STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter, on the Commission's own motion, regarding the regulatory reviews, revisions, determinations, and/or approvals necessary for **INDIANA MICHIGAN POWER COMPANY** to fully comply with Public Act 295 of 2008, as amended.	)))))))	Case No. U-21673

At the December 5, 2025 meeting of the Michigan Public Service Commission in Lansing, Michigan.

PRESENT: Hon. Daniel C. Scripps, Chair
Hon. Katherine L. Peretick, Commissioner
Hon. Shaquila Myers, Commissioner

ORDER APPROVING SETTLEMENT AGREEMENT

On May 1, 2025, Indiana Michigan Power Company (I&M) filed an application, with supporting testimony and exhibits, requesting authority to reconcile its energy waste reduction plan revenues and costs for the 12-month period ended December 31, 2024.

A prehearing conference was held on June 5, 2025, before Administrative Law Judge Lesley C. Fairrow. I&M and the Commission Staff participated in the proceeding. Subsequently, the parties entered into a settlement agreement resolving all issues in the case.

The Commission has reviewed the settlement agreement and finds that the public interest is adequately represented by the parties who entered into the settlement agreement. The Commission further finds that the settlement agreement is in the public interest, represents a fair and reasonable resolution of the proceeding, and should be approved.

THEREFORE, IT IS ORDERED that:

A. The settlement agreement, attached to this order as Attachment A, is approved.

B. Within 30 days of the date of this order, Indiana Michigan Power Company shall file with the Commission a tariff sheet substantially similar to Exhibit A to the settlement agreement. After the tariff sheet has been reviewed and accepted by the Commission Staff for inclusion in the company's tariff book, the company shall promptly file the final tariff sheet in this docket and serve all parties.

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, pursuant to MCL 462.26. To comply with the Michigan Rules of Court's requirement to notify the Commission of an appeal, appellants shall send required notices to both the Commission's Executive Secretary and to the Commission's Legal Counsel. Electronic notifications should be sent to the Executive Secretary at LARA-MPSC-Edockets@michigan.gov and to the Michigan Department of Attorney General - Public Service Division at aheac1@michigan.gov. In lieu of electronic submissions, paper copies of such notifications may be sent to the Executive Secretary and the Attorney General - Public Service Division at 7109 W. Saginaw Hwy., Lansing, MI 48917.

MICHIGAN PUBLIC SERVICE COMMISSION

Daniel C. Scripps, Chair

Katherine L. Peretick, Commissioner

Shaquila Myers, Commissioner

By its action of December 5, 2025.

Lisa Felice

Lisa Felice, Executive Secretary

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter, on the Commission's own motion, regarding the regulatory reviews, revisions, determinations, and/or approvals necessary for **INDIANA MICHIGAN POWER COMPANY** to fully Comply with Public Act 295 of 2008, as amended.	)))))	Case No. U-21673

SETTLEMENT AGREEMENT

Pursuant to Section 78 of the Administrative Procedures Act of 1969, MCL 24.278, and Rule 431 of the Rules of Practice and Procedure before the Michigan Public Service Commission ("Commission"), R 792.10431, the undersigned Parties hereby stipulate and agree as follows:

This Settlement Agreement between Indiana Michigan Power Company ("I&M" or "Company") and Commission Staff ("Staff") (collectively, the "Parties") is intended by the Parties as a final settlement and resolution of all issues before the Commission regarding I&M's Energy Waste Reduction ("EWR") Plan Cost Reconciliation proceeding for the period January 2024 through December 2024:

1. On February 8, 2024, in Case No. U-21323, through a settlement agreement, the Commission approved I&M's EWR Plan for the 2024 and 2025 plan years. During 2024, I&M implemented and operated its approved EWR Plan. The EWR Plan included: (i) energy savings targets in compliance with PA 295 and the U-21323 Order; (ii) EWR Plan program offerings for each customer class; (iii) specific funding levels; and (iv) reasonable and prudent administration of the EWR Plan programs.

2. On May 1, 2025, the Company filed an Application with its testimony and exhibits to support the reasonableness and prudence of its actions taken and the actual 2024 EWR Plan costs incurred. I&M's testimony and exhibits set forth the differences between the approved 2024

EWR Plan costs forecasted and the actual 2024 EWR costs incurred. I&M's filing also explains that during 2024, I&M's EWR Plan implementation was reasonable and prudent.

3. On May 6, 2025, the Commission's Executive Secretary issued a 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 service area and to intervenors in Case Nos. U-21461 and U-21323. The Commission further directed I&M to publish the Notice of Hearing in daily newspapers of general circulation throughout its service area. I&M complied with these requirements and filed the requisite proof of service of mailing on May 7, 2025 and affidavits of publication on May 27, 2025.

4. I&M's application, testimony, and exhibits filed in this case demonstrate that reconciling the EWR Plan costs and revenues for the EWR Plan year ended December 31, 2024, results in a cumulative over-recovery in its EWR program costs of $218,923 (including carrying charges), as of December 31, 2024.

5. On June 5, 2025, a prehearing conference was held before Administrative Law Judge, Lesley C. Fairrow ("ALJ"). Staff participated in this case.

6. In response to the initial filing, Staff thoroughly reviewed the Company's initial filing, including the direct testimony and exhibits of the Company's witnesses, and received and reviewed responses of audit requests from the Company in Staff's first discovery request. Staff performed a financial audit of the Company's financial expenditures for program year 2024. Staff tested the general ledger accounts for surcharge revenues and program expenditures which aligned with the Company's filed exhibits. Staff also requested bill sample copies of customers to ensure the appropriate surcharges were billed to specific customer rate classes.

7. Subsequent to the prehearing, the Parties entered into settlement discussions in an attempt to effectively resolve the matters before the Commission. As a result of those settlement discussions, the Parties have agreed to resolve all issues in this case.

8. It is the opinion of the signatory Parties hereto that this Settlement Agreement is reasonable, will promote the public interest, will aid the expeditious conclusion of this case and will minimize the time and expense which would otherwise have to be devoted to this matter by the Commission and the Parties. This Settlement Agreement is for the purpose of final resolution of this case and all provisions of same are dependent upon all other provisions contained herein.

9. In view of the foregoing, and pursuant to Section 78 of the APA, MCL 24.278, the Parties hereby stipulate and agree as follows:

A. I&M's 2024 EWR Plan Cost Reconciliation for the period ended December 31, 2024, meets all relevant requirements of the Act 295, as amended and the costs incurred are reasonable and prudent;

B. I&M's requested approval of a total 2024 EWR Plan over-recovery balance and revenue requirement of $812,201.

C. The parties agree that the Company's Financial Incentive Mechanism (FIM) earnings is $900,000. This amount reduces the Company's revenue requirement to $749,717.

D. The parties agree that I&M's total 2024 EWR Plan under-recovery balance and revenue requirement is $749,717, which was determined by adding together $900,000 in 2024 FIM earnings and a carrying charge credit of ($68,640), less a $218,923 cumulative program costs over-recovery balance (see 2024 EWR Surcharge Reconciliation Calculation, attached as **Exhibit A**);

E. I&M's reconciliation for the 2024 EWR Plan year, and the associated update to I&M's EWR tariff rates should be approved;

F. I&M should be granted authority to implement revised EWR surcharge rates to include reconciliation of Surcharge revenue and actual costs through December 31, 2024, to include a carrying charge credit of ($68,640), and financial incentive earnings of $900,000 and to make the proposed Surcharge effective for all bills rendered for electric services beginning with the first billing cycle of January 2026, or for bills rendered the first billing cycle in the month following a Commission Order, whichever is later.

10. The Parties respectfully request that the Commission promptly issue an order accepting and approving this Settlement Agreement. If the Commission issues an order accepting and adopting the Settlement Agreement without modification, no party will appeal, challenge or contest the Commission's Order accepting and approving this Settlement Agreement.

11. This Settlement Agreement is not severable. Each provision of the Settlement Agreement is dependent upon all other provisions of this Settlement Agreement. Failure to comply with any provision of this Settlement Agreement constitutes failure to comply with the entire Settlement Agreement. If the Commission rejects or modifies this Settlement Agreement or any provision of the Settlement Agreement, this Settlement Agreement shall be deemed to be withdrawn, shall not constitute any part of the record in this proceeding or be used for any other purpose, and shall be without prejudice to the pre-negotiation position of the Parties.

12. This Settlement Agreement has been made for the sole and express purpose of reaching compromise among the positions of the signatory Parties in Case No. U-21673 without prejudice to their rights to take new and/or different positions in other proceedings. If the

Commission approves this Settlement Agreement without modification, neither the Parties to this Settlement Agreement, nor the Commission, shall make any reference to or use the Settlement Agreement or the order approving it as a reason, authority, rationale or example for taking any action or position or making any subsequent decision in this case or any other cases or proceedings; provided, however, such reference or use may be made to enforce the Settlement Agreement and order.

13. The stipulations and agreements contained in this Settlement Agreement shall constitute the record needed to support the Commission order in this case.

14. Section 81 of the APA (MCL 24.281) is waived.

Dated: October 21, 2025

Richard J. Aaron

Digitally signed by: Richard J. Aaron DN: CN = Richard J. Aaron email = raaron@dykema.com C = AD O = Dykema OU = Dykema Date: 2025.10.21 16:00:37 -04'00'

Richard J. Aaron (P35605)
Jason T. Hanselman (P61813)
DYKEMA GOSSETT PLLC
Attorneys for Indiana Michigan Power Company
201 Townsend Street, Suite 900
Lansing, MI 48933
(517) 374-9181

Dated: October 21, 2025

Anna B. Stirling

Anna B. Stirling (P84919)
Heather M.S. Durian (P67587)
PUBLIC SERVICE DIVISION
Attorneys for MPSC Staff
7109 W. Saginaw, 3rd Floor
Lansing, MI 48917
(517) 284-8140

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EXHIBIT A

SURCHARGE RIDER EWR
(ENERGY WASTE REDUCTION SURCHARGE RIDER)

Energy Waste Reduction surcharges allow for the recovery of costs of implementing and conducting an approved energy waste reduction plan.

Energy Waste Reduction surcharges shall be revised annually in accordance with Sections 89(3) and 89(7) of 2008 PA 295, as amended by 2016 PA 342.

Delivery service charges on all customer bills subject to the provisions of this rider, including any bills rendered under special contract, shall be adjusted by the Energy Waste Reduction Surcharge Rider per kWh or Customer as follows:

Tariff	¢/kWh	$/Customer/Mo.
RS, RS-TOD, RS-TOD2, RS-OPES/PEV, and RS-SC	0.529	
GS, GS TOD, GS-TOD2		16.96
GS (UNMETERED)	0.761	
LGS		1,405.13
LP		1,405.13
MS		16.96
WSS		16.96
CS-IRP		1,405.13
EHS		16.96
IS		16.96
OSL (UNMETERED)	0.761	
SLS, SLC AND ECLS (UNMETERED)	0.761	
SLCM		16.96

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PROOF OF SERVICE

Karlene K. Zale, an employee of Dykema Gossett PLLC, says that on the 28th day of October 2025, she served the executed Settlement Agreement upon the parties below, at the email addresses indicated:

MPSC Staff

Heather Durian	durianh@michigan.gov
Anna Stirling	stirlinga1@michigan.gov

Karlene K. Zale

Digitally signed by: Karlene K. Zale
DN: CN = Karlene K. Zale email = kzale@dykema.com C = AD O = Dykema OU = Dykema
Date: 2025.10.28 15:46:22 -04'00'

Karlene K. Zale