agreement.	6
A. Overview.	6
B. Revenue Requirement.	7
C. Return on Equity, Capital Structure and Rate of Return.	8
1. ROE and Capital Structure.	8
2. NOLC.	8
3. Tax Rider.	9
4. Net Operating Income.	10
D. Rockport Unit 2.	10
E. Jurisdictional Reallocation.	12
F. PJM NITS Costs.	13
G. Base Cost of Fuel.	13
H. Advanced Metering Infrastructure (“AMI”).	13
I. Rate Base.	14
1. Prepaid Pension and OPEB Assets.	14
2. Agreed Rate Base Reductions.	14
J. Depreciation Rates.	14
K. Other Agreed Operating Expense Reductions.	15
L. Other Matters.	16
M. Cost of Service and Rate Design.	16
1. Revenue Allocation.	16
2. Residential Rate Design.	17
3. Tariff IP.	17
4. Tariff GS and Tariff LGS.	18
5. Tariff Term and Condition No. 27.	18
6. “Other Sources of Energy” Tariff Language.	18
7. Critical Peak Pricing.	19
N. Remaining Issues.	19
O. Supporting Documentation.	19
P. Phase-In Rate Adjustment and Compliance Filing.	19
Q. Typical Bill Comparison.	20
R. Public Interest.	20
8. Muncie Settlement Agreement.	21
9. Commission Discussion and Findings.	22

A.	Revenue Requirement	23
1.	Return on Equity, Capital Structure, and Rate of Return.	23
a.	Return on Equity	23
b.	Capital Structure.	23
c.	NOLC.....	23
d.	Private Letter Ruling	25
e.	Tax Rider.	26
f.	Net Operating Income.....	27
2.	Rockport Unit 2 Costs.....	27
a.	Phase I Base Rates.....	27
b.	Phase-In Rate Adjustment.....	27
c.	ECR and RAR.....	28
d.	Fuel.....	29
3.	Remaining Rockport Unit 2 Net Book Value at December 7, 2022.....	29
4.	Jurisdictional Reallocation.....	30
5.	PJM NITS Costs.....	30
6.	AMI.....	31
7.	Rate Base.....	32
a.	Pre-Paid Pension and OPEB Assets.....	32
b.	Non-Rockport Unit 2 Miscellaneous Rate Base Adjustments.....	32
8.	Depreciation Rates.....	32
9.	Other Operating Expense Adjustments.....	33
a.	Nuclear Decommissioning.....	33
b.	Deferred COVID-19 Bad Debt Expense.....	33
c.	Other Test Year O&M.....	33
10.	Other Provisions.....	33
A.	OUCC Report in FAC.....	33
B.	Vegetation Management.....	34
C.	Notification of Disconnection of Service.....	34
D.	Solar Power Rider.....	34
E.	Flex Pay Program.....	34
F.	Electric Vehicle Fast Charging Program.....	35
G.	I&M-funded Customer Benefits.....	35
11.	Cost of Service and Rate Design.....	36
A.	Revenue Allocation.....	36
B.	Residential Rate Design.....	36
C.	Commercial and Industrial Rate Design.....	37
1.	Tariff IP Design.....	37
2.	Tariff GS and Tariff LGS.....	38
3.	Tariff Term and Condition No. 27.....	38
4.	“Other Sources of Energy” Tariff Language.....	39
5.	Critical Peak Pricing.....	39
D.	Remaining Issues.....	39

12.	Conclusion.	40
13.	Muncie Settlement Agreement.	42
14.	Effect of Settlement Agreement.	43
15.	Confidentiality.	43

On July 1, 2021, Indiana Michigan Power Company (“I&M” or “Petitioner”) filed a Petition with the Indiana Utility Regulatory Commission (“Commission”) seeking authority to increase its rates and charges for electric utility service and associated relief.¹ On July 1, 2021, Petitioner also filed its case-in-chief, workpapers, and information required by the minimum standard filing requirements (“MSFRs”) set forth at 170 Ind. Admin. Code (“IAC”) 1-5-1 *et seq.* I&M’s case-in-chief included testimony, attachments, and workpapers from the following witnesses:

- Toby L. Thomas, I&M President and Chief Operating Officer ²
- Brent E. Auer, I&M Regulatory Analysis and Case Manager in the Regulatory Services Department ³
- David A. Lucas, I&M Vice President – Regulatory and Finance
- David S. Isaacson, I&M Vice President of Distribution Operations
- Quinton Shane Lies, I&M Site Vice President at Donald. C. Cook Nuclear Plant
- Timothy C. Kerns, American Electric Power Service Corporation’s (“AEPSC”) Vice President – Generating Assets for I&M and Kentucky Power Company
- Dona Seger-Lawson, I&M Director of Regulatory Services
- Nicolas C. Koehler, Director of East Transmission Planning for AEPSC
- Nancy A. Heimberger, AEPSC Financial Analyst Senior Staff in Corporate Planning and Budgeting ⁴
- Andrew J. Williamson, I&M Director of Regulatory Services
- Curtis H. Bech, Senior Manager, Utilities Strategy and Consulting, Accenture PLC
- Jon C. Walter, I&M Consumer and Energy Efficiency Programs Manager
- Jason A. Cash, AEPSC Accounting Senior Manager in Corporate Accounting
- Aaron L. Hill, AEPSC Director of Trusts and Investments
- Roderick W. Knight, Decommissioning Manager, TLG Services, Inc.
- Jessica M. Criss, AEPSC Tax Accounting and Regulatory Support Manager
- Ann E. Bulkley, Senior Vice President, Concentric Energy Advisors, Inc. (“Concentric”)
- Franz D. Messner, AEPSC Managing Director of Corporate Finance
- Tyler H. Ross, AEPSC Director of Regulatory Accounting Services
- Chad M. Burnett, AEPSC Director of Economic Forecasting
- Jennifer C. Duncan, AEPSC Regulatory Consultant Staff in the Regulated Pricing and Analysis Department
- Stephen Hornyak, AEPSC Regulatory Consultant Principal in the Regulated Pricing and Analysis Department
- Jenifer L. Fischer, AEPSC Manager, Regulated Pricing and Analysis

¹ On June 1, 2021, I&M provided its notice of intent to file a rate case in accordance with the Commission’s General Administrative Order 2013-5.

² On October 14, 2021, I&M filed a notice that Steven F. Baker, I&M’s current President and Chief Operating Officer, was being substituted for and adopting the prefiled testimony of Toby L. Thomas.

³ On October 14, 2021, I&M filed a notice that Dona Seger-Lawson, I&M Director of Regulatory Services, was adopting Brent Auer’s prefiled testimony.

⁴ On October 14, 2021, I&M filed a notice that Shelli A. Sloan, AEPSC Director Financial Support and Special Projects in Corporate Planning and Budgeting, was being substituted for and adopting the prefiled testimony of Nancy A. Heimberger.

- Kurt C. Cooper, I&M Regulatory Consultant Principal in the Regulatory Services Department.⁵

Petitions to Intervene were filed by the I&M Industrial Group,⁶ (“IG” or “Industrial Group”);⁷ The Kroger Company (“Kroger”); Steel Dynamics, Inc. (“SDF”); Walmart, Inc. (“Walmart”); Citizens Action Coalition of Indiana, Inc. (“CAC”); City of Fort Wayne, Indiana, (“Fort Wayne”); City of Marion, Indiana, and Marion Municipal Utilities (collectively, “Marion”); City of South Bend, Indiana (“South Bend” and collectively with Fort Wayne and Marion, the “Joint Municipals”); City of Auburn Electric Department (“Auburn”); Wabash Valley Power Association, Inc. d/b/a Wabash Valley Power Alliance (“WVPA”); and City of Muncie, Indiana (“Muncie”). These petitions were granted without objection. The Indiana Office of Utility Consumer Counselor (“OUCC”) also participated.

On July 21, 2021, a Docket Entry was issued establishing a procedural schedule and related requirements and approving certain stipulations the parties filed on July 14, 2021.

Public field hearings were held on August 24, 2021, in South Bend, Indiana,⁸ and on September 7, 2021, in Fort Wayne, Indiana, the largest municipality in Petitioner’s Indiana service area. On October 12, 2021, the OUCC and certain intervenors filed their respective cases-in-chief. For purposes of its case-in-chief, the OUCC prefiled written consumer comments and testimony and attachments from the following witnesses:

- Michael D. Eckert, Assistant Director of the OUCC’s Electric Division
- Mark E. Garrett, President of Garrett Group Consulting, Inc.
- David J. Garrett, Managing Member of Resolve Utility Consulting, PLLC
- Anthony A. Alvarez, Utility Analyst in the OUCC’s Electric Division
- Peter M. Boerger, PhD, Senior Utility Analyst in the OUCC’s Electric Division
- Cynthia M. Armstrong, Senior Utility Analyst in the OUCC’s Electric Division⁹
- John E. Haselden, Senior Utility Analyst in the OUCC’s Electric Division
- Kaleb G. Lantrip, Utility Analyst in the OUCC’s Electric Division
- Caleb R. Loveman, Utility Analyst in the OUCC’s Electric Division
- Wes R. Blakley, Senior Utility Analyst in the OUCC’s Electric Division
- Glenn A. Watkins, President and Senior Economist of Technical Associates, Inc.

⁵ I&M filed additional MSFRs on July 13, 2021, and revisions to testimony on September 2, 2021, including a clarification of Mr. Cash’s direct testimony explaining how I&M plans to implement the calculated depreciation rates for the Rockport Plant as a whole.

⁶ The I&M Industrial Group is a group of industrial customers located in I&M’s service territory and, ultimately, for purposes of this proceeding includes the following: General Motors LLC, I/N Tek L.P., Linde, Inc., Marathon Petroleum Company LP, Messer LLC, and the University of Notre Dame.

⁷ General Motors LLC and the University of Notre Dame were added to the Industrial Group on September 30, 2021.

⁸ No public comment was received at the South Bend field hearing.

⁹ On November 4, 2021, the OUCC submitted a corrected version of Ms. Armstrong’s testimony and attachments to remove redactions for information subsequently determined to be public. At the evidentiary hearing, Ms. Armstrong’s corrected testimony and attachments were admitted.

The Industrial Group provided testimony and attachments from James R. Dauphinais and Michael P. Gorman, both Consultants and Managing Principals with Brubaker & Associates, Inc.¹⁰

Kroger prefiled the testimony and attachments of Justin Bieber, Senior Consultant for Energy Strategies, LLC.

Walmart prefiled the testimony and attachments of Steve W. Chriss, Director, Energy Services for Walmart.

CAC prefiled the testimony and attachments of John Howat, Senior Policy Analyst at the National Consumer Law Center.

Muncie prefiled the testimony and attachments of Muncie's Mayor and Chief Executive, Dan Ridenour, and Ryan Stout, National Solar Developer for Performance Services, Inc.

Joint Municipals provided testimony and exhibits from Joseph A. Mancinelli, Director and President Emeritus of NewGen Strategies and Solutions, LLC ("NewGen"), and Constance T. Cannady, Executive Consultant at NewGen.¹¹

On November 9, 2021, the OUCC prefiled cross-answering testimony from Glen A. Watkins. That same day, the Industrial Group prefiled cross-answering testimony from James R. Dauphinais.

Also on November 9, 2021, I&M prefiled rebuttal testimony, exhibits, and workpapers for the following witnesses:

- David A. Lucas
- Andrew J. Williamson
- Dona Seger-Lawson
- David S. Isaacson
- Aaron L. Hill
- Jason A. Cash
- Ann E. Bulkley
- Franz D. Messner
- Tyler H. Ross
- Jessica M. Criss.
- Andrew R. Carlin, AEPSC Director of Compensation and Executive Benefits
- Kimberly Kaiser, AEPSC Director of Compensation
- Jon C. Walter
- Jennifer C. Duncan

¹⁰ On October 25, 2021, the Industrial Group submitted a corrected version of Mr. Gorman's testimony and attachments to remove redactions for information subsequently determined to be public. At the evidentiary hearing, Mr. Gorman's corrected testimony and attachments were admitted.

¹¹ On October 26, 2021, the Joint Municipals submitted a corrected version of Mr. Mancinelli's and Ms. Cannady's testimony and attachments to remove redactions for information subsequently determined to be public. At the evidentiary hearing, the corrected testimony and attachments were admitted.

- Stephen Hornyak
- Jenifer L. Fischer
- Kurt C. Cooper.

On November 16, 2021, I&M, the OUCC, the Industrial Group, CAC, Auburn, Joint Municipals, Muncie, Kroger, WVPA, and Walmart (collectively, the “Settling Parties”) filed an Unopposed Joint Motion for Leave to File Settlement Agreement and Request for Settlement Hearing (“Joint Motion”). In the Joint Motion, the Settling Parties advised a settlement had been reached resolving all issues in this proceeding.¹² Attached to the Joint Motion was a copy of the Settling Parties’ Stipulation and Settlement Agreement (“Settlement Agreement”) dated November 16, 2021, including attachments. That same date, I&M also submitted a Stipulation and Settlement between I&M and Muncie (“Muncie Settlement Agreement”) dated November 16, 2021.

By Docket Entry dated November 18, 2021, the procedural schedule was revised to accommodate presentation of the settlement and supporting evidence.

On November 19, 2021, I&M prefiled the settlement testimony, attachments, and workpapers of Andrew J. Williamson supporting both the Settlement Agreement and the Muncie Settlement Agreement. Also on November 19, 2021, the OUCC and the Industrial Group each filed settlement testimony from the following witnesses supporting the Settlement Agreement:

- Michael D. Eckert
- Michael P. Gorman
- James R. Dauphinais.

A request for information was issued by Docket Entry on December 9, 2021, to which Muncie, the OUCC, and I&M responded on December 13 and 14, 2021.

A public settlement hearing was conducted in this Cause commencing at 9:30 a.m. on December 17, 2021, in Room 222 of the PNC Center, 101 West Washington Street, Indianapolis, Indiana. At the hearing, the Settlement Agreement, Muncie Settlement Agreement, and all of the direct, cross-answering, rebuttal, and settlement testimony and exhibits each party prefiled, as well as the responses to the December 9, 2021 Docket Entry, were offered and admitted without objection. Per the terms of the Settlement Agreement, the parties also waived cross-examination of each other’s witnesses.

The Commission, based upon applicable law and the evidence, finds as follows:

1. Notice and Jurisdiction. Legal and timely notice of the public evidentiary hearing originally scheduled to commence in this Cause on December 2, 2021, was given and published as required by law, with this hearing converted by Docket Entry to a settlement hearing to be held on December 17, 2021, consistent with 170 IAC 1-1.1-18(m). I&M is a public utility as defined in

¹² The Joint Motion indicated one remaining party in this case, SDI, was included in the settlement communications but is not a party to the Settlement Agreement. Joint Motion, ¶ 3. The Joint Motion further indicated SDI has no objection to the Settlement Agreement and will be waiving cross-examination. Joint Motion, ¶ 3.

Ind. Code § 8-1-2-1(a). Under Ind. Code §§ 8-1-2-42 and 42.7, the Commission has jurisdiction over I&M's rates and charges for utility service. The Commission, therefore, has jurisdiction over Petitioner and the subject matter of this proceeding.

2. Petitioner's Organization and Business. I&M is a public utility with its principal place of business located at Indiana Michigan Power Center, Fort Wayne, Indiana. I&M renders electric utility service to approximately 470,000 retail customers located in the following Indiana 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. I&M also provides electric service in Michigan to approximately 130,000 retail customers. Additionally, I&M is subject to the jurisdiction of the Federal Energy Regulatory Commission ("FERC") and is a member of PJM Interconnection, L.L.C. ("PJM"), a regional transmission organization operated under the FERC's authority that controls the use of I&M's transmission system and the dispatching of I&M's generating units.

I&M renders electric service by means of electric production, transmission, and distribution plant, as well as general property, equipment, and related facilities, including office buildings, service buildings, and other property that are used in the production, transmission, delivery, and furnishing of electric energy, heat, light, and power. I&M classifies its property in accordance with the Uniform System of Accounts as prescribed by the FERC and approved and adopted by the Commission.

3. Existing Rates. The Commission approved I&M's current base rates and charges on March 11, 2020, in its Order in Cause No. 45235 ("45235 Order") based upon test year operating results for the 12 months ended December 31, 2020. The petition initiating Cause No. 45235 was filed with the Commission on May 14, 2019; consequently, in accordance with Ind. Code § 8-1-2-42(a), it has been more than 15 months since I&M filed its most recent petition for an increase in basic rates and charges and the filing of I&M's petition in this Cause.

4. Test Year and Rate Base Cutoff. As authorized by Ind. Code § 8-1-2-42.7(d)(1) ("Section 42.7"), Petitioner proposed a forward-looking test period using projected data, with the test year used for determining Petitioner's projected operating revenues, expenses, and net operating income being the 12-month period ending December 31, 2022. I&M is utilizing the test year end, December 31, 2022, as the general rate base cutoff date. The historical base period is the 12-month period ending December 31, 2020.

5. I&M's Requested Relief. In its Petition, I&M requested Commission approval of an overall annual increase in revenues of approximately \$104 million, or approximately 6.5%. Petition, ¶ 24. I&M proposed to implement the requested revenue increase in two steps through the Phase-In Rate Adjustment ("PRA") process used in Petitioner's two most recent basic rate cases. Under I&M's proposal, in Phase I, revenue will increase by approximately \$73 million or 4.55%, with the second step reflecting an increase of \$31 million, or approximately 2%, as adjusted for actual test year investments. As detailed in I&M's case-in-chief, Petitioner also requested Commission approval of specific accounting and ratemaking relief, including new depreciation accrual rates, modifications to rate adjustment mechanisms, and I&M's proposed revenue allocation and rate design.

6. **Opposition, Rebuttal, and Cross-Answering.** The OUCC and intervenors raised numerous challenges to Petitioner's filing, including challenging rate base, rate of return, operation and maintenance ("O&M") expenses, depreciation rates, rider proposals, cost of service allocation, and rate design. The extent to which these parties also disagreed with each other is shown in their cross-answering testimony. The extent to which I&M disagreed or agreed with the OUCC and intervenors was addressed in I&M's rebuttal evidence.

7. **Settlement Agreement.** Messrs. Williamson, Eckert, Gorman, and Dauphinais presented testimony supporting the Settlement Agreement. They reviewed its terms and stated the Settlement Agreement resolves all issues related to I&M's revenue requirements and rate design. Mr. Williamson testified this agreement settles all the issues among all of the parties in this Cause except SDI, with SDI not joining the settlement but also not opposing the Settlement Agreement. OUCC witness Eckert stated that if approved, the Settlement Agreement will provide certainty regarding critical issues, including revenue requirements, Petitioner's authorized return, and the allocation of I&M's revenue requirement among its rate classes. Mr. Gorman stated that at a high level, the settlement brought the Settling Parties together to negotiate a wide range of contested matters, including I&M's approved return on equity, proposed capital structure, the regulatory treatment of capacity costs previously excluded from retail rates, I&M's position upon the Tax Sharing Agreement and treatment of Net Operating Loss Carryforward ("NOLC"), and the treatment of the costs associated with Rockport Unit 2.

All four witnesses providing settlement testimony testified the Settlement Agreement is a product of intense negotiations, with each party offering compromise to challenging issues. Public's Ex. 15 at p. 2; Petitioner's Ex. 15 at pp. 6-8; Intervenor IG Ex. 4 at pp. 3, 5; Intervenor IG Ex. 5 at pp. 2, 6. Per Mr. Eckert, the nature of compromise includes assessing the litigation risk that the tribunal, in this case the Commission, will find the other side's case more compelling. While the Settlement Agreement balances all interests, given the number of benefits provided to ratepayers under the Settlement Agreement, Mr. Eckert testified the OUCC, as the statutory representative of all ratepayers, believes the Settlement Agreement is a fair resolution, is supported by the evidence, and should be approved. Public's Ex. 15 at p. 2. Mr. Dauphinais added that while no party received the full measure of the positions they took in their respective case-in-chief, the total package balances the parties' competing interests in favor of an overall result that is fair and reasonable. Intervenor IG Ex. 5 at p. 2. These witnesses opined that the Settlement Agreement represents the culmination of the parties' efforts to come together through negotiations to find a result that reflects the purpose of utility regulation — the balancing of interests between the utility and its consumers. Public's Ex. 15 at pp. 2, 8; Intervenor IG Ex. 4 at p. 3; Intervenor IG Ex. 5 at p. 2.

A. **Overview.** In describing how the Settlement Agreement is organized, Mr. Williamson testified Section I.A. addresses I&M's test year revenue requirement and other matters while Section I.B. sets forth the Settling Parties' agreement regarding revenue allocation, rate design, and certain tariff language changes. He stated Section I.C. addresses the remaining issues — namely, that any matters the Settlement Agreement terms do not address will be adopted as I&M proposed. Mr. Williamson added it is important to recognize the Settlement Agreement is

presented as a complete negotiated package that, taken as a whole, reflects compromise and the give and take of negotiations. Petitioner's Ex. 15 at p. 8.

Mr. Eckert stated the Settlement Agreement addresses the OUCC's concerns about the affordability of I&M's rate request by reducing I&M's requested revenue increase in several ways. Public's Ex. 15 at p. 2. For example, I&M's rate base request is reduced by \$26.4 million, consisting of reductions to: (1) forecasted distribution plant investment; (2) Electric Vehicle ("EV") Fast Charging capitalized costs; (3) Flex Pay Program capitalized costs; and (4) unamortized COVID-19 deferred bad debt expense. Public's Ex. 15 at pp. 2-3. He added that ongoing Rockport Unit 2 expenses and rate base related revenue requirements are removed under the Settlement Agreement from customer rates effective December 7, 2022, when the Rockport Unit 2 lease ends, and Unit 2 no longer provides retail energy utility service. Mr. Eckert testified that through December 7, 2022, I&M customers receive the benefit of the Commission's Cause No. 45235 excess capacity adjustment that I&M had proposed to stop applying when Phase I rates are implemented. He testified the Settlement Agreement also reduces O&M expenses by approximately \$6.3 million annually beyond the O&M reductions related to Rockport Unit 2. Public's Ex. 15 at p. 3.

Messrs. Eckert and Williamson also reviewed other customer benefits in the Settlement Agreement. Public's Ex. 15 at p. 5; Petitioner's Ex. 15 at pp. 29-34. These include: (1) continuation of the monthly residential customer charge of \$15.00 as opposed to I&M's originally proposed \$20.00 charge; (2) no change in I&M's current 9.70% authorized return on equity ("ROE"); (3) limiting I&M's debt to equity ratio in its weighted average cost of capital ("WACC") to no higher than 50.00% equity; (4) an annual PJM Network Integration Transmission Service ("NITS") cost cap for purposes of recovery through the PJM Rider; (5) retention of approximately \$159 million in cost free capital that I&M proposed to remove from its capital structure through its NOLC adjustment, pending receipt of a Private Letter Ruling ("PLR") from the Internal Revenue Service ("IRS"); (6) removal of I&M's proposed \$69.3 million (Indiana jurisdictional) Other Post-Retirement Employee Benefit ("OPEB") asset from Petitioner's rate base; (7) an agreed limitation on customer deposits to no more than \$50.00 for customers identified as Low Income Home Energy Assistance Program ("LIHEAP") participants or LIHEAP-eligible; and (8) additional negotiated benefits. Public's Ex. 15 at pp. 5-6; Petitioner's Ex. 15 at pp. 8-39.

B. Revenue Requirement. If the Settlement Agreement is approved, I&M's base rates will be designed to reflect a lower revenue requirement than I&M proposed in its case-in-chief. The Settling Parties agreed to a Phase I annualized combined basic rate and rider revenue requirement decrease of \$4.7 million, which is an approximate \$78 million reduction from I&M's requested Phase I increase of \$73 million. Public's Ex. 15 at p. 4. Mr. Eckert testified that as shown in Settling Parties' Joint Ex. 1, Settlement Agreement Attachment 1, this reduces the system-wide Phase I revenue increase impact from I&M's original proposal of 4.55% to a Phase I decrease of 0.29%. Public's Ex. 15 at p. 4.

Mr. Eckert stated the Settling Parties agreed to a Phase II annualized combined basic rate and rider revenue requirement decrease of \$95 million, representing an approximately \$199 million reduction from I&M's requested \$104 million increase. As shown in the Settling Parties' Joint Ex. 1, Settlement Agreement Attachment 1, this reduces the system-wide cumulative Phase II

revenue increase impact from I&M's original proposal of 6.5% to a decrease of 5.90%. Public's Ex. 15 at p. 4. Under the Settlement Agreement, the rate impact for all major classes is reduced as compared to what I&M originally proposed. Public's Ex. 15 at p. 4.

C. Return on Equity, Capital Structure, and Rate of Return.¹³

1. ROE and Capital Structure. In its case-in-chief, I&M proposed a 10.00% ROE. Several intervenors, including the OUCC and the Industrial Group, advocated for a considerably lower ROE. The testimony supporting the Settlement Agreement explained that as a result of the negotiations, a compromise was reached upon a 9.70% ROE. This is the same ROE the Commission found to be fair and reasonable under the totality of the circumstances in I&M's last basic rate case. The ROE component of the WACC used in each of I&M's capital riders will be 9.70%. Public's Ex. 15 at p. 6.

Mr. Eckert testified that a ROE lower than what I&M originally sought benefits ratepayers by reducing the return on rate base reflected in rates. He added that from the OUCC's perspective, using a 9.70% ROE for determining I&M's revenue requirement in its base rates and in I&M's ongoing capital riders more accurately reflects I&M's risk profile than Petitioner's proposed 10.00% ROE. Mr. Eckert stated that in addition, the lower ROE reduces the return on capital investment consumers must pay through capital riders between rate cases. Thus, OUCC witness Eckert testified the Settlement Agreement establishes a balanced plan that is in the interest of ratepayers while preserving I&M's financial integrity. Public's Ex. 15 at p. 6.

The Settlement Agreement also addresses Petitioner's capital structure at Section I.A.1.f. The Settling Parties agreed that for purposes of calculating the PRA for Phase I rates, the debt/equity ratio for investor supplied capital will be 50.54%/49.46%. Petitioner's Ex. 15 at pp. 14-15. As discussed by Messrs. Eckert, Gorman, and Williamson, for purposes of the Phase II compliance filing, I&M's debt/equity ratio associated with investor-supplied capital will be adjusted to its December 31, 2022, actual ratio but will not exceed 50.00% equity. Public's Ex. 15 at p. 7; Intervenor IG Ex. 4 at p. 3; Petitioner's Ex. 15 at p. 15. Petitioner's Ex. 15, Attachment AJW-1-S (which updates Exhibit A-7) sets forth the settlement WACC and Cost of Investor Supplied Capital for both Phases I and II.

2. NOLC. Messrs. Eckert, Gorman, and Williamson testified the Settlement Agreement resolves the contested issue regarding I&M's NOLC. Per Mr. Eckert, I&M will retain in its capital structure the approximately \$159 million in cost free capital that it proposed to remove through its proposed NOLC adjustment. Public's Ex. 15 at p. 8. Pending receipt of a PLR from the IRS, the Settling Parties agree the Commission should authorize I&M to establish a regulatory asset for the return associated with (1) the inclusion of the proposed NOLC adjustment in the calculation of accumulated deferred federal income taxes ("ADFIT") in I&M's capital structure and (2) for any differences in I&M's requested levels of protected and unprotected excess accumulated deferred income tax ("EADFIT") amortization and the settled levels of amortization. Public's Ex. 15 at p. 8; Petitioner's Ex. 15 at p. 10; Intervenor IG Ex. 4 at p. 4.

¹³ Settling Parties' Joint Ex. 1 (Settlement Agreement) at Section I.A.1.

If the IRS issues a PLR in I&M's favor, i.e., concludes that failure to adopt I&M's position with respect to the NOLC adjustments would constitute a normalization violation, I&M will initiate a limited proceeding to update its Tax Rider to reflect the NOLC adjustments, along with any Commission-approved offsets, in rates on an ongoing basis and to recover the regulatory asset. The Settling Parties reserved the right to take any position in this limited proceeding related to the NOLC and I&M's proposed related ratemaking. Under the Settlement Agreement, if the IRS PLR does not support I&M's proposed adjustment, I&M will write off the regulatory asset, and it will not be recovered from customers. The Settlement Agreement also sets forth a process by which the Settling Parties may participate in the PLR process and details I&M's obligation to confer with the Settling Parties on a neutral description of the facts and the language of the draft PLR request to objectively frame the issue while adhering to IRS guidelines and requirements before the PLR is submitted to the IRS for consideration. Public's Ex. 15 at pp. 8-9; Petitioner's Ex. 15 at p. 11.

Mr. Gorman testified this is a fair resolution as it provides customers the immediate benefit of a higher amount of cost-free capital in I&M's capital structure and provides consumers and I&M a means to obtain a final resolution from the IRS on the issue. Intervenor IG Ex. 4 at p. 4. He added that if the IRS finds a normalization violation would occur, the Settlement Agreement also acknowledges the Settling Parties' right to challenge the continued benefit of I&M remaining in the AEP Tax Sharing Agreement on a going forward basis.

3. Tax Rider. In her direct testimony, Ms. Seger-Lawson proposed implementing a Tax Rider to address the ongoing rate impacts of the Tax Cuts and Jobs Act of 2017 ("TCJA") consistent with the mechanism approved in the 45235 Order (p. 74), and she explained how I&M will use deferral accounting to implement this Rider. Ms. Seger-Lawson also proposed approving use of the Tax Rider for future changes in the federal corporate income tax rate. This proposed expansion of the Tax Rider was challenged.¹⁴

Messrs. Eckert and Williamson addressed the Settlement Agreement provisions regarding the Tax Rider. Public's Ex. 15 at p. 10; Petitioner's Ex. 15 at pp. 13-14. Mr. Eckert stated I&M originally proposed to expand its Tax Rider to encompass future federal corporate income tax changes, but the Settling Parties agreed to not make this change. Public's Ex. 15 at p. 10. Instead, I&M's Tax Rider will serve two purposes: (1) to credit customers with EADFIT as outlined in the Settlement Agreement, and (2) in the event the IRS issues a PLR in I&M's favor upon its proposed NOLC adjustment, to implement any associated ratemaking changes. Public's Ex. 15 at p. 10; Petitioner's Ex. 15 at pp. 13-14.

More specifically, Mr. Williamson explained that simultaneous with the implementation of new base rates, I&M will implement a Tax Rider to credit customer rates for the remaining benefits associated with unprotected EADFIT. Petitioner's Ex. 15 at p. 14. He stated the Settling Parties agreed to also increase the amount of monthly amortization. This agreement will advance the benefit of this amortization to customers and, as a result, the amortization credit in the Tax Rider is expected to expire before the end of the test year. He added that for purposes of setting rates in this proceeding for the Tax Rider, I&M agreed not to adjust the remaining balance of unprotected EADFIT for any NOLC impact. I&M also agreed to a \$14,623,272 (Indiana jurisdictional) unprotected EADFIT credit as Joint Municipals witness Cannady proposed and a

¹⁴ OUCC Ex. 11 at pp. 14-15; Jt. Municipals Ex. 2 at p. 19; *see also* Petitioner's Ex. 31 at pp. 19-22.

seven-month amortization period. Petitioner's Ex. 15 at p. 14. Mr. Williamson explained that the total monthly unprotected EADFIT amount to be credited to customers through the Tax Rider will include a carrying charge on the unamortized balance based on the agreed pre-tax WACC. In addition, the monthly amortization will be grossed up for taxes at a rate of 1.3580 and will include carrying charges on the unamortized balance based on I&M's agreed pre-tax WACC. Petitioner's Ex. 15 at p. 14. Mr. Williamson testified the Settling Parties agreed I&M will reconcile the Tax Rider to reflect its actual unprotected EADFIT amortization and monthly remaining balance.

4. Net Operating Income. As stated by Mr. Williamson, under the Settlement Agreement, I&M's authorized base rate net operating income is \$296,733,906. Petitioner's Ex. 15 at pp. 15-16.

D. Rockport Unit 2.¹⁵ Messrs. Eckert, Williamson, and Gorman testified the lower revenue requirement the Settling Parties agreed to reflects, in part, the terms of the separate, then-pending Rockport Settlement Agreement in Cause No. 45546 regarding Rockport Unit 2.¹⁶ Mr. Gorman stated that consistent with the Rockport Settlement Agreement in Cause No. 45546, the Settling Parties reached agreement on how to remove approximately \$141 million in Rockport Unit 2 related costs from ongoing retail rates, while still recovering the costs I&M will continue to incur for most of the test year, until the Unit 2 lease expires on December 7, 2022. Intervenor IG Ex. 4 at p. 4. Messrs. Williamson and Gorman testified that the Settling Parties agreed to an efficient process to implement this, explaining that, essentially, the Settling Parties agreed almost all costs related to Rockport Unit 2 will be removed from base rates immediately upon implementation of I&M's new base rates associated with approval of the Settlement Agreement and, instead, recovered either through the riders by which they are already recovered or through a special charge included in the PRA Rider. Intervenor IG Ex. 4 at pp. 4-5; Petitioner's Ex. 15 at p. 17. Mr. Gorman stated that in the case of costs recovered through the PRA, the collection only lasts through the time Unit 2 continues to be used and useful in the provision of service to Indiana retail customers or until the test year costs are fully recovered, whichever occurs first. Intervenor IG Ex. 4 at p. 5.

Mr. Williamson testified that per Section I.A.2. of the Settlement Agreement, the PRA Rockport Unit 2 Charge will include the following:

- i. A return on a fixed \$15,143,223 (Indiana jurisdictional) level of fuel and consumables inventory through December 7, 2022, at I&M's Phase I WACC grossed up for taxes.
- ii. I&M will recover the prorated share of a fixed \$1,035,878 (Indiana jurisdictional) annual level of fuel handling and disposal expenses through December 7, 2022.
- iii. I&M will recover its Rockport Unit 2 lease expense incurred through the end of calendar year 2022, based on the prorated share of I&M's annual \$48,924,630 (Indiana jurisdictional) lease expense. Since the PRA Rockport

¹⁵ Settling Parties' Joint Ex. 1 (Settlement Agreement) at Sections I.A.2. and 3.

¹⁶ The Commission approved the Rockport Settlement Agreement in Cause No. 45546 on December 8, 2021.

Unit 2 Charge will end on December 8, 2022, I&M's Rockport Unit 2 lease expense will be grossed up to recognize the full lease expense in 2022 for purposes of setting the PRA Rockport Unit 2 Charge.

- iv. I&M will recover the prorated share of a fixed \$13,240,324 (Indiana jurisdictional) annual level of other O&M expense (\$12,177,941) and property tax expense (\$1,062,383) through December 7, 2022.
- v. Revenue requirement for implementing the PRA Rockport Unit 2 Charge will be allocated and retail rates designed based on the Settling Parties' agreement.

Petitioner's Ex. 15 at p. 18. He stated this approach allows the removal of the Rockport Unit 2 costs from I&M's revenue requirement in a reasonable and efficient manner. Among other things, the use of the PRA Rockport Unit 2 Charge avoids the need for I&M to prepare, and all the parties and the Commission to review and process, two complete sets of tariffs and associated compliance support. Petitioner's Ex. 15 at pp. 18-19. He testified it is an efficient and transparent approach for timely removing these costs from base rates while maintaining recovery of these costs during the lease term. Mr. Williamson testified that upon the earlier of I&M determining it has fully recovered the PRA Rockport Unit Charge or December 7, 2022, I&M will submit a compliance tariff to the Commission under Cause No. 45576 to eliminate the PRA Rockport Unit 2 Charge from the PRA factors. He added that since this change will be fully eliminating this component, and the impact to the PRA is limited to the math associated with removing this component of the PRA factors, I&M asks the Commission to expeditiously approve the revision.

Messrs. Gorman and Williamson testified that with respect to other costs that are already primarily recovered through the Environmental Cost Rider ("ECR") and Resource Adequacy Rider ("RAR"), they will continue to be recovered through those riders until the Commission approves filings seeking revisions to those rider rates. Intervenor IG Ex. 4 at p. 5; Petitioner's Ex. 15 at pp. 19-20. Mr. Gorman added that those filings are to be timed by I&M to receive orders from the Commission at the end of 2022/beginning of 2023. Intervenor IG Ex. 4 at p. 5. Mr. Gorman stated that after that, the charges will be removed from those riders.

Mr. Williamson stated the Settling Parties agreed I&M will recover its actual Rockport Unit 2 Fuel Cost Adjustment ("FAC") eligible fuel expenses, consistent with current FAC cases, incurred through December 7, 2022. Petitioner's Ex. 15 at p. 20. I&M's base cost of fuel will include \$28,185,922 (total company), \$19,608,596 (Indiana jurisdictional), in embedded Rockport Unit 2 fuel costs that will serve as a proxy for replacement purchased power when Rockport Unit 2 is no longer used for retail energy needs. This amount is incorporated into I&M's fuel basing points of 13.110 mills per kWh, which will be reconciled to actual fuel costs in I&M's FAC proceedings. Mr. Williamson stated that continuing to include Rockport Unit 2 fuel expense in I&M's FAC basing point recognizes that at times I&M will have to purchase power from PJM and allows for a basing point that reasonably recognizes the amount of energy I&M may need to serve customers. Petitioner's Ex. 15 at p. 21.

Under Section I.A.3. of the Settlement Agreement, the remaining net book value of I&M's investment in the Rockport Unit 2 Generating Station will be removed from rate base and

recovered on a levelized basis. Mr. Williamson stated that when I&M makes its PRA compliance filing to implement final base rates (i.e., Phase II), I&M will adjust the PRA to reflect the removal of the remaining net book value of Rockport Unit 2 of \$77,687,384 (Indiana jurisdictional) from rate base. At that time and going forward through December 31, 2028, I&M will be permitted to recover a total of \$95,639,514 (Indiana jurisdictional) associated with the net book value of Rockport Unit 2, on a levelized basis, in I&M's ECR (or alternative rate adjustment mechanism if the ECR is discontinued in the future). Petitioner's Ex. 15 at p. 21. Mr. Williamson testified the final PRA compliance filing made in January 2023 will result in final PRA tariff rates that will be applicable until I&M implements new base rates in its next general rate case. Mr. Gorman testified this is a reasonable means to effectuate the removal of Rockport Unit 2 related costs from retail rates, consistent with the Rockport Settlement Agreement in Cause No. 45546.

Mr. Eckert testified the Settlement Agreement also incorporates other expense reductions consistent with the terms of the Rockport Settlement Agreement. Public's Ex. 15 at p. 5. Mr. Eckert added that it is the OUCC's intention and belief that the Settlement Agreement reasonably implements and does not modify the terms of the Rockport Settlement Agreement. He added that the expiration of the Rockport Unit 2 lease will result in significant reductions in I&M's costs and, therefore, its cost of providing retail energy service to Indiana customers.

E. Jurisdictional Reallocation.¹⁷ As discussed by Mr. Williamson, the prefiled cases-in-chief reflect a dispute regarding the treatment of the excluded capacity from Cause No. 45235. The OUCC, IG, and Joint Municipals took the position that the adjustment the Commission ordered in Cause No. 45235, or some version of that adjustment, should continue at least until the Rockport Unit 2 lease ends on December 7, 2022, at which point I&M will no longer have the excess capacity that supported the Commission's prior decision. Petitioner's Ex. 15 at p. 22. Mr. Williamson's rebuttal testimony explained I&M's need to meet its PJM capacity obligation as of June 1, 2022, at which point the Rockport Unit 2 capacity will be unavailable to I&M to meet its PJM obligation absent acquisition of the unit or a separate agreement making the capacity available through the entirety of the planning year.

Messrs. Gorman and Williamson testified that in their negotiations, the Settling Parties resolved the treatment of capacity related costs the Commission previously excluded from allocation to Indiana's retail customers in Cause No. 45235. Specifically, I&M has agreed to implement a monthly credit from the date rates first take effect through December 7, 2022, when the Rockport Unit 2 lease expires, to effectively remove those capacity-related costs from retail rates. Intervenor IG Ex. 4 at p. 4. Mr. Williamson stated I&M agreed to implement Phase I rates and to simultaneously implement a temporary PRA Excluded Capacity Credit to credit customers for excluded capacity costs consistent with the 45235 Order, with the credit to be eliminated from the PRA on a service-rendered basis effective December 8, 2022. He stated the credit will be developed based on a monthly amount of \$4,702,533 offset by the fixed annual level of retained capacity and Off System Sales revenues of \$24,926,096, prorated to a monthly level of \$2,077,175, for a net monthly credit of \$2,625,358. Petitioner's Ex. 15 at p. 23. Mr. Williamson testified that I&M will submit a compliance tariff to the Commission under this Cause to eliminate the PRA Excluded Capacity Credit from the PRA factors. He added that since this change will be fully eliminating this component, and the impact to the PRA is limited to the math associated with

¹⁷ Settling Parties' Joint Ex. 1 (Settlement Agreement) at Section I.A.4.

removing this component of the PRA factors, I&M asks the Commission to expeditiously approve the revision.

Mr. Gorman opined that this fairly reflects adherence to the 45235 Order during most of the test year and the change that will occur in I&M's capacity position after December 7, 2022, when the Rockport Unit 2 lease expires.

F. PJM NITS Costs.¹⁸ As stated by Messrs. Eckert, Dauphinais, and Williamson, the Settling Parties have agreed to place an annual cap on I&M's PJM NITS costs reflected in specific FERC accounts (4561035 and 5650016) that may be recovered through the PJM Rider based on I&M's 2024 forecasted Indiana jurisdictional amount of these costs, plus a 15% buffer. Public's Ex. 15 at pp. 3-4, 9; Intervenor IG Ex. 5 at p. 3; Petitioner's Ex. 15 at p. 24. The witnesses stated annual PJM NITS costs in any year that exceed \$381.3 million, together with the associated PJM NITS rider revenue requirement and carrying costs, will be placed in a regulatory asset for recovery in I&M's next base rate case. They clarified that the Settling Parties reserve the right to take any position with respect to the appropriate amortization period and related going forward return on any unamortized balance of any regulatory asset created under this term of the Settlement Agreement. Mr. Eckert testified PJM NITS are a significant expense borne by I&M's customers, and the agreed annual cost cap is an important guardrail to contain this cost in a given period. Public's Ex. 15 at pp. 3-4. He added that the compromise the Settling Parties made with regard to PJM NITS costs provides limitations on I&M's PJM NITS cost recovery. The annual cost cap provides flexibility, allowing I&M to recover costs over or under its annual forecasted amounts, plus an additional 15%. In addition, Mr. Eckert stated the cap limits the PJM NITS cash recovery from ratepayers through the designated period.

G. Base Cost of Fuel. Mr. Eckert stated that for purposes of settling Phase I rates, the Settling Parties accepted I&M's base cost of fuel of 13.110 mills per kWh. Public's Ex. 15 at p. 11.

H. Advanced Metering Infrastructure ("AMI").¹⁹ The testimony supporting the Settlement Agreement also included the Settling Parties' negotiated resolution with respect to AMI. Messrs. Eckert and Williamson testified the Settling Parties: (1) agreed to include I&M's \$54.649 million AMI capital 2021-2022 forecast and \$4.77 million in related O&M costs in the base rates set in this Cause; and (2) I&M agreed to withdraw its request for an AMI rider. Mr. Williamson stated the Settlement Agreement makes clear that I&M is not prevented from seeking recovery of additional AMI investment and O&M costs in its next base rate case. Petitioner's Ex. 15 at p. 25. He added that the noncompany Settling Parties agreed to not challenge the reasonableness of I&M's decision to transition from AMR meters to AMI meters or the reasonableness of I&M's four-year deployment plan, as presented in this Cause, in any future proceeding. Petitioner's Ex. 15 at p. 25.

As further discussed below, I&M also agreed to notify its customers via bill insert, text, and email about its ability to remotely disconnect/reconnect those with AMI meters. Public's Ex. 15 at p. 12; Petitioner's Ex. 15 at p. 30. Per Mr. Williamson, this notice will identify a customer's

¹⁸ Settling Parties' Joint Ex. 1 (Settlement Agreement) at Section I.A.5.

¹⁹ Settling Parties' Joint Ex. 1 (Settlement Agreement) at Section I.A.6.

rights prior to disconnection and provide information on how to contact I&M's customer service department and on how to add an email address and/or mobile phone number to receive notifications from I&M.

I. Rate Base.

1. Prepaid Pension and OPEB Assets.²⁰ For purposes of reaching an overall settlement, Messrs. Eckert and Williamson stated the Settling Parties agreed I&M's rate base will include the \$80.7 million (total company), \$58.1 million (Indiana jurisdictional) prepaid pension asset. Public's Ex. 15 at p. 12; Petitioner's Ex. 15 at pp. 25-26. Mr. Eckert noted the Commission has approved inclusion of a prepaid pension asset in I&M's rate base in I&M's three prior rate cases, Cause Nos. 44075, 44967, and 45235. Public's Ex. 15 at p. 12. Under the Settlement Agreement, I&M's proposed \$96,252,892 (total company), \$69,324,472 (Indiana jurisdictional), OPEB prepayment will not be included in Petitioner's rate base. Public's Ex. 15 at p. 13; Petitioner's Ex. 15 at p. 26.

2. Agreed Rate Base Reductions.²¹ Mr. Williamson testified that for purposes of calculating the revenue requirement used to set base rates, I&M agreed to reduce its proposed rate base by \$26.4 million, removing the following: (1) \$3,783,088 EV Fast Charging costs; (2) \$568,770 Flex Pay Program costs; (3) \$2,023,141 unamortized COVID-19 deferred bad debt expense; and (4) \$20 million of forecasted distribution plant investment. Petitioner's Ex. 15 at p. 26. He stated the Settlement Agreement clarifies that nothing in that agreement precludes I&M from seeking to include the removed items in its cost of service in a future case. Mr. Williamson stated that in I&M's view, this clarification recognizes the need for ongoing distribution system investment while at the same time allowing I&M to reduce the impact new base rates will have on its customers. Mr. Williamson testified the Settlement Agreement also allows I&M the opportunity to revisit the EV Fast Charging and the Flex Pay Program proposals and potentially pursue them in future proceedings. He presented the following summary of I&M's settlement rate base:

Net Plant In-Service	\$	4,846,054,499
Fuel Stock	\$	29,521,506
Other Materials & Supplies	\$	124,206,512
Allowance Inventory	\$	17,674,176
Prepaid Pension Expense	\$	58,104,811
Regulatory Assets	\$	49,998,924
	\$	5,125,560,428

J. Depreciation Rates.²² I&M also seeks approval of revised depreciation rates as presented by Mr. Cash. In describing how his depreciation study compared to the study presented in Cause No. 45235, Mr. Cash explained that in this depreciation study, all of I&M's investment in Rockport Unit 1 and certain leasehold improvements made at Rockport Unit 2 are presented together as the Rockport Plant, and depreciation rates were calculated for each utility

²⁰ Settling Parties' Joint Ex. 1 (Settlement Agreement) at Section I.A.7.

²¹ Settling Parties' Joint Ex. 1 (Settlement Agreement) at Section I.A.8.

²² Settling Parties' Joint Ex. 1 (Settlement Agreement) at Section I.A.9.a.

account used by the Rockport Plant. Petitioner's Ex. 19 at pp. 14-15. He stated the depreciation rates approved in Cause No. 45235 established depreciation rates for the investment in Rockport Unit 2 through 2028 for the Unit 2 SCR, through 2025 for the Unit 2 DSI, and through 2022 for the other investment at Unit 2. The proposed depreciation rates in this case depreciate the remaining net book value of all Rockport Plant investment through December 31, 2022, through 2028. Mr. Cash testified this allows for all of the remaining Rockport Plant investment in this case to be recovered over the plant's remaining life or through 2028. He stated I&M has not proposed depreciation rates specific to the Rockport Unit 2 leasehold improvements I&M owns and explained how depreciation expense will be calculated for the Rockport Unit 2 leasehold improvements while Rockport Unit 2 remains in service. Petitioner's Ex. 19 at pp. 20-21. More specifically, Mr. Cash stated the proposed depreciation rates were calculated to recover the remaining investment and net salvage of both Unit 1 and Unit 2 using the gross plant balance and remaining life of Unit 1; therefore, the depreciation rates the Commission approves will only be applied to the Unit 1 gross plant investment to determine I&M's depreciation expense for the Rockport Plant as a whole, including Unit 2.

Mr. Cash stated once the Commission approves new depreciation rates in this case and while Unit 2 remains in-service, I&M will apply a depreciation rate of 0% to Rockport Unit 2 for accounting purposes. For accumulated depreciation purposes, while Rockport Unit 2 remains in service, a portion of the depreciation expense on the Rockport Plant will continue to be applied to Rockport Unit 2. Mr. Cash testified that by applying the proposed rates only to Unit 1, I&M will calculate annual depreciation expense associated with the remaining investment and net salvage associated with both Unit 1 and Unit 2. If I&M were to apply a depreciation rate to Unit 2 other than 0%, he testified it would overstate I&M's annual depreciation accrual, exceed the annual depreciation expense included in I&M's proposed rates in this proceeding, and negatively impact I&M's net operating income. Mr. Cash explained this approach was taken to reflect the expiration of the Rockport Unit 2 lease in December 2022, which is also the end of I&M's forecasted test year in this case.

Mr. Williamson testified that under the Settlement Agreement, depreciation expense will be reduced by \$10 million. Petitioner's Ex. 15 at p. 27. To implement this, I&M reduced depreciation expense through a combination of expense reductions related to the rate base reductions associated with utility plant investments and revised distribution plant depreciation rates. Mr. Williamson stated the OUCC's pre-filed testimony includes several proposals to adjust I&M's distribution plant depreciation rates, and the revised distribution plant depreciation rates include acceptance of the OUCC's depreciation rate proposals for certain distribution FERC plant accounts²³ (but not the methodology) and a compromise the OUCC and I&M made with respect to certain distribution FERC plant accounts. Mr. Williamson presented the revised depreciation rates in Attachment AJW-2-S. He noted that under the Settlement Agreement any matters not addressed in the Settlement Agreement will be adopted as proposed by I&M.

K. Other Agreed Operating Expense Reductions.²⁴ Messrs. Williamson and Eckert testified the Settling Parties agreed to the following additional operating expense reductions: \$2.0 million in nuclear decommissioning expense; \$293,773 deferred COVID-19 bad

²³ FERC plant accounts 365, 366, and 367.

²⁴ Settling Parties' Joint Ex. 1 (Settlement Agreement) Section I.A.9.b.-d.

debt expense; and \$4.0 million decrease in other O&M expense from I&M's test year forecast. Petitioner's Ex. 15 at pp. 27-28; Public's Ex. 15 at p. 13. Mr. Williamson added that the Settling Parties agree I&M may in the future seek to adjust the funding level of the Nuclear Decommissioning Trust based on future analysis of the adequacy of the Nuclear Decommissioning Trust funds to pay for decommissioning. He added that in the Settlement Agreement, the Settling Parties accept OUCC witness Blakley's proposal to reduce the incremental bad debt expense amortization by \$293,773, and Mr. Williamson stated that while I&M disagrees with the basis for the OUCC's proposed adjustment, in the context of the overall settlement, Petitioner accepted this proposal as part of the goal of mitigating the impact of this case on customer rates. Mr. Williamson stated the Settlement Agreement recognizes that other aspects of I&M's test year O&M forecast were challenged, and he explained that while I&M stands behind its forecasting process, in the spirit of compromise I&M agreed to reduce forecasted O&M by \$4.0 million. Mr. Williamson also clarified that the Settlement Agreement does not preclude I&M from seeking recovery of these type of expenses in a future case.

L. Other Matters.²⁵ Mr. Williamson testified the Settlement Agreement also addresses issues the OUCC and intervenors raised regarding the OUCC's Report in I&M's FAC, Vegetation Management Reporting, Notice of Disconnection of Service, Solar Power Rider, Flex Pay Program, EV Fast Charging, Low Income Customers, and Indiana Ratepayer Trust. Petitioner's Ex. 15 at pp. 29-34. These provisions are discussed below.

M. Cost of Service and Rate Design.²⁶ The revenue allocation/rate design provisions of the Settlement Agreement were also addressed in the settlement testimony.

1. **Revenue Allocation.**²⁷ Per OUCC witness Eckert, the Settling Parties negotiated a fair and reasonable revenue class allocation to allocate the costs of service among all rate classes. Public's Ex. 15 at p. 13; *see also* Intervenor IG Ex. 5 at pp. 3-4; Petitioner's Ex. 15 at pp. 34-35. As stated in the Settlement Agreement at Section I.B.1., the agreed allocation is without reference to any specific cost allocation methodology and was determined strictly for settlement purposes. Mr. Dauphinais testified the settlement includes an agreed revenue allocation that is without reference to any specific allocation methodology. Intervenor IG Ex. 5 at p. 2. Given the differing opinions among the Settling Parties on the proper method of cost allocation, he believes this is an important term that reflects the Settling Parties' overall efforts to put aside their differences to arrive at a result that is within the range of outcomes the evidence supports and results in a fair allocation of the overall revenue requirement among I&M's rate classes. Intervenor IG Ex. 5 at p. 2.

Petitioner's Exhibit 15, Attachment AJW-3-S (public), which updates Attachments JLF-2 and JLF-3 to reflect the Settlement Agreement, provides supporting details including the customer class revenue allocation factors and detailed base rate, rider, and total bill increase by class. The confidential version of this attachment is identified as Attachment AJW-3-S-(C) (confidential). Petitioner's Ex. 15 at p. 35.

²⁵ Settling Parties' Joint Ex. 1 (Settlement Agreement) Section I.A.10.

²⁶ Settling Parties' Joint Ex. 1 (Settlement Agreement) Section I.B.

²⁷ Settling Parties' Joint Ex. 1 (Settlement Agreement) at Section I.B.2.

Mr. Dauphinais also testified the Settling Parties agreed that with respect to the new charge in the PRA Rider associated with the collection of costs related to Rockport Unit 2, the revenue requirement will continue to be allocated on the same energy and demand basis as is used to allocate other rider revenue requirements. This means, effectively, that demand-related costs will still be allocated on a demand basis, and energy-related costs will still be allocated on an energy basis in conformance with basic cost of service principles.

Mr. Eckert added that since the OUCC represents all customer classes, the OUCC views the task of revenue allocation as one of ensuring any cost increases are fairly distributed across rate classes. Public's Ex. 15 at p. 14. He stated that because the Settlement Agreement results in overall rate decreases, the OUCC focused on ensuring the benefits of that overall reduction were fairly distributed.

2. Residential Rate Design.²⁸ Mr. Eckert confirmed the Settlement Agreement does not increase I&M's current Tariff RS monthly charge. Public's Ex. 15 at p. 14. He testified the OUCC's longstanding position is that a residential customer charge should not reflect more than the direct cost of connecting a customer to the distribution system from the standpoint of economic efficiency and regulatory policy. Mr. Eckert advised that in its case-in-chief, I&M proposed a 33% or \$5.00 increase in the residential fixed charge from \$15.00 to \$20.00. Mr. Williamson testified that while I&M has firmly held positions regarding the application of cost of service and cost recovery principles to residential rate design, Petitioner recognizes the passion around this issue, particularly in the testimony residential consumer advocates offered, with these diverging views making this issue challenging to resolve. Petitioner's Ex. 15 at p. 35. Mr. Eckert stated the monthly customer charge was the subject of deliberate negotiations, and through compromise, the Settling Parties agreed to maintain the monthly customer charge of \$15.00 for Rate RS and to increase the fixed Rate RS-TOD and Rate RS-TOD2 monthly charge to \$17.00. Mr. Eckert also testified the Settling Parties agreed to limit the customer deposit to no more than \$50.00 for customers identified as LIHEAP participants or LIHEAP-eligible.

3. Tariff IP.²⁹ With respect to Tariff IP, Mr. Dauphinais stated that in his direct testimony, he was concerned I&M was proposing to shift demand-related costs into the first block energy charge as a result of a shift from kVA billing demand to kW billing demand units. He proposed all demand-related costs be removed from the energy charges and placed back into the demand charges. Mr. Dauphinais testified this is essentially what was done in arriving at the rates in the Settlement Agreement. Intervenor IG Ex. 5 at p. 5. Because each sub-class of Tariff IP had a different percentage change in 12 demand units, primarily due to their respective power factors, the Settling Parties agreed to adjust the demand charges by an amount that roughly reflects that change. Mr. Dauphinais added that while this could not be done perfectly for all sub-classes without producing anomalous results that would encourage inefficiencies, the result is much closer to cost-of-service rate design than I&M's initial proposal. Intervenor IG Ex. 5 at p. 5. He testified the agreed rate design does not perfectly move all demand-related costs out of the energy charges for all sub-classes, but it is a fair result that reasonably balances the interests of pure cost-based rates with other factors taken into account in cost of service ratemaking; therefore, the result is consistent with basic principles of cost of service ratemaking. Intervenor IG Ex. 5 at p. 5.

²⁸ Settling Parties' Joint Ex. 1 (Settlement Agreement) at Section I.B.1.

²⁹ Settling Parties' Joint Ex. 1 (Settlement Agreement) at Section I.B.3.

4. Tariff GS and Tariff LGS.³⁰ Mr. Williamson testified that I&M agreed to not combine Tariff LGS and Tariff GS base rates. Petitioner's Ex. 15 at p. 36; Settlement Agreement Section I.B.4. I&M will continue to eliminate the kVA demand charge and Power Factor Correction Capacitor adjustment in Tariff LGS. To ease the transition from full kVA billing demands, I&M agreed to implement an excess kVA charge in Tariff LGS. Petitioner's Ex. 15 at p. 36. Mr. Williamson shared the agreed tariff language and stated the rider rates for Tariffs LGS and GS were unified to mitigate some of the concerns that led I&M to initially propose combining the two tariffs.

5. Tariff Term and Condition No. 27.³¹ Mr. Williamson stated the Settling Parties agreed I&M may adopt its new proposed Term and Condition No. 27 as modified in the Settlement Agreement. Petitioner's Ex. 15 at pp. 36-37. He testified that although Petitioner does not agree that the concern the Industrial Group raised warrants rejection of I&M's proposed provision, the Settling Parties resolved the dispute over the proposed change with the revised language Mr. Williamson provided. Petitioner's Ex. 15 at p. 37.

Mr. Dauphinais stated his concern was the open-ended nature of the charge to large customers who request a disconnection/reconnection at a transformer, switch, or breaker. Mr. Dauphinais testified the modified language for Term and Condition No. 27 addressed these concerns with respect to the exposure of large customers to a potentially unknown charge without the ability to assess its reasonableness or alternatives to performing the work. Intervenor IG Ex. 5 at p. 4. He stated the Settlement Agreement provides for a "not to exceed" figure of \$1,500 to cover costs associated with such requests. Mr. Dauphinais added that for requests that are expected to exceed that amount, I&M has agreed to provide the customer with a binding estimate detailing the work and costs prior to the date work is to commence. Intervenor IG Ex. 5 at p. 4. This addresses his concerns with respect to the exposure of large customers. He noted the binding nature of the estimate also ensures there is some recourse for customers to the extent the cost of a disconnection/reconnection is disputed. Intervenor IG Ex. 5 at p. 4.

6. "Other Sources of Energy" Tariff Language.³² In his direct testimony, Mr. Dauphinais also raised concerns regarding I&M's proposal to strike language in Tariff IP related to the ability of customers with other sources of energy supply to take standby and backup service under that rate. Intervenor IG Ex. 5 at p. 4. Although I&M clarified in rebuttal its intent in striking the language, I&M agreed to retain this language in its tariffs for rates General Service – Tariff G.S. ("Tariff GS"), Large General Service – Tariff L.G.S. ("Tariff LGS"), Tariff IP, and Water and Sewage Service – Tariff 22 W.S.S. ("Tariff WSS"). He stated this ensures the ability of customers who self-supply power to access standby and backup service under specific rates will not be disputed, provided they qualify for the provision of service under those rates. Intervenor IG Ex. 5 at p. 4; *see also* Petitioner's Ex. 15 at pp. 37-38.³

³⁰ Settling Parties' Joint Ex. 1 (Settlement Agreement) at Section I.B.4.

³¹ Settling Parties' Joint Ex. 1 (Settlement Agreement) at Section I.B.5.

³² Settling Parties' Joint Ex. 1 (Settlement Agreement) at Section I.B.6.

7. **Critical Peak Pricing.**³³ With respect to other rate design matters, the Settlement Agreement ensures that approval of the Critical Peak Pricing rate as part of this case does not represent approval to impose that rate on customers on an opt-out basis and that I&M must seek approval prior to any future opt-out rate approach. Mr. Eckert stated the Settlement Agreement also provides that I&M will address excluding holidays from high-rate periods in its next base rate case. Public's Ex. 15 at p. 15. Mr. Williamson stated this provision allows I&M to work through the technical issues associated with this approach.

N. Remaining Issues. Section I.C. of the Settlement Agreement provides that any matters the Settlement Agreement does not address will be as I&M proposed in its direct case.

In his Settlement testimony, Mr. Eckert pointed out that the Settling Parties did not oppose I&M's proposed ratemaking treatment for the Life Cycle Management ("LCM") Rider, explaining that I&M proposed the following: (1) to retire its LCM Rider; (2) to file its next LCM reconciliation (LCM 11) in the third quarter of 2021; (3) to make a compliance filing shortly after the order is received in this Cause; and (4) to address the final reconciliation of the LCM over/under recovery and on-going recovery of property tax expense on LCM investment made in 2022 in a subsequent ECR filing. Public's Ex. 15 at p. 10.³⁵

O. Supporting Documentation. As Mr. Williamson explained, the Settlement Agreement includes as attachments a revised I&M Exhibit A-1, a breakdown of the approximately \$141 million of Rockport Unit 2 costs to be removed from I&M's proposed base rates, and the customer class allocations of the revenue requirement as agreed in the Settlement Agreement, including the impact of the Settlement Agreement on riders in Phase I and Phase II and the agreed Tariff IP rates. Petitioner's Ex. 15 at pp. 3-4.

The settlement testimony also includes Attachments AJW-1-S (updates to capital structure); AJW-2-S (depreciation rates); AJW-3-S (customer class revenue allocation factors, detailed base rate, rider, and total bill increase by class); AJW-4-S (typical bill comparison); AJW-5-S (forecasted test year end net plant balance used to calculate the Phase II rates); AJW-6-S (gross revenue conversion factor); AJW-7-S (updates Exhibit A-9 (Effective Federal Income Tax Rate)); AJW-8-S (Appendix G from IRS Internal Revenue Bulletin No. 2021-1); AJW-9-S (updated tariff book Table of Contents and Terms and Conditions of Service); and AJW-10-S (updated tariff book – tariffs and riders sections). Petitioner's Ex. 15 at pp. 4-5, 40. Workpapers updating the relevant cost of service and rate design were also provided.

P. Phase-In Rate Adjustment and Compliance Filing. In explaining the rate design associated with the proposed PRA factors under the Settlement Agreement, Mr. Williamson stated the Net Plant Credit was designed consistent with I&M's proposal in this filing and the calculation methodology utilized in prior I&M rate cases. He stated the rates for the other three components of the PRA were designed consistent with the methodology used for virtually all I&M riders, where costs were identified as either demand or energy-related and allocated to each class on demand or energy, respectively. Petitioner's Ex. 15 at p. 39. For each class, demand costs were

³³ Settling Parties' Joint Ex. 1 (Settlement Agreement) at Section I.B.7.

³⁴ Settling Parties' Joint Ex. 1 (Settlement Agreement) at Section I.C.; *see also* Petitioner's Ex. 15 at p. 39.

³⁵ *See* Petitioner's Ex. 1, Attachment TLT-1 (Petition) and attached Ex. A for a list of I&M's original proposals.

generally collected through demand charges where possible (Tariffs IP, LGS, GS, and Electric Heating General) and otherwise through energy charges, and in all cases, energy costs were collected through energy charges. Mr. Williamson also reviewed what I&M anticipates filing as a compliance filing if the Settlement Agreement is approved. Petitioner's Ex. 15 at p. 41.

Q. Typical Bill Comparison. Mr. Williamson presented an updated typical bill comparison. For a typical residential customer using 1,000 kWh, the Phase I rates reflect a total monthly bill decrease of \$1.48 or 0.9%. For Phase II, the Settlement Agreement reflects an additional monthly bill decrease of \$7.95 or 5.1% at the end of the test year.

R. Public Interest. Mr. Williamson testified settlement is a reasonable means of resolving a controversial proceeding in a manner that is fair and balanced, but the complexity of a rate case proceeding can make settlement challenging to achieve. He stated that in this case, the Presiding Officers set forth expectations in the procedural schedule that prompted the parties to commence settlement discussions in earnest so any settlement agreement and supporting testimony could be timely provided to allow the Commission sufficient opportunity for review. Mr. Williamson relayed that the Presiding Officers made themselves available on short notice so the parties could keep them informed and receive guidance upon settlement procedural matters. He stated this support as the parties worked to reach a global settlement was helpful and appreciated. Petitioner's Ex. 15 at p. 43.

Mr. Williamson opined that the Settlement Agreement is in the public interest and is supported by and within the scope of the evidence the Settling Parties presented. Taken as a whole, he stated the Settlement Agreement reasonably addresses the parties' concerns and provides a balanced, cooperative outcome upon the issues. He added the separate Muncie Settlement Agreement reasonably addresses the concerns Muncie raised and is also the product of arm's-length negotiations.

Mr. Eckert similarly testified that the Settlement Agreement balances the interests of I&M and ratepayers and will provide certainty regarding critical issues, including revenue requirements, authorized return, and the allocation of I&M's revenue requirement among its rate classes. Public's Ex. 15 at p. 2. He echoed that the Settlement Agreement is the product of intense negotiations, with each party offering compromise to challenging issues. While the Settlement Agreement balances all interests, Mr. Eckert testified that given the benefits provided to ratepayers under the Settlement Agreement, the OUCC believes the Settlement Agreement is a fair resolution, supported by the evidence, and should be approved. Public's Ex. 15 at p. 2.

Mr. Dauphinais testified the process of negotiating the Settlement Agreement brought I&M, the OUCC, the Industrial Group, and other intervenors together to reach compromise on a wide range of disputed issues. This required the parties to evaluate their positions and find common ground. While no party received the full measure of the positions espoused in their case-in-chief, he stated the total package represents a balancing of the parties' competing interests in favor of an overall result that is fair and reasonable. In his view, the Settlement Agreement represents the culmination of the parties' efforts to come together and through negotiations, reach a result that reflects the purpose of utility regulation — the balancing of interests between the utility and its consumers.

Both Messrs. Dauphinais and Gorman emphasized that the Settlement Agreement is the result of extensive effort by all the parties and their representatives to reach a reasonable final result. They testified the Settling Parties were able to negotiate compromises on complex issues in a collaborative fashion, and they opined that the resolution reflected in the Settlement Agreement will result in just and reasonable rates for I&M and consumers and that approval of the Settlement Agreement is in the public interest.

8. Muncie Settlement Agreement. Mr. Williamson summarized the concerns Muncie raised regarding its effort to develop a City-owned solar generating facility to be located on the former General Motors brownfield site in southwest Muncie, referred to in testimony as the “Chevy Plant”. Petitioner’s Ex. 15 at p. 42. He noted I&M witness Lucas in rebuttal apologized for the apparent confusion, clarified certain FERC requirements, and committed to I&M working with Muncie on this project and to providing clear information to help this project move forward. Petitioner’s Ex. 15 at p. 42. Mr. Williamson attached the Muncie Settlement Agreement to his settlement testimony as Attachment AJW-11-S.

Mr. Williamson testified the Muncie Settlement Agreement memorializes I&M’s commitment in substantial detail to assuage Muncie’s concerns and to clarify Petitioner’s role. He opined that the Muncie Settlement Agreement is in the public interest as it reasonably addresses the concerns Muncie raised and is the product of arm’s-length negotiations. Mr. Williamson noted the other parties to this proceeding are taking no position with respect to the issues addressed in the Muncie Settlement Agreement as the Muncie Settlement Agreement has no rate impact and does not affect any issues raised or presented in the Settlement Agreement. In their respective responses to Docket Entry questions posed on December 9, 2021, I&M and Muncie further address why the Muncie Settlement Agreement is in the public interest. Petitioner’s Ex. 45; Intervenor Muncie Ex. 3.

In its Docket Entry response, Muncie stated it has raised unique issues under the Commission’s broad authority provided under Ind. Code §§ 8-1-2-4 and 8-1-2.5-5 that are reasonably addressed in the Muncie Settlement Agreement. In his direct testimony, Mayor Ridenour testified the reason for Muncie’s participation in this matter was, in part, to provide details to the Commission so it could better understand how communities like Muncie depend upon and need a good, supportive relationship with their electric provider. He further explained how I&M is a necessary partner in Muncie’s ongoing challenge to retain and attract business and industry and the corresponding jobs that businesses provide. Intervenor Muncie Ex. 1 at p. 3. Mayor Ridenour noted that fundamental to Muncie’s efforts to retain and attract business and industry is continuing to make the proper investments and upgrades to electric infrastructure. He testified regarding the revitalization efforts Muncie is pursuing for the former Chevy Plant site to help jump-start growth, and he opined that these will benefit all of I&M’s customers and Muncie. For these reasons, Muncie stated in its Docket Entry response that the Muncie Settlement Agreement and the commitments and processes it memorializes are in the public interest. Intervenor Muncie Ex. 3 at p. 3.

In its Docket Entry response, I&M states that while I&M and Muncie agreed to support Commission approval of the Muncie Settlement Agreement, in I&M’s view the Commission could

accept the parties' agreed resolution and find either: (a) that the Muncie Settlement Agreement reasonably addresses and resolves their disputed issue or (b) that there is no remaining contested issue the Commission needs to address.

9. Commission Discussion and Findings. Settlement is a reasonable means of resolving a controversial proceeding in a manner that is fair and balanced. The Settlement Agreement represents the Settling Parties' proposed resolution of the issues in this Cause. The Muncie Settlement Agreement represents I&M and Muncie's resolution of certain matters of concern to Muncie. As the Commission has previously discussed, settlements presented to the Commission are not ordinary contracts between private parties. *U.S. Gypsum, Inc. v. Ind. Gas Co.*, 735 N.E.2d 790, 803 (Ind. 2000). When the Commission approves a settlement, that settlement "loses its status as a strictly private contract and takes on a public interest gloss." *Id.* (quoting *Citizens Action Coal. v. PSI Energy, Inc.*, 664 N.E.2d 401, 406 (Ind. Ct. App. 1996)). Thus, the Commission "may not accept a settlement merely because the private parties are satisfied; rather [the Commission] must consider whether the public interest will be served by accepting the settlement." *Citizens Action Coal.*, 664 N.E.2d at 406.

Any Commission decision, ruling, or order, including approval of a settlement, must be supported by specific findings of fact and sufficient evidence. *U.S. Gypsum*, 735 N.E.2d at 795 (citing *Citizens Action Coal. v. Public Service Co.*, 582 N.E.2d 330, 331 (Ind. 1991)). The Commission's procedural rules require settlements to be supported by probative evidence. 170 IAC 1-1.1-17(d). Before the Commission can approve the Settlement Agreement or the Muncie Settlement Agreement, the Commission must determine whether the evidence in this Cause sufficiently supports the conclusion that these agreements are reasonable, just, and consistent with the purpose of Ind. Code ch. 8-1-2 and that such agreements serve the public interest.

The Commission has before it substantial evidence from which to determine the reasonableness of the terms of the Settlement Agreement, including the Settling Parties' agreement on Petitioner's rate base, methodology to be used in determining Petitioner's rate decrease, agreed allocation of the decrease, agreed rate design, agreement on ROE and capital structure, and the other terms of the Settlement Agreement, all of which the Commission finds are supported by the settlement testimony and the additional Docket Entry responses. The Settlement Agreement is further supported by the Settlement Agreement attachments and the settlement schedules and workpapers. The Commission finds we have substantive information from which to discern the basis for the components of the decrease in I&M's base rates and charges and its reasonableness.

The Settlement Agreement resolves all the issues presented by I&M's Petition. To put this in context, I&M, in its initial case-in-chief filed in July 2021, supported a revenue deficiency of \$104 million, reflective of an overall 6.5% revenue increase. In contrast, as shown by Settlement Agreement Attachment 1, ln. 17, the Settling Parties agreed to a total revenue decrease of \$94.705 million, which is a 5.90% revenue decrease; however, I&M's case-in-chief increase did not include the removal of Rockport Unit 2 costs agreed upon in Cause No. 45546 that was recognized in arriving at the revenue decrease.

OUCS witness Eckert, in supporting approval of the Settlement Agreement, testified the consumer benefits from the Settlement Agreement include: (1) continuing the monthly residential customer charge of \$15.00; (2) no increase to I&M's current 9.70% ROE; (3) limiting I&M's debt

to equity ratio in its WACC to no higher than 50.00% equity; (4) an annual PJM NITS cost cap; (5) retention of approximately \$159 million in cost free capital that I&M proposed to remove from its capital structure through its NOLC adjustment, pending receipt of a PLR from the IRS; (6) removal of I&M's proposed \$69.3 million (Indiana jurisdictional) OPEB asset from I&M's rate base; (7) an agreed limitation on customer deposits to no more than \$50.00 for customers identified as LIHEAP participants or LIHEAP-eligible; and (8) additional benefits the Settling Parties negotiated. Public's Ex. 15 at pp. 5-6. As further discussed below, the Commission concurs that the Settlement Agreement, in balancing all interests, fairly resolves this proceeding, is supported by the evidence, and should be approved.

The evidence before the Commission supporting the Muncie Settlement Agreement is, as discussed below, significantly less substantial and was primarily elicited from Petitioner and Muncie via Docket Entry responses. Muncie filed no settlement testimony supporting this agreement although 170 IAC 1-1.1-17(d) states, "The settlement must be supported by probative evidence."

A. Revenue Requirement.

1. Return on Equity, Capital Structure, and Rate of Return.³⁶

a. Return on Equity. The record reflects the agreed 9.70% ROE is within the range of evidence the Settling Parties presented and is the same ROE the Commission found to be fair and reasonable under the totality of the circumstances in I&M's last base rate case, Cause No. 45235 which was contested. The OUCC supported the agreed ROE as reasonable and in ratepayers' interest, noting the agreed ROE benefits ratepayers by reducing the return on rate base reflected in customers' rates as compared to I&M's proposal. The Commission finds that as part of the Settlement Agreement, the agreed ROE balances the consumer parties' concerns while preserving Petitioner's financial integrity and should, therefore, be approved.

b. Capital Structure. The Settling Parties agreed that for purposes of calculating the Phase-In Rate Adjustment for Phase I rates, the debt/equity ratio will be 50.54%/49.46% through the close of the test year. For purposes of Petitioner's Phase II compliance filing, they agreed the debt/equity ratio will be adjusted to the December 31, 2022, actual ratio based on shareholder contributions of debt and equity but will be no higher than a 50.00% equity ratio. Settlement Agreement Section I.A.1.f. Mr. Williamson testified this agreement resolves a concern Mr. Gorman raised when challenging the forecasted change in the ratio. Mr. Eckert testified there are ratepayer benefits associated with the agreed capital structure. Public's Ex. 15 at p. 7. The Commission finds the negotiated agreement regarding I&M's capital structure is reasonable, is within the range of outcomes the parties presented, resolves concerns the Industrial Group raised, and should be approved.

c. NOLC. As Mr. Williamson explained, the NOLC affects the calculation of ADFIT which is included as cost free capital in the capital structure. Petitioner's Ex. 15 at p. 9. I&M's understanding is that the NOLC needs to be accounted for in the ADFIT balance as a deferred tax asset ("DTA") to comply with the IRS normalization rules. Petitioner's Ex. 15 at

³⁶ Joint Ex. 1 (Settlement Agreement) at Section I.A.1.a.

p. 9; therefore, Petitioner's filing included the NOLC DTA as part of the ADFIT to correct what I&M believes is an inconsistency to avoid a violation of the IRS normalization rules. Petitioner's Ex. 15 at p. 9. Mr. Williamson testified this approach has the effect of reducing the amount of cost free capital included in the capital structure. Some of the intervening consumer parties, however, contested I&M's conclusion regarding the normalization rules.

To resolve this issue, the Settling Parties agreed I&M will retain the approximately \$159 million in cost free capital that Petitioner proposed be removed per I&M's proposed NOLC adjustment pending receipt of a PLR from the IRS. Petitioner's Ex. 15 at p. 10. Mr. Williamson stated to avoid a normalization violation if the IRS agrees with I&M's position, it is important the contested amounts be preserved and Petitioner have the ability to timely recognize the impact in rates if the PLR confirms I&M's position; therefore, pending receipt of an IRS PLR, the Settling Parties agreed the Commission should authorize I&M to establish a regulatory asset for the return associated with including the proposed NOLC adjustment in the calculation of ADFIT in I&M's capital structure. Settlement Agreement Section I.A.1.b.i.; Petitioner's Ex. 15 at p. 10. The regulatory asset will also be established for the amount of any differences in I&M's requested levels of protected and unprotected EADFIT amortization (*see* Settlement Agreement Sections I.A.1.d. and I.A.1.e.) and the settled levels of amortization. Petitioner's Ex. 15 at p. 10. Mr. Williamson stated the accrual of this regulatory asset will have an effective date equal to the effective date of the rates being implemented in this proceeding. If the IRS PLR determines that failure to reinstate the proposed NOLC ADFIT in calculating I&M's capital structure constitutes a normalization violation, I&M will initiate a limited proceeding to update I&M's Tax Rider to reflect the NOLC adjustments, along with any Commission-approved offsets, in rates on an ongoing basis and to recover the regulatory asset. I&M expects to implement this through a Tax Rider filing. Settlement Agreement Section I.A.1.b.ii. Mr. Williamson testified that if the IRS PLR determines there is no normalization violation created by not reinstating the NOLC ADFIT, the Settlement Agreement provides that the regulatory asset will be written-off and will not be recovered in rates. Settlement Agreement Section I.A.1.b.iii.; Petitioner's Ex. 15 at p. 11.

The Commission finds that with respect to NOLC, the Settling Parties have proposed a fair resolution as it provides customers the immediate benefit of a higher amount of cost-free capital in I&M's capital structure, while if the IRS finds a normalization violation would occur, the Settlement Agreement acknowledges the Settling Parties' right to challenge the continued benefit of I&M remaining in the AEP Tax Sharing Agreement on a going forward basis. *See* Intervenor IG Ex. 4 at p. 4; Petitioner's Ex. 15 at p. 11.

According to Mr. Williamson, during Petitioner's preparation of this case I&M discovered what I&M and its outside advisors believe is a normalization inconsistency which if not remedied will constitute a normalization violation. He stated that under the Internal Revenue Code ("IRC") safe harbor rules, this case is the "Next Available Opportunity" to correct this issue and avoid a potential normalization penalty. Petitioner's Ex. 15 at p. 9. The OUCC, IG, and the Joint Municipals do not agree a normalization issue exists. Public's Ex. 2 at p. 6; IG Ex. 1 at p. 37; Joint Municipal Ex. 2 at p. 4. The resolution proposed in the Settlement Agreement recognizes the IRS PLR process exists to allow the IRS to rule on matters regarding its tax rules; consequently, the Commission finds the Settlement Agreement provides a reasonable path forward to maintain an

unadjusted amount of zero cost capital pending potential clarification from the IRS regarding its normalization rules.

Accordingly, the Commission finds Section I.A.1. of the Settlement Agreement sets out a reasonable path for resolving the parties' differing perspectives upon the treatment of I&M's NOLC; therefore, the Commission approves the agreed NOLC treatment and grants I&M such accounting authority as necessary to implement the Settling Parties' related agreements.

d. Private Letter Ruling. As Messrs. Williamson and Eckert discussed, the Settling Parties negotiated a process that will allow the Settling Parties to have an opportunity to review the PLR request before it is submitted to the IRS and to be notified of any IRS requests for further information. Settlement Agreement Section I.A.1.c.; Petitioner's Ex. 15 at p. 11; Public's Ex. 15 at pp. 8-9. More specifically, under the Settlement Agreement the Settling Parties agree the IRS rules regarding normalization PLR requests contained in Appendix G of Internal Revenue Bulletin 2021-01 provide regulatory commissions and other interested parties certain participation rights in the PLR process. Per the Settlement Agreement, by agreeing to the terms of the settlement, the Settling Parties do not intend to limit the rights of the Commission, other interested parties, or noncompany Settling Parties from participating in the PLR process to the extent allowed under the IRS rules. Petitioner's Ex. 15 at pp. 11-12.

The record reflects American Electric Power ("AEP") has already initiated the PLR process for affiliates in other states. Petitioner's Ex. 15 at p. 12. If an AEP affiliate receives a PLR on this issue before I&M, I&M has agreed to provide the Settling Parties with a copy of the affiliate PLR, subject to a non-disclosure agreement, within ten business days. Petitioner's Ex. 15 at p. 12. Before I&M's PLR request is submitted to the IRS, I&M will provide a confidential draft of this PLR to the noncompany Settling Parties and will confer on a neutral description of the facts and Settling Parties' positions in the PLR request to objectively frame the issue while adhering to IRS guidelines and requirements. Under the Settlement Agreement, the noncompany Settling Parties will provide feedback to I&M on the draft PLR within five business days after receiving the PLR draft, and I&M will convene a virtual meeting to discuss this feedback on the sixth business day following transmittal to the noncompany Settling Parties.

The Settling Parties' negotiated process recognizes that as the signatory to the PLR, I&M will make the final determination upon the PLR contents but will also make good faith efforts to incorporate timely, reasonable feedback from the noncompany Settling Parties. Petitioner's Ex. 15 at p. 12. Meanwhile, the Settling Parties each retain their respective right to communicate with the IRS regarding the PLR as set forth in Internal Revenue Bulletin 2021-01 at page 103. Petitioner's Ex. 15 at p. 12; Attachment AJW-8-S (page 103). If the IRS requests additional information related to the PLR request, under the Settlement Agreement I&M will provide the noncompany Settling Parties with timely, meaningful notice of this IRS request before a response is due and provide a copy of I&M's response once made. Petitioner's Ex. 15 at p. 12. The Settlement Agreement also provides that Petitioner will file notice of the results of the ruling with the Commission and notify the Settling Parties within ten business days of receiving the PLR. Settlement Agreement Section I.A.1.c.iv.

Per the Settlement Agreement, no Settling Party will have waived any position in a subsequent case with respect to whether I&M may recover its costs associated with the PLR Request. Settlement Agreement Section I.A.1.c.v.; Petitioner's Ex. 15 at p. 13. To permit the Commission to make the necessary findings consistent with the terms of the Settlement Agreement, I&M has waived confidential treatment of: (1) the fact of its request for a PLR and (2) the overall results of the PLR. Settlement Agreement Section I.A.1.c.vi.; Petitioner's Ex. 15 at p. 13.

Based upon the settlement testimony, the Commission finds the Settlement Agreement provides a means to obtain a final resolution from the IRS on this issue while limiting Petitioner's financial risk if the IRS ultimately determines an adjustment to the treatment of EADFIT is necessary to avoid a normalization violation. Accordingly, the Commission finds the Settling Parties' negotiated process by which I&M will seek an IRS PLR is reasonable and should be approved; provided, I&M is directed to expeditiously initiate and complete the PLR filing process and confirm via a compliance filing under this Cause, within 14 days of this Order, the anticipated timeline associated with making this filing. Additionally, within ten business days of receiving the PLR, I&M is directed to file notice in this Cause of the results of the ruling and notify the Settling Parties consistent with the Settlement Agreement.

e. Tax Rider. Mr. Williamson testified the Commission's order in I&M's last rate case authorized I&M to implement the Tax Rider to address the ongoing rate impacts of TCJA. In this matter, I&M proposed to also use the Tax Rider to address any future changes in corporate federal income tax rates. This was opposed by multiple parties. The Settlement Agreement provides that the Tax Rider will serve only two purposes: (1) to credit customer rates for the remaining benefits associated with unprotected EADFIT as defined in the Settlement Agreement and (2) to implement ratemaking adjustments associated with an IRS PLR that requires I&M to make its proposed NOLC adjustment. Settlement Agreement Section I.A.1.d.; *see* Petitioner's Ex. 15 at pp. 13-14.

As explained by Mr. Williamson, simultaneous with implementing its new base rates, I&M will implement a Tax Rider to credit customer rates for the remaining benefits associated with unprotected EADFIT. Petitioner's Ex. 15 at p. 14. The Settling Parties also agreed to increase the amount of monthly amortization, Petitioner's Ex. 15 at p. 14, advancing the benefit of this amortization to customers. As a result, the amortization credit in the Tax Rider is expected to expire before the end of the test year. Petitioner's Ex. 15 at p. 14.

The Settlement Agreement further provides that for purposes of setting rates in this proceeding for the Tax Rider, I&M agrees not to adjust the remaining balance of unprotected EADFIT for any NOLC impact and agrees to a \$14,623,272 (Indiana jurisdictional) EADFIT credit as Joint Municipals witness Cannady proposed and a seven-month amortization period. Settlement Agreement Section I.A.1.d.; *see* Petitioner's Ex. 15 at p. 14. The total monthly EADFIT amortization to be credited to customers will be grossed up for taxes at a rate of 1.3580 and will include a carrying charge on the unamortized balance based on the pre-tax WACC approved in this proceeding. Per the Settlement Agreement, I&M will reconcile the Tax Rider to reflect its actual unprotected EADFIT amortization and the monthly remaining balance. Settlement Agreement Section I.A.1.d.; *see* Petitioner's Ex. 15 at p. 14.

The Commission finds the Settling Parties' agreement upon the scope of the Tax Rider and its implementation is reasonable and should be approved.

f. Net Operating Income. The Settling Parties agree I&M's authorized base rate net operating income will be \$296,733,906, calculated as follows:

Income Requirement	\$ 296,288,136
Remove Transmission Owner Costs, Revenues	\$ 605,355
Gross Revenue Conversion Factor	1.3580
After Tax	\$ 445,770
Total Base Rate Net Operating Income	\$ 296,733,906

Settlement Agreement Section I.A.1.g.; *see* Petitioner's Ex. 15 at pp. 15-16, Figure AJW-2. The Commission finds the agreed net operating income is reasonable and should be approved.

2. Rockport Unit 2 Costs.³⁷ Subsequent to I&M filing its case-in-chief, I&M and the other parties in Cause No. 45546 entered into a settlement agreement regarding the treatment of the Rockport Unit 2 costs after the lease ends. This agreement was approved by the Commission on December 8, 2021. Consistent with the Cause No. 45546 settlement agreement, the Settling Parties in this proceeding agreed to remove lease costs and all other costs and expenses associated with Rockport Unit 2 from rates.

As discussed by Mr. Williamson, the Settlement Agreement sets forth a process to efficiently achieve the agreed removal of Rockport Unit 2 costs. Petitioner's Ex. 15 at pp. 16-17. Under the Settlement Agreement, removal of Rockport Unit 2 costs from rates is achieved via the relevant tracking mechanisms. Petitioner's Ex. 15 at p. 17. Essentially, the Settling Parties agreed almost all costs related to Rockport Unit 2 will be removed from base rates immediately upon implementation of the new base rates associated with approval of the Settlement Agreement and recovered either through the riders by which they are already recovered or through a special charge included in the PRA Rider. Intervenor IG Ex. 4 at pp. 4-5. The direct costs of owning and operating Rockport Unit 2 will not be the responsibility of I&M's retail customers after the lease ends on December 7, 2022, per the settlement approved in Cause No. 45546. Prospectively, Unit 2 will be used to fulfill a small share of I&M's capacity needs through May 2024, but compensation for that service will be paid based upon PJM capacity market prices. Public's Ex. 15 at p. 7.

a. Phase I Base Rates. I&M agreed to remove from its base rates the revenue requirement of approximately \$141 million of Rockport Unit 2 costs, as identified in Settlement Agreement Attachment 2, at the time new base rates are implemented (Phase I). Settlement Agreement Section I.A.2.a.; *see* Petitioner's Ex. 15 at p. 16.

b. Phase-In Rate Adjustment. The Settling Parties agreed that upon implementation of new Phase I base rates, I&M will simultaneously implement a temporary

³⁷ Settling Parties' Joint Ex. 1 (Settlement Agreement) at Section I.A.2.

charge through its PRA (*i.e.*, the “PRA Rockport Unit 2 Charge”), by which I&M will continue to recover the costs and expenses associated with Rockport Unit 2 that will not be tracked in other riders. Petitioner’s Ex. 15 at p. 17. More specifically, when I&M implements new base rates (Phase I) it will simultaneously implement the PRA, which will be computed based on two credits and one charge. Petitioner’s Ex. 15 at p. 17. The charge is to continue recovering Rockport Unit 2 related costs through the end of the lease or December 7, 2022; provided, that if I&M determines the PRA Rockport Unit 2 Charge has resulted in full recovery of Rockport Unit 2 costs before December 8, 2022, Petitioner shall cease collecting this charge. The PRA will be adjusted during the test year to remove the PRA Excluded Capacity Credit and PRA Rockport Unit 2 Charge according to the terms of the Settlement Agreement.

Per Section I.A.2.b. of the Settlement Agreement, the PRA Rockport Unit 2 Charge will include the following:

- i. A return on a fixed \$15,143,223 (Indiana jurisdictional) level of fuel and consumables inventory through December 7, 2022, at I&M’s Phase I WACC grossed up for taxes.
- ii. I&M’s recovery of the prorated share of a fixed \$1,035,878 (Indiana jurisdictional) annual level of fuel handling and disposal expenses through December 7, 2022.
- iii. I&M’s recovery of its Rockport Unit 2 lease expense incurred through the end of calendar year 2022, based on the prorated share of I&M’s annual \$48,924,630 (Indiana jurisdictional) lease expense. Since the PRA Rockport Unit 2 Charge will end on December 8, 2022, I&M’s Rockport Unit 2 lease expense will be grossed up to recognize the full annual lease expense for calendar year 2022 for purposes of setting the PRA Rockport Unit 2 Charge.
- iv. I&M’s recovery of the prorated share of a fixed \$13,240,324 (Indiana jurisdictional) annual level of other O&M expense (\$12,177,941) and property tax expense (\$1,062,383) through December 7, 2022.
- v. The revenue requirement for implementing the PRA Rockport Unit 2 Charge will be allocated and retail rates will be designed consistent with the Settling Parties’ agreed allocation methodology for demand and energy costs used in I&M riders to arrive at the agreed rider revenue allocation shown in Settlement Attachment 3.

Settlement Agreement Section I.A.2.b.; *see* Petitioner’s Ex. 15 at p. 18. Mr. Williamson testified this approach allows for the removal of the Rockport Unit 2 costs from the revenue requirement in a reasonable and efficient manner.

c. ECR and RAR. Section I.A.2.c. of the Settlement Agreement provides that upon the implementation of new Phase I base rates, I&M will simultaneously implement new ECR and RAR rates to continue recovering the Rockport Unit 2 costs and expenses currently recovered through those riders through the term of the lease. *See* Petitioner’s Ex. 15 at p. 19. I&M will make a filing in 2022 to revise its ECR and RAR rates to be effective with the first billing cycle in January 2023 to exclude the Rockport Unit 2 ECR and RAR costs that are no longer

recoverable after the end of the lease. The Settlement Agreement clarifies the Rockport Unit 2 related cost components of the ECR and RAR factors and how those costs will be treated in the future for ratemaking purposes.

Thus, the Settling Parties identified the costs that will be removed from base rates while maintaining recovery of these costs during the term of the Rockport Unit 2 lease and agreed upon an efficient process for implementing their agreement. Petitioner's Ex. 15 at p. 20. The Commission finds the negotiated settlement reasonably resolves the issues regarding these Riders.

d. Fuel. Section I.A.2.d. of the Settlement Agreement addresses the treatment of Rockport Unit 2 costs in I&M's FAC proceedings and sets out the base cost of fuel. The Settling Parties agree I&M will recover its actual Rockport Unit 2 FAC eligible fuel expenses incurred through December 7, 2022. I&M's base cost of fuel will include \$28,185,922 (total company), \$19,608,596 (Indiana jurisdictional), in embedded Rockport Unit 2 fuel costs that will serve as a proxy for I&M's replacement purchased power when Rockport Unit 2 is no longer used for retail energy needs. This amount is incorporated into I&M's fuel basing points of 13.110 mills per kWh, which will be reconciled to actual fuel costs in I&M's FAC proceedings. Petitioner's Ex. 15 at p. 21. Continuing to include Rockport Unit 2 fuel expense in I&M's FAC basing point recognizes that at times I&M will have to purchase power from PJM and allows for a basing point that reasonably recognizes the amount of energy that may be needed to serve I&M's Indiana customers. Petitioner's Ex. 15 at p. 21.

The Commission finds the agreed process provides for the removal of the Rockport Unit 2 costs from base rates in a reasonable and efficient manner. Among other things, the use of the PRA Rockport Unit 2 Charge avoids the need for I&M to prepare, and all the parties and the Commission to review, two sets of tariffs and associated compliance support. It provides an efficient and transparent approach for timely removal of these costs from base rates while maintaining recovery of these costs during the lease term. Accordingly, the Commission finds this provision of the Settlement Agreement is reasonable.

3. Remaining Rockport Unit 2 Net Book Value at December 7, 2022.³⁸ In Section I.A.3. of the Settlement Agreement, the Settling Parties resolve their differing views on I&M's recovery of the remaining Rockport Unit 2 net book value at the end of the lease by identifying the negotiated amount that will be recoverable and agreeing such recovery will occur on a levelized basis. When I&M makes its PRA compliance filing to implement final base rates (*i.e.*, Phase II), I&M will adjust the PRA to remove the remaining net book value of Rockport Unit 2 of \$77,687,384 (Indiana jurisdictional) from rate base. At that time and going forward through December 31, 2028, I&M will be permitted to recover a total of \$95,639,514 (Indiana jurisdictional) associated with the net book value of Rockport Unit 2, on a levelized basis, in I&M's ECR (or alternative rate adjustment mechanism if the ECR is discontinued). The final PRA compliance filing, to be made in January 2023, will result in final PRA tariff rates that will be applicable until I&M implements new base rates in its next general rate case. Petitioner's Ex. 15 at p. 22. The Commission finds this is a reasonable means to effectuate the recovery of the remaining Rockport Unit 2 net book value at the end of the lease.

³⁸ Joint Ex. 1 (Settlement Agreement) at Section I.A.3.

4. Jurisdictional Reallocation.³⁹ The OUCC, IG, and Joint Municipals took the position that the excluded capacity adjustment the Commission ordered in Cause No. 45235, or some version of that adjustment, should continue at least until the Rockport Unit 2 lease ends on December 7, 2022, at which point I&M will no longer have the excess capacity that supported the Commission's prior decision. In its rebuttal, I&M contested this position, contending Petitioner needs to meet its PJM capacity obligation as of June 1, 2022, and that is the time I&M will be short the capacity necessary to meet that obligation, absent other arrangements. Petitioner's Ex. 14 at p. 16.

The negotiated settlement resolves this issue by I&M agreeing to temporarily reflect in ratemaking the effect of the excluded capacity from Cause No. 45235, beginning with the implementation of new base rates (Phase I) in this Cause through December 7, 2022, via the proposed PRA Excluded Capacity Credit. Settlement Agreement Section I.A.4. Per Mr. Williamson, I&M will implement Phase I rates and simultaneously implement a temporary PRA Excluded Capacity Credit to credit customers for excluded capacity costs consistent with the 45235 Order, with the credit eliminated from the PRA on a service-rendered basis effective December 8, 2022. Petitioner's Ex. 15 at p. 23. The credit will be developed based on a monthly amount of \$4,702,533 offset by the fixed annual level of retained capacity and Off System Sales revenues of \$24,926,096, prorated to a monthly level of \$2,077,175, for a net monthly credit of \$2,625,358. Petitioner's Ex. 15 at p. 23. I&M will revise the PRA to remove the PRA Excluded Capacity Credit by submitting a compliance tariff to the Commission in this Cause. Since this change will fully eliminate this component, and the impact to the PRA is limited to the calculations associated with removing this component of the PRA factors, I&M asks the Commission to expeditiously approve the revision. Petitioner's Ex. 15 at p. 23.

IG witness Gorman testified Section I.A.4. of the Settlement Agreement fairly reflects adherence to the 45235 Order during most of the test year and the change that will occur in I&M's capacity position after December 7, 2022, when the Rockport Unit 2 lease expires. Intervenor IG Ex. 4 at p. 4.

The Commission finds the negotiated agreement regarding the treatment of the excluded capacity reasonably resolves this issue. The Commission further finds I&M's proposal to submit a compliance tariff in this docket (Cause No. 45576) to eliminate the PRA Excluded Capacity credit from the PRA factors is acceptable.

5. PJM NITS Costs.⁴⁰ Section I.A.5. of the Settlement Agreement balances I&M's need for timely cost recovery of PJM NITS costs with the Industrial Group's interest in understanding the investments underlying the PJM rate adjustment mechanism. Petitioner's Ex. 15 at p. 24. The Commission finds the negotiated compromise establishes a defined cap on increases between general rate cases. Under the Settlement Agreement, I&M will provide the same annual presentation to noncompany Settling Parties on a going forward basis that has previously been provided to the Michigan Public Service Commission. This will provide additional detail regarding supplemental projects consistent with the information provided through the PJM stakeholder process. Settlement Agreement Section I.A.5.

³⁹ Settling Parties' Joint Ex. 1 (Settlement Agreement) at Section I.A.4.

⁴⁰ Settling Parties' Joint Ex. 1 (Settlement Agreement) at Section I.A.5.

As agreed by the Settling Parties, an annual cap will be placed on the PJM NITS costs recorded to FERC accounts 4561035 and 5650016 and recovered through the Off System Sales/PJM (“OSS/PJM”) Rider at I&M’s Indiana jurisdictional amount forecasted for 2024, plus 15%, which totals \$381.3 million (Indiana jurisdictional). Settlement Agreement Section I.A.5. These are the same FERC accounts that were reflected in the settlement agreement approved in Cause No. 44967. Petitioner’s Ex. 15 at p. 24. If annual NITS costs recorded to FERC accounts 4561035 and 5650016 exceed \$381.3 million in any year, I&M will defer to a regulatory asset the revenue requirement associated with the excess amount, including ongoing carrying costs at the pre-tax WACC, for recovery in I&M’s next base rate case. The remaining NITS costs up to the annual cap level will continue to be recovered through I&M’s OSS/PJM Rider, and all other costs and revenue credits will be included in the OSS/PJM Rider as I&M proposed. Petitioner’s Ex. 15 at p. 24.

The record reflects PJM NITS are a significant expense borne by I&M’s customers. As Mr. Dauphinais observed, PJM NITS costs are forecasted to continue to increase; consequently, an annual cap helps ensure customers face a limit on these increases in any given year. Intervenor IG Ex. 5 at p. 3. The Commission finds the agreed annual cost cap provides flexibility, allowing I&M to recover costs over or under its annual forecasted amounts, plus an additional 15%, while limiting the PJM NITS cost recovery from ratepayers through the PJM Rider during the designated period. For I&M, the creation of a regulatory asset including carrying costs reduces uncertainty regarding future cost recovery of amounts in excess of the annual cap and recognizes the time value of money impact of the delayed recovery. Based on the settlement testimony, the Commission finds the Settling Parties’ agreement with respect to the treatment of PJM NITS costs is a reasonable compromise and within the range of outcomes the evidence supports.

6. AMI.⁴¹ In its case-in-chief I&M included an AMI in-service investment through the end of the test year in rate base and sought approval of the AMI deployment and authority to implement an AMI Rider to track post test year investment.⁴² Other parties opposed the AMI Rider.⁴³ In the Settlement Agreement, the Settling Parties agreed to include I&M’s capital forecast period (2021-2022) AMI capital of \$54.649 million and O&M costs of \$4.77 million in the base rates set in this Cause. Settlement Agreement Section I.A.6. I&M agreed to withdraw its request for an AMI rider. Under the Settlement Agreement I&M is not prevented from seeking recovery of additional AMI investment and O&M costs in its next base rate case(s), and the noncompany Settling Parties agree to not challenge the reasonableness of I&M’s transition from AMR meters to AMI meters or the reasonableness of I&M’s four-year deployment plan, as presented in this Cause, in a future proceeding. Settlement Agreement Section I.A.6. I&M also agreed to notify its customers about Petitioner’s ability to remotely disconnect customers with AMI meters. Public’s Ex. 15 at p. 12. The Commission finds this agreement resolves the AMI deployment question, provides a reasonable level of ratemaking support and assurance with respect to I&M’s proposed AMI program, and is generally consistent with our approval in I&M’s last rate case.

⁴¹ Settling Parties’ Joint Ex. 1 (Settlement Agreement) at Section I.A.6.

⁴² Petitioner’s Ex. 2 at pp. 36-40; Petitioner’s Ex. 7 at pp. 34-41.

⁴³ Public’s Ex. 5 at pp. 4-10; Public’s Ex. 11 at pp. 9-11, Jt. Municipals Ex. 2 at pp. 23-26.

7. Rate Base.⁴⁴ In its case-in-chief, I&M's proposed rate base was identified in Petitioner's Ex. 43 (Financial Exhibit A), Exhibit A-6. Other parties challenged including the prepaid pension and OPEB assets in rate base, as well as certain aspects of I&M's distribution investment plan.⁴⁵ The Settlement Agreement provides for reductions to I&M's test year rate base. As discussed below, the Commission finds the agreed provisions reasonably resolve the contested issues while recognizing ongoing capital investment is necessary to maintain safe, reliable, efficient, and environmentally compliant service.

a. Pre-Paid Pension and OPEB Assets. The prefiled testimony demonstrates the dispute regarding the OPEB and Pre-Paid Pension Assets. Mr. Williamson and OUCC witness Eckert testified that in the Settlement Agreement, the Settling Parties agree rate base will include the pre-paid pension asset in the amount of \$80.7 million (total company), \$58.1 million (Indiana jurisdictional), and to the removal of \$96,252,892 (total company), \$69,324,472 (Indiana jurisdictional) OPEB prepayment asset from rate base. Petitioner's Ex. 15 at p. 26; Public's Ex. 15 at pp. 12-13.

The Commission has previously approved inclusion of a prepaid pension asset in I&M's rate base in Cause Nos. 44075, 44967, and 45235. The Commission finds the Settlement Agreement compromise reasonably resolves the parties' differing views upon the treatment of the Pre-Paid Pension and OPEB Assets.

b. Non-Rockport Unit 2 Miscellaneous Rate Base Adjustments. Section I.A.8. of the Settlement Agreement reflects that for purposes of calculating the revenue requirement used to set base rates, I&M will reduce its proposed rate base by \$26.4 million. This reduction consists of: (1) \$3,783,088 in EV Fast Charging costs; (2) \$568,770 Flex Pay Program costs; (3) \$2,023,141 unamortized COVID-19 deferred bad debt expense; and (4) \$20 million of forecasted distribution plant investment. The Settlement Agreement provides that nothing in the agreement precludes I&M from seeking to include the removed items in its cost of service in a future case. Settlement Agreement Section I.A.8. The Commission finds the negotiated agreement regarding miscellaneous rate base adjustments reasonably resolves the related concerns raised in this proceeding.

8. Depreciation Rates.⁴⁶ The Settlement Agreement provides for a \$10 million reduction in depreciation expense but otherwise does not change I&M's proposals regarding depreciation, including the proposal to determine I&M's depreciation expense for the Rockport Plant as a whole. Settlement Agreement Sections I.A.9.a. and I.C. Proposed depreciation rates that implement the agreed \$10 million expense reduction were provided in Petitioner's Ex. 15, Attachment AJW-2-S. The Commission finds the Settling Parties' agreements upon depreciation expenses are reasonable, including I&M's proposal to determine its depreciation expense for the Rockport Plant as a whole, and should be approved.

⁴⁴ Settling Parties' Joint Ex. 1 (Settlement Agreement) at Section I.A.7. and 8.

⁴⁵ Public's Ex. 2 at pp. 52-62; Intervenor IG Ex. 2 at pp. 24-31.

⁴⁶ Settling Parties' Joint Ex. 1 (Settlement Agreement) at Section I.A.9.a.

9. Other Operating Expense Adjustments As Messrs. Williamson and Eckert testified, the Settling Parties also agreed to adjustments to test year expenses. Petitioner's Ex. 15 at p. 28; Public's Ex. 15 at p. 13. This agreement does not, however, preclude I&M from seeking recovery of these types of expenses in a future case. Settlement Agreement Section I.A.9. These adjustments reduce I&M's revenue deficiency and provide savings to customers. As discussed below, the Commission finds these terms of the Settlement Agreement are within the range of the evidence and reasonably resolve the contested issues related to these expenses.

a. Nuclear Decommissioning. The parties contested whether nuclear decommissioning funding should remain at its current level as I&M originally proposed or be reduced to zero as the OUCC proposed.⁴⁷ The Settlement Agreement provides for a \$2 million decrease in nuclear decommissioning expense. Settlement Agreement Section I.A.9.b. The Settling Parties agree that I&M may seek to adjust the funding level of the Nuclear Decommissioning Trust based on future analysis of its adequacy to pay for decommissioning. The Commission finds this reasonably balances the consumer party concerns that the Nuclear Decommissioning Trust Fund is already adequately funded with I&M's concern regarding the potential for a shortfall.

b. Deferred COVID-19 Bad Debt Expense. The Settling Parties accepted OUCC witness Blakley's proposal to reduce the incremental COVID-19 bad debt expense amortization by \$293,773. Settlement Agreement Section I.A.9.c.; see Petitioner's Ex. 15 at p. 28, Public's Ex. 15 at p. 13. Mr. Williamson stated that while I&M disagrees with the basis for the OUCC's proposed adjustment, in the context of the overall settlement, Petitioner accepted this proposal as part of the goal of mitigating the impact of this case on customer rates. Petitioner's Ex. 15 at p. 28. The Commission finds this compromise reasonably resolves this contested issue.

c. Other Test Year O&M. The Settlement Agreement provides for an additional \$4 million reduction in test year O&M. Settlement Agreement Section I.A.9.d. This provision recognizes that other aspects of I&M's test year O&M forecast were challenged. Mr. Williamson testified Petitioner stands behind its forecasting process, but in the spirit of compromise, I&M agreed to reduce forecasted O&M by \$4 million. Petitioner's Ex. 15 at p. 28. The Commission finds this reasonably resolves the issue regarding test year O&M and is within the scope of the evidence the parties presented.

10. Other Provisions.⁴⁹ Additional provisions of the Settlement Agreement are addressed below.

A. OUCC Report in FAC. As discussed by Messrs. Williamson and Eckert, I&M agreed to the OUCC prospectively having a 35-day review period in Petitioner's FAC proceedings, starting with Cause No. 38702 FAC 89, which I&M expects to file in late July 2022 or early August 2022. Settlement Agreement Section I.A.10.a.; Petitioner's Ex. 15 at p. 29; Public's Ex. 15 at p. 10. While I&M has historically disputed the need for this lengthened review, the OUCC has raised the issue before, and per Mr. Eckert, the OUCC believes a 35-day review

⁴⁷ Settling Parties' Joint Ex. 1 (Settlement Agreement) at Section I.A.9.b-d.

⁴⁸ Petitioner's Ex. 21 at pp. 4-24; OUCC Ex. 1 at pp. 11-14.

⁴⁹ Settling Parties' Joint Ex. 1 (Settlement Agreement) at Section I.A.10.

period is necessary to provide the OUCC adequate time to review I&M's six-month FAC filing and issue appropriate discovery to evaluate and address any issues. Public's Ex. 15 at p. 10. The Commission finds the Settling Parties' agreement upon this 35-day review period is reasonable and should be approved.

B. Vegetation Management. I&M agreed to include vegetation management reliability statistics in its Cause No. 44967 performance metrics report. Settlement Agreement Section I.A.10.b. As discussed in the rebuttal testimony of I&M witness Isaacson, Petitioner already reports its annual level of vegetation management investment and SAIDI statistics from tree-related outages in this report. Petitioner's Ex. 8 at p. 3; Petitioner's Ex. 15 at p. 30. The Settlement Agreement accepts OUCC witness Eckert's recommendation that I&M add to this report System Average Interruption Frequency Index ("SAIFI") and Customer Average Interruption Duration Index ("CAIDI") statistics for tree-related outages. Petitioner's Ex. 15 at p. 30. The Commission finds this additional information will assist the Commission and interested stakeholders in monitoring I&M's vegetation management program, and SAIFI and CAIDI statistics for tree-related outages should, therefore, be added to I&M's reporting as agreed. We note that while I&M demonstrated a 30% decrease in SAIDI outages, continued improvement from this program is important, and these additional reliability statistics should aid in analyzing this progress.

C. Notification of Disconnection of Service. As part of the Settlement Agreement, I&M agreed to notify its customers via bill insert, text, and email of I&M's ability to remotely disconnect/reconnect. Settlement Agreement Section I.A.10.c. This notice shall identify a customer's rights prior to disconnection, including a description of the process I&M will use when attempting to contact its customers before a remote disconnection, and provide information on how to contact I&M's customer service department and LIHEAP. The notice will also provide information on how to add an email address and/or mobile phone number to receive Petitioner's notifications. The record shows the OUCC did not oppose I&M's remote disconnect/reconnect rule waiver request, subject to the OUCC's recommendation regarding customer notification. Petitioner's Ex. 4 at pp. 35-36. The Commission finds the negotiated compromise in the Settlement Agreement reasonably balances the consumer parties' interest in affording customers additional notice with the need for such communications to be issued effectively and efficiently.

D. Solar Power Rider. As part of the Settlement Agreement, I&M agreed to withdraw its request to change the name of the Solar Power Rider and to not make related tariff language modifications. Settlement Agreement Section I.A.10.d. This resolves the concern the Joint Municipals raised as to the purpose of I&M's original name change proposal. This agreement is without prejudice to seek a name change and related tariff language modifications in a future proceeding. The Commission finds these agreements reasonably mitigate controversy in this rate case while preserving I&M's option to make this proposal in the future.

E. Flex Pay Program. As part of the negotiated settlement, I&M agreed to withdraw its request to implement the Flex Pay Program without prejudice to seek approval of such a program in the future. Settlement Agreement Section I.A.10.e. If I&M pursues such a prepaid program in the future, I&M agreed its proposal will reflect that Petitioner will (i) not market to customers facing disconnection for non-payment or customers concerned about the

deposit amount required by I&M; (ii) market the program as a voluntary service; and (iii) ensure customers can purchase service credits 24 hours per day, seven days per week via phone or internet with no transaction fees. Settlement Agreement Section I.A.10.e. I&M also agreed to meet with interested stakeholders, including CAC, prior to again filing for this program to receive input on the development of the program, including concerns related to the winter disconnection moratorium under Ind. Code § 8-1-2-121. Petitioner's Ex. 15 at pp. 31-32. The Commission finds this resolution reasonably affords I&M the opportunity to gather stakeholder input that may reduce or avoid controversy in a future proceeding.

F. Electric Vehicle Fast Charging Program. As part of the Settlement Agreement, I&M agreed to withdraw its request to implement the EV Fast Charging program, without prejudice to seek approval for such a program in the future. Settlement Agreement Section I.A.10.f. The Commission finds this will enable I&M to gather and further consider stakeholder input in designing this program, Petitioner's Ex. 15 at p. 32, and reasonably resolves this issue.

G. I&M-funded Customer Benefits. In Section I.A.10. of the Settlement Agreement, I&M agreed to make certain contributions to various customer programs that are excluded from I&M's cost of service used to determine rates. Public's Ex. 15 at p. 11; Petitioner's Ex. 15 at pp. 32-34. More specifically, I&M agreed to fund \$175,000 per year in 2022 and 2023 to continue the low-income arrearage forgiveness program currently in place as a result of the settlement agreement in Cause No. 44967 and to exclude these costs from I&M's cost of service. Settlement Agreement Section I.A.10.g. This funding is responsive to CAC witness Howat's proposal for low-income customer assistance, including an arrearage management component. CAC Ex. 1 at p. 15; Petitioner's Ex. 15 at pp. 32-33.

I&M also agreed that customer deposits for customers identified as LIHEAP participants or LIHEAP-eligible will not exceed \$50.00. Settlement Agreement Section I.A.10.h. This is responsive to the recommendation Mr. Howat made based on his view that a large deposit for new or restored service can be extremely burdensome for income qualified customers. CAC Ex. 1 at p. 23; Petitioner's Ex. 15 at p. 33. According to Mr. Williamson, this commitment will allow I&M to gain insight regarding how to help customers who are challenged to pay their electricity bill. In its docket entry responses, I&M stated that to the extent the deposit for LIHEAP customers is capped at \$50.00, this may also mitigate the cost of collection, bad debt expense, and the associated cost of customer support, benefitting all customers going forward because such costs are reflected in the retail revenue requirement used to establish rates. In addition, because all consumers are at risk of financial hardship, I&M averred that the proposed deposit cap is a reasonable additional means of facilitating and exploring home energy security.

I&M will also provide a \$150,000 contribution to the community action program network of the Indiana Community Action Association to facilitate low-income weatherization in I&M's service territory including, but not limited to, using funds to address health and safety issues preventing weatherization and to assist in bill payment and deposit assistance for I&M LIHEAP eligible households. Settlement Agreement Section I.A.10.i. I&M's cost of service in this Cause is not being adjusted to include the incremental costs of this contribution. Settlement Agreement Section I.A.10.i. Additionally, I&M agreed to contribute \$100,000 to the Indiana Utility Ratepayer Trust. Settlement Agreement Section I.A.10.j. Petitioner's cost of service in this Cause is also not

being adjusted to include the incremental cost of this contribution. The Commission finds the contributions and programs agreed upon in the Settlement Agreement were shown to provide benefits for I&M and/or its customers and are reasonable as part of the negotiated settlement.

11. Cost of Service and Rate Design.⁵⁰

A. Revenue Allocation.⁵¹ Section I.B.2 of the Settlement Agreement sets forth the Settling Parties' agreement that rates be designed to allocate the revenue requirement to and among I&M's customer classes in a fair and reasonable manner. The Settlement Agreement Attachment 3 specifies the revenue allocation the Settling Parties agreed to. Petitioner's Ex. 15 at p. 35. Per the Settlement Agreement, this revenue allocation is strictly for settlement purposes and is without reference to any specific cost allocation methodology. Mr. Williamson's Attachment AJW-3-S (Public) updates Attachments JLF-2 and JLF-3 to reflect the Settlement Agreement and provides supporting details, including the customer class revenue allocation factors and detailed base rate, rider, and total bill increase by class.

Mr. Eckert testified the Settling Parties negotiated a fair and reasonable revenue class allocation to allocate the costs of service among all rate classes, Public's Ex. 15 at p. 13, with the OUCC concluding it is a fair compromise. Mr. Dauphinais testified the Settlement Agreement includes an agreed revenue allocation that is without reference to any specific allocation methodology and, therefore, the Commission is not being asked to make findings upon any specific allocation methodology. He stated that given the difference of opinions among the Settling Parties on the proper method of cost allocation, he believes this is an important term that reflects the Settling Parties' overall efforts to put aside their differences to arrive at a result that is within the range of outcomes presented in the evidence and is a fair allocation of the overall revenue requirement among the various rate classes.

The record reflects the Settling Parties negotiated and resolved their differences with respect to the method of cost allocation through the Settlement Agreement. Settlement Agreement Section I.B.2. The Commission finds the Settling Parties' agreement with respect to the revenue allocation is within the range of outcomes the evidence supports and is reasonable.

B. Residential Rate Design.⁵² Mr. Williamson testified that while I&M has firmly held positions regarding the application of cost of service and cost recovery principles to residential rate design, I&M also recognizes the passion this issue evokes. He stated the divergence of views made this issue challenging to resolve. Ultimately, the Settling Parties agreed to small changes to the rate design the Commission approved in I&M's last basic rate case. More specifically, Mr. Williamson stated the Settling Parties agreed to keep I&M's fixed monthly charge for Residential Electric Service - Tariff R.S. ("Tariff R.S.") at \$15.00. Settlement Agreement Section I.B.1; Petitioner's Ex. 15 at p. 35. The Settling Parties also agreed the fixed monthly charge for Residential Time-of-Day Service (Tariff R.S.-TOD and Tariff R.S.-TOD2) will increase to \$17.00. Settlement Agreement Section I.B.1; Petitioner's Ex. 15 at p. 35.

⁵⁰ Settling Parties' Joint Ex. 1 (Settlement Agreement) at Section I.B.

⁵¹ Settling Parties' Joint Ex. 1 (Settlement Agreement) at Section I.B.2.

⁵² Settling Parties' Joint Ex. 1 (Settlement Agreement) at Section I.B.1.

Mr. Eckert testified the OUCC's longstanding position is that a residential customer charge should not reflect more than the direct cost of connecting a customer to the distribution system from the standpoint of economic efficiency and regulatory policy. Public's Ex. 15 at p. 14. He noted that in its direct case, I&M proposed a 33% or \$5.00 increase in the residential fixed charge from \$15.00 to \$20.00, but through compromise, the Settling Parties agreed to maintain the monthly customer charge of \$15.00 for Rate RS.

The record demonstrates residential rate design issues were the subject of much testimony and that the monthly customer charge was the subject of deliberate negotiations. Petitioner's Ex. 15 at p. 34; Public's Ex. 15 at p. 14. Under the Settlement Agreement, I&M's Tariff R.S. residential customer charge will remain at \$15.00 per month, and the fixed monthly customer charge for residential Time-of-Day Service will increase to \$17.00. Settlement Agreement Section I.B.1. This more gradual movement in the fixed charge for residential Time-of-Day Service and maintenance of the current fixed charge for most residential customers are supported by the evidence and resolve these disputed issues. The Commission, therefore, finds the negotiated compromise upon the residential rate design is reasonable.

C. Commercial and Industrial Rate Design.

1. Tariff IP Design.⁵³ The Settling Parties agreed to a Tariff IP rate design that produces agreed energy and demand charges as set out in Settlement Attachment 3. Settlement Agreement Section I.B.3. To correspond with acceptance of I&M's proposed change in Tariff IP billing demands from kVA to kW, the settlement demand charges were increased to reflect the approximate average power factor (kW per kVA) for each voltage level of Tariff IP. Consistent with this change, the reduced amount of residual demand-related costs includes the first 410 kWh per kW energy block. *See* Petitioner's Ex. 15 at p. 36.

In supporting the settlement, Mr. Dauphinais testified that in his direct testimony he raised concerns with I&M's proposed design for Tariff IP. He was concerned that I&M proposed to shift demand-related costs into the first block energy charge as a result of a shift from kVA billing demand to kW billing demand units, a shift that resulted, due to the conversion factor, in a reduction of billing determinants from which to collect demand-related charges. Mr. Dauphinais proposed that all demand-related costs be removed from the energy charges and placed back into the demand charges. He stated this is essentially what was done in arriving at the rates included in the settlement. Because each sub-class of Tariff IP had a different percentage change in demand units, primarily due to their respective power factors, the Settling Parties agreed to adjust the demand charges by an amount that roughly reflected that change. While this could not be done perfectly for all sub-classes without producing anomalous results that would encourage inefficiencies, he testified the result is much closer to cost-of-service rate design than I&M's initial proposal. Intervenor IG Ex. 5 at p. 5. Mr. Dauphinais added that while the design does not perfectly move all demand-related costs out of the energy charges for all sub-classes, it is a fair result that reasonably balances the interests of pure cost-based rates with other factors that are considered in cost-of-service ratemaking.

⁵³ Settling Parties' Joint Ex. 1 (Settlement Agreement) at Section I.B.3.

The Commission finds the agreed change in rate design for Tariff IP is a reasonable alignment of the change in billing units with the change in rates and should be approved.

2. Tariff GS and Tariff LGS.⁵⁴ In its case-in-chief, I&M proposed to consolidate Tariff GS and Tariff LGS into one tariff to provide flexibility to address changes in general service customer load without requiring customers to move back and forth between tariffs. Petitioner's Ex. 37 at p. 21. In the Settlement Agreement, I&M agreed not to combine Tariff GS and Tariff LGS, but Petitioner will eliminate the kVA demand charge and Power Factor Correction Capacitor adjustment in Tariff LGS. Settlement Agreement Section I.B.4. To ease the transition from full kVA billing demands, I&M agreed to implement an excess kVA charge in Tariff LGS. The specific language of the Excess kVA provision is as follows:

The monthly KVA demand shall be determined by dividing the maximum metered KW demand by the average monthly power factor. The excess KVA demand, if any shall be the amount by which the monthly KVA demand exceeds the greater of (a) 101% of the maximum metered KW demand or (b) 60 KVA. The Metered Voltage adjustment, as set forth below, shall apply to the customer's excess KVA demand.

Petitioner's Ex. 15 at p. 36. In addition, the rider rates for Tariffs GS and LGS were unified to mitigate some of I&M's concerns that prompted its initial proposal to combine Tariff GS and Tariff LGS.

The Commission finds the Settling Parties' negotiated compromise regarding the rate design for Tariffs GS and LGS reasonably resolves these matters.

3. Tariff Term and Condition No. 27.⁵⁵ The Settling Parties agreed I&M may adopt a new provision in its Terms and Conditions as set forth below:

27. Customer Requested Disconnection / Reconnection at Station Transformer. Whenever, at the customer's request, the Company is required to perform a disconnection and / or reconnection at a customer or Company owned station transformer, switch or breaker, the customer shall reimburse the Company for the entire cost incurred in making such connections which shall include all labor costs, transportation and equipment costs and any materials used not to exceed \$1,500. In the event that such costs are expected to exceed \$1,500, the Company shall provide the Customer with a binding estimate detailing the scope of work and associated costs to perform such work prior to the date on which the work is scheduled to commence.

Settlement Agreement Section I.B.5; Petitioner's Ex. 15 at pp. 36-37. Mr. Williamson testified that although I&M does not agree the concern the Industrial Group raised warranted rejection of I&M's proposed provision, the Settling Parties resolved these matters through the above revised language. Petitioner's Ex. 15 at p. 37.

⁵⁴ Settling Parties' Joint Ex. 1 (Settlement Agreement) at Section I.B.4.

⁵⁵ Settling Parties' Joint Ex. 1 (Settlement Agreement) at Section I.B.5.

Mr. Dauphinais testified the Settlement Agreement resolves his concerns with respect to the exposure of large customers to a potentially unknown charge without the ability to assess its reasonableness or alternatives to performing the work. He stated the binding nature of the estimate also ensures there is some recourse for customers to the extent the cost of a disconnection/reconnection is disputed. Intervenor IG Ex. 5 at p. 4.

The Commission finds the Settlement Agreement provision regarding Tariff Term and Condition No. 27 reasonably resolves the concerns raised.

4. “Other Sources of Energy” Tariff Language.⁵⁶ In his direct testimony, Mr. Dauphinais questioned I&M’s proposal to strike language in Tariff IP related to the ability of customers with other sources of energy supply to take standby and backup service under that rate. Although I&M clarified in rebuttal its intent in striking this language, Petitioner agreed in the Settlement Agreement to retain that language in Tariffs GS, LGS, IP, and WSS. Settlement Agreement Section I.B.6. Mr. Dauphinais testified this ensures the ability of customers who self-supply power to access standby and backup service under specific rates will not be disputed, provided they qualify for service under those rates.

Mr. Williamson testified a copy of the revised language is included in the Special Terms and Conditions provision of each of the identified tariffs in Attachment AJW-10-S. Petitioner’s Ex. 15 at p. 37. He stated this change clarifies I&M’s intent with respect to the language change. Petitioner’s Ex. 15 at pp. 37-38.

The Commission finds this provision of the Settlement Agreement is a reasonable resolution of the concerns raised.

5. Critical Peak Pricing.⁵⁷ I&M witness Walter explained in his rebuttal testimony why I&M disagreed with the OUCC’s proposal related to I&M’s proposed Critical Peak Pricing program. Petitioner’s Ex. 18 at pp. 20-21. After discussing this issue further, as part of the Settlement Agreement I&M agreed to propose provisions in its next base rate case addressing the exclusion of holidays from the days for which Critical Peak Events may be called. Settlement Agreement Section I.B.7. This allows I&M to work through the technical issues associated with this approach. In addition, Settlement Agreement Section I.B.7. sets forth the Settling Parties’ agreement that I&M is not receiving authorization for Tariff R.S. – Critical Peak Pricing as an opt-out rate in this proceeding and must obtain Commission approval for any opt out rate provisions prior to implementation. Petitioner’s Ex. 15 at p. 38. The Commission finds this reasonably resolves the concern OUCC witness Boerger raised.

D. Remaining Issues. Under Section I.C. of the Settlement Agreement, any matters not addressed by the Settlement Agreement will be adopted as proposed by I&M. This type of provision is common in settlement agreements before the Commission to help assure all matters are addressed. While the Commission will not review with specificity the totality of what this provision covers, we note this will maintain the I&M Major Storm Damage Reserve, accepts

⁵⁶ Settling Parties’ Joint Ex. 1 (Settlement Agreement) at Section I.B.6.

⁵⁷ Settling Parties’ Joint Ex. 1 (Settlement Agreement) at Section I.B.7.

I&M's proposal to wind down the LCM Rider in an efficient manner, and includes the PJM Capacity Performance Insurance expense in the cost of service.⁵⁸ Under this provision, I&M's request for authority to accelerate recovery of noncurrent SO₂ allowances is also, effectively, accepted.⁵⁹ The Commission finds Section I.C. of the Settlement Agreement is reasonable; therefore, the Commission grants I&M's request for authority to accelerate recovery of noncurrent SO₂ allowances as well as ongoing accounting authority to continue to implement the Major Storm Damage Reserve.

12. Conclusion. The testimony supporting the Settlement Agreement addresses why the Settlement Agreement is reasonable and in the public interest. Based upon our review of the record, particularly the Settlement Agreement terms and supporting testimony and exhibits, the Commission finds the Settlement Agreement is within the range of potential outcomes and represents a just and reasonable resolution of the issues.

Consistent with the foregoing findings and the Commission's conclusion with respect to the Settlement Agreement, the Commission finds the test year end net original cost rate base (Indiana jurisdictional) for I&M is \$5,125,560,428 and is calculated as follows:

Net Plant In-Service	\$ 4,846,054,499
Fuel Stock	\$ 29,521,506
Other Materials & Supplies	\$ 124,206,512
Allowance Inventory	\$ 17,674,176
Prepaid Pension Expense	\$ 58,104,811
Regulatory Assets	\$ 49,998,924
	<u>\$ 5,125,560,428</u>

Settlement Agreement Attachment 1, ln. 1; Petitioner's Ex. 15 at p. 27, Figure AJW-3.

As discussed above, the Settlement Agreement provides that for purposes of calculating the Phase-In Rate Adjustment for Phase I rates, the debt/equity ratio for investor-supplied capital will be 50.54%/49.46%. Settlement Agreement Section I.A.1.f. After giving effect to this Settlement Agreement term, the Commission finds I&M's Phase I ratemaking capital structure (after tax) and weighted cost of capital are as follows:

Phase I Capital Structure and Weighted Cost of Capital

<u>Description</u>	<u>Total Company Capitalization</u> \$	<u>Percent of Total</u>	<u>Cost Rate</u>	<u>Weighted Average Cost of Capital</u>
Long-Term Debt	2,822,302,210	41.42%	4.44%	1.84%
Common Equity	2,762,126,699	40.54%	9.70%	3.93%
Customer Deposits	41,698,455	0.61%	2.00%	0.01%

⁵⁸ Petitioner's Ex. 2 at pp. 25-27, 34-36; Petitioner's Ex. 3 at pp. 9-11; Petitioner's Ex. 13 at pp. 5-8.

⁵⁹ Petitioner's Ex. 2 at p. 35; *see also* Public's Ex. 7 at p. 3 and Petitioner's Ex. 4 at pp. 24-26.

Acc. Def. FIT	1,170,202,985	17.17%	0.00%	0.00%
Acc. Def. JDITC	<u>17,469,705</u>	<u>0.26%</u>	7.04%	<u>0.02%</u>
Total	<u>6,813,800,053</u>	100.00%		<u>5.80%</u>

Pet. Ex. 15, Attachment AJW-1-S, page 1.

For purposes of the Phase II compliance filing, the Settlement Agreement provides the debt/equity ratio for investor-supplied capital will be adjusted to the December 31, 2022, actual ratio but no higher than a 50.00% equity ratio. Settlement Agreement Section I.A.1.f. After giving effect to this Settlement Agreement term, the Commission finds I&M's Phase II ratemaking capital structure (after tax) and weighted cost of capital are as follows:

<u>Phase II Capital Structure and Weighted Cost of Capital⁶⁰</u>				
<u>Description</u>	<u>Total Company Capitalization</u> \$	<u>Percent of Total</u>	<u>Cost Rate</u>	<u>Weighted Average Cost of Capital</u>
Long-Term Debt	2,873,862,352	40.70%	4.44%	1.81%
Common Equity	2,873,862,352	40.70%	9.70%	3.95%
Customer Deposits	41,698,455	0.59%	2.00%	0.01%
Acc. Def. FIT	1,257,846,893	17.81%	0.00%	0.00%
Acc. Def. JDITC	<u>13,678,705</u>	<u>0.19%</u>	7.07%	<u>0.01%</u>
Total	<u>7,060,948,756</u>	100.00%		<u>5.78%</u>

Petitioner's Ex. 15 at p. 15, Figure AJW-1; Attachment AJW-1-S, page 2.

Based on the evidence presented, the Commission finds Petitioner should be authorized to adjust its base rates and charges to reduce its annual operating revenue by \$94,704,680 (Settlement Attachment 1, line 16), resulting in Phase II total annual operating revenues of \$1,510,837,325 (Pet. Ex. 15, Attachment AJW-3-S, p. 6). This revenue is reasonably estimated to afford I&M the opportunity to earn net operating income of \$296,733,906 as shown in Figure AJW-2 of Mr. Williamson's settlement testimony.

The Commission approves the phase-in of I&M's rates as proposed by I&M and modified by the Settlement Agreement. More specifically, when I&M's new base rates are first effective, they will include I&M's Phase-in Rate Adjustment as set forth in Section I.A.2.b. of the Settlement Agreement (the "Phase I" rates). The PRA Rockport Unit 2 Charge will expire on December 8, 2022, on a service-rendered basis and will not be subject to true-up or further reconciliation. In the

⁶⁰ This table reflects a 50.00% equity ratio. I&M's compliance filing shall use the December 31, 2022, actual ratio, but no higher than a 50.00% equity ratio. Settling Parties' Joint Ex. 1 (Settlement Agreement) at Section I.A.1.f.

event I&M determines the PRA Rockport Unit 2 Charge has resulted in full recovery of the Rockport Unit 2 costs before December 8, 2022, I&M shall cease collection of the PRA Rockport Unit 2 Charge. As part of Phase I, I&M shall also implement a temporary PRA Excluded Capacity Credit to credit customers for excluded capacity costs consistent with the 45235 Order. The credit shall be eliminated from the PRA on a service-rendered basis effective December 8, 2022.

The Commission further finds that I&M shall certify to the Commission its net plant as of December 31, 2022, and thereafter calculate the resulting Phase II rates consistent with the Settlement Agreement. For purposes of the Phase II certification, I&M shall use the forecasted test year end net plant shown on Attachment AJW-5-S, line 8. The Phase II rates shall go into effect on the date I&M certifies its test year end net plant, or January 1, 2023, whichever is later. The net plant for Phase II rates shall not exceed the lesser of (a) I&M's forecasted test year end net plant as modified by the Settlement Agreement or (b) I&M's certified test year end net plant. I&M shall serve all Settling Parties with its certification. The OUCC and intervenors shall have 60 days from the date of certification to state objections to I&M's certified test year end net plant. If there are objections, a hearing shall be held to determine I&M's actual test year end net plant, and rates will be trued-up (with carrying charges) retroactive to January 1, 2023, notwithstanding when Phase II rates go into effect.

In addition, the Commission finds and concludes the Settlement Agreement is reasonable, supported by substantial evidence, and in the public interest. Accordingly, the Settlement Agreement is approved.

13. Muncie Settlement Agreement. The concerns Muncie raised are specific to that City. Petitioner's Ex. 15 at p. 2. The Muncie Settlement Agreement has no rate impact or impact on the Settlement Agreement. Petitioner's Ex. 15 at p. 2; *see also* Petitioner's Ex. 45 and Muncie Ex. 3 (Responses to December 9, 2021, Docket Entry). As noted above, however, under the Commission's Rules, all settlements must be supported by probative evidence. 170 IAC 1-1.1-17(d). In this instance Muncie prefiled no settlement testimony explaining or supporting the Muncie Settlement Agreement, and Mr. Williamson simply advised that this agreement memorializes I&M's commitment to continue to work with Muncie on the City's prospective solar generating facility in detail to assuage Muncie's concerns and clarify I&M's role. Petitioner's Ex. 15 at p. 42. No party explained the need for the Muncie Settlement Agreement, given Mr. Lucas' rebuttal testimony, or why this agreement is reasonable or in the public interest, prompting the Presiding Officers to issue a Docket Entry on December 9, 2021, eliciting evidentiary support from Muncie and I&M. The responsibility for providing adequate evidentiary support for settlements, however, rests with the parties seeking approval.

[N]o settlement agreement presented to this Commission can or does speak for itself; as noted above, settlement agreements must be supported by probative evidence to gain Commission approval. We addressed a similar issue in our Order on Less than All of the Issues in *Indiana Michigan Power Company*, Cause No. 44033 (IURC, February 22, 2012). In that Order, we reminded the parties 'that their success in obtaining approval of any Settlement Agreement ... is dependent upon the provision of adequate evidence and support for the agreement.' *Id.* at 6. In similar fashion in this proceeding, the Presiding Officers had to issue a Docket

Entry to prompt the Parties to submit sufficient evidence to support the Settlement Agreement. The Commission is concerned about the repeated need to remind the Parties of their responsibilities concerning evidentiary support for settlement agreements.

Indiana Michigan Power Company, Cause Nos.43992 S1 and 43992 ECCR 1 (May 23, 2012) at p. 25.

In Muncie's Docket Entry responses filed with the Commission on December 13, 2021, Muncie acknowledges the Muncie Settlement Agreement relates solely to unique matters that are important to Muncie, i.e., Muncie's prospective development of a solar photovoltaic project, and these have no rate impact. Accordingly, the other noncompany Settling Parties did not join in or take a position upon the Muncie Settlement Agreement. Per its Docket Entry responses, Muncie "leave[s] it to the Commission to decide whether it is necessary and appropriate to specifically approve the Muncie Settlement Agreement or, alternatively, accept it as the resolution" between its signatories of particular concerns Muncie raised. Muncie Ex. 3 at p. 3.

Both Muncie and I&M state in their respective Docket Entry responses that the Commission could accept the agreed resolution and find this separate agreement reasonably resolves a disputed issue or find there is no remaining contested issue the Commission needs to address. Muncie Ex. 3 at p. 3; Petitioner's Ex. 45 at p. 7. The Commission opts to take the latter alternative since the Muncie Settlement Agreement resolves matters unique to a prospective solar facility that fall outside the rate related issues this case presents; consequently, as opposed to expressly approving the separate Muncie Settlement Agreement, the Commission finds that in light of this agreement, there is no contested issue before the Commission to be addressed with respect to the concerns Muncie raised about I&M working with the City on a prospective solar project.

14. Effect of Settlement Agreement. Consistent with the terms of the Settlement Agreement, the Settlement Agreement is not to be used as precedent in any other proceeding or for any other purpose except to the extent necessary to implement or enforce its terms; consequently, with regard to future citation of the Settlement Agreement or of this Order, the Commission finds our approval herein should be construed in a manner consistent with our finding in *Richmond Power & Light*, Cause No. 40434, 1997 WL 34880849 at 7-8 (IURC March 19, 1997).

15. Confidentiality. Petitioner filed motions for protection and nondisclosure confidential and proprietary information on July 1 and October 22, 2021, both of which were supported by affidavits showing the documents to be submitted contain trade secrets within the scope of Ind. Code §§ 5-14-3-4(a)(4) and (9) and 24-2-3-2. Motions for confidential treatment were also filed by the Industrial Group on October 12 and October 14, 2021, to protect portions of Mr. Gorman's prefiled testimony, attachments, and workpapers. On October 25, 2021, the Industrial Group partially withdrew its October 12, 2021, motion for confidential treatment, explaining that I&M had subsequently determined portions of Mr. Gorman's testimony and attachments previously marked as confidential could be made public; thus, the Industrial Group no longer sought confidential treatment of that information. Docket Entries were issued on July 19

and November 1, 2021, finding the information that was the subject of I&M's and the Industrial Group's motions to be preliminarily confidential, after which the information was submitted to the Commission under seal. The Commission finds all such information is confidential pursuant to Ind. Code §§ 5-14-3-4 and 24-2-3-2 and is exempt from public access and disclosure by the Commission.

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

1. The Settlement Agreement, a copy of which is attached to this Order, is approved in its entirety.

2. I&M is authorized to adjust and reduce its rates and charges for electric utility service to produce a decrease in total operating revenues of approximately 5.90% in accordance with the findings above, which rates and charges shall be designed to produce forecasted Phase II total annual operating revenues of \$1,510,837,325, that are expected to produce annual net operating income of \$296,733,906.

3. I&M is authorized to place into effect Phase I rates and charges in accordance with the findings above for retail electric service. Such rates shall be effective on and after the date of this Order, subject to the Energy Division's review and agreement with the amounts reflected.

4. I&M shall file new schedules of rates and charges along with its revised tariff under this Cause consistent with the Settlement Agreement and the rates and charges approved above.

5. I&M shall certify its net plant as of December 31, 2022, and calculate the resulting Phase II rates and charges, which shall be made effective in accordance with the findings above, subject to being contested and trued-up consistent with Finding No. 12.

6. I&M is authorized to file updated factors for its rate adjustment mechanisms in accordance with this Order, and such changes shall be effective simultaneously with approval of I&M's new basic rates.

7. I&M is authorized to implement the Tax Rider in accordance with the Settlement Agreement.

8. I&M is granted a waiver of 170 IAC 4-1-16(f) as to the disconnection process, subject to providing notification of Petitioner's ability to remotely disconnect and/or reconnect service consistent with the Settlement Agreement and Finding No. 10.C. above.

9. I&M is granted accounting authority to implement the Settlement Agreement.