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Indiana Michigan Power's \$49 million electric rate increase approved

LANSING, Mich. – The Michigan Public Service Commission (MPSC) today approved an electric rate increase for Indiana Michigan Power Co. (I&M) of just over \$49 million effective April 26. It's the utility's first electrical rate increase in more than six years.

The total is about 20 percent less than the \$61.4 million increase in requested revenue requirement the Fort Wayne, Ind.-based company sought on May 15, 2017 ([Case No. U-18370](#)). Today's approval means the average residential customer who uses 500 kilowatt hours (kWh) of electricity a month will see an \$11.77 increase in their monthly bills, or 17.9 percent.

"A safe, reliable electric grid is important to serving customers in Michigan, so the Commission today is not only approving short-term upgrades, but also ordering I&M to file a long-term distribution plan that will help it and the MPSC to develop a rigorous plan to address aging infrastructure," said Sally Talberg, chairman of the MPSC.

The Commission said replacing infrastructure and adopting advanced technology will ensure the utility's distribution system is resilient. I&M is required to file in Case No. U-20147 its five-year distribution plan highlighting needed work to maintain its electrical system.

I&M said infrastructure improvement programs – replacing components, and work on overhead wires, poles, and underground residential cable -- will reduce equipment-related power outages. The utility also proposed implementing technology to help restore customers in a power outage.

The Commission approved funding for cybersecurity but urged the company to prove to the Commission that projects are completed on time. I&M also noted that federal rules require it to make sure digital systems at its Cook Nuclear Plant in Bridgman are safe from cyberattacks.

I&M last was allowed to raise rates in February 2012 ([Case No. U-16801](#)) by \$14.6 million. Today's \$49,118,000 rate approval is 17.05 percent higher than rates set in the 2012 case.

The Commission decided to study the impact of the federal tax law changes in a separate proceeding ([Case No. U-18494](#)). I&M must file a Credit A application in [Case No. U-20107](#) within 30 days of today's order.

I&M serves approximately 128,000 customers in Berrien, Cass, St. Joseph, Van Buren, Kalamazoo, and Allegan counties in southwest Michigan.

For an Issue Brief on utility rate proceedings, [click here](#).

Indiana Michigan Power Co. Case No. U-18370 Fact Sheet

- Revenue increase granted: \$49,118,000
- Return on common equity (ROE): 9.9 percent
- Capital mix: 52.56 percent debt to 47.44 percent equity
- Overall rate of return: 5.76 percent
- Rate base: \$984,631,000
- In future rate cases, Indiana Michigan Power Company shall provide a detailed analysis of the projected and actual incurred costs for cybersecurity projects.
- The residential customer charge will not change from its current level of \$7.25 per month. I&M had sought to raise the charge to \$18 a month.
- I&M proposed a return on equity of between 10.2 percent and 10.60, and an overall rate of return on total rate base of 6.02 percent.
- The cost to build a combustion turbine was adopted as the methodology to calculate a rate for capacity and the Commission set the rate at \$288.95 per megawatt-day or \$105,467 per megawatt year.
- The company forecasted an increase of \$944,000 to deploy supervisory control and data acquisition (SCADA) and distribution outage sensors to improve identification of reliability issues.
- The record consists of 1,285 pages of transcript and 217 exhibits received into evidence.
- The Commission approved \$19,624,205 for 2018 for I&M to continue its trim cycle and to improve customer reliability.

For more information about the MPSC, please visit www.michigan.gov/mpsc or sign up for one of its [listservs](#) to keep up to date on MPSC matters.

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