STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of

INDIANA MICHIGAN POWER COMPANY

for approval of a power supply cost recovery reconciliation proceeding for the 12-month period ended December 31, 2012.

Case No. U-16891-R

At the October 4, 2013 meeting of the Michigan Public Service Commission in Lansing, Michigan.

PRESENT: Hon. John D. Quackenbush, Chairman

Hon. Greg R. White, Commissioner

Hon. Sally A. Talberg, Commissioner

ORDER APPROVING SETTLEMENT AGREEMENT


A prehearing conference was held June 4, 2013, before Administrative Law Judge Sharon L. Feldman (ALJ). I&M and the Commission Staff participated in the proceedings. The ALJ granted intervenor status to Citizens Against Rate Excess. Subsequently, the parties submitted a settlement agreement resolving all issues in the case.

According to the terms of the settlement agreement, attached as Exhibit A, I&M experienced a net underrecovery of $3,153,543, including interest, during 2012. I&M shall reflect the $3,153,543 underrecovery as the 2013 PSCR reconciliation beginning balance.
The Commission finds that the settlement agreement is reasonable and in the public interest, and should be approved.

THEREFORE, IT IS ORDERED that:

A. The settlement agreement, attached as Exhibit A, is approved.

B. Indiana Michigan Power Company shall reflect the cumulative 2012 power supply cost underrecovery of $3,153,543 as the 2013 power supply cost recovery reconciliation beginning balance.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, under MCL 462.26.

MICHIGAN PUBLIC SERVICE COMMISSION

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John D. Quackenbush, Chairman

By its action of October 4, 2013.

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Greg R. White, Commissioner

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Mary Jo Kunkle, Executive Secretary

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Sally A. Talberg, Commissioner
STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of )
INDIANA MICHIGAN POWER COMPANY )
for approval of a Power Supply Cost )
Recovery Reconciliation proceeding for the )
12-month period ended December 31, 2012. )

Case No. U-16891-R

SETTLEMENT AGREEMENT

As provided in § 78 of the Administrative Procedures Act of 1969 ("APA"), as amended, MCL 24.278, and the Commission’s Rules of Practice and Procedure, Rule 333, 2000 AC, R 460.17333, Indiana Michigan Power Company ("I&M"), the Michigan Public Service Commission Staff ("Staff") and Citizens Against Rate Excess ("CARE") have resolved through settlement discussions the contested issues regarding this proceeding and hereby agree as follows:

1. On March 28, 2013, I&M filed with the Michigan Public Service Commission ("Commission") an application, with supporting testimony and exhibits, seeking authority to reconcile its power supply costs with its power supply revenues for the 12-month period ending December 31, 2012. Based on calculations, I&M determined that a netting of its 2012 power supply revenues and power supply costs, and interest resulted in an under-recovery for the 12-month period ending December 31, 2012 of $3,153,543. I&M has requested to roll the under-recovery into its 2013 PSCR plan cost.

2. On May 8, 2013, the Commission’s Executive Secretary issued the Notice of Hearing directing I&M to mail a copy of the Notice of Hearing to all cities, incorporated villages, townships and counties in its Michigan electric service area. Further, the Commission
directed I&M to publish the Notice of Hearing in daily newspapers of general circulation throughout its Michigan electric service area. I&M filed the requisite Affidavit of Mailing and Proofs of Publication on May 9, 2013 and May 31, 2013.

3. Administrative Law Judge Sharon L. Feldman presided over the June 4, 2013 prehearing conference, and Staff participated in the proceeding. CARE’s petition to intervene was granted.

4. Subsequently, following Staff’s audit, the parties have agreed as follows:

   a. Proceedings in this PSCR reconciliation were conducted in accordance with 1982 PA 304. The expenditures charged by I&M for the cost of power supply were reasonably and prudently incurred.

   b. The review of I&M’s 2012 PSCR reconciliation filing determined the following:

      i. I&M’s reconciliation of power supply costs and revenues for the 12-month period ending December 31, 2012 results in an under-recovery of $3,162,055, with interest of ($8,512), or a total under-recovery of $3,153,543.

      ii. I&M shall reflect the $3,153,543 under-recovery as the 2013 PSCR reconciliation beginning balance.

5. It is the opinion of all signatories that this Settlement Agreement is reasonable, in the public interest, and will aid in the expeditious conclusion of this case.

6. This Settlement Agreement is intended for a final disposition of this proceeding, and the parties join in respectfully requesting that the Commission grant prompt approval. Each signatory agrees not to appeal, challenge or contest the Commission’s order accepting and
approving this Settlement Agreement without modification. The parties agree that, if the Commission should not accept this Settlement Agreement in its entirety, then the agreement shall be withdrawn and shall not constitute any part of the record in this proceeding or be used for any other purpose whatsoever.

7. This Settlement Agreement and all offers of settlement and discussions are privileged and shall not be used in any manner, nor be admissible, for any other purposes in connection with this proceeding or any other proceeding except so as to prove the contents herein.

8. All signatories agree to waive § 81 of the APA as amended, MCL 24.281, as it applies to the issues in this proceeding.
CITIZENS AGAINST RATE EXCESS

Digitally signed by
John R. Liskey
Date: 2013.09.18
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By

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