



An AEP Company

BOUNDLESS ENERGY™

# INNOVATE INDIANA

## FREQUENTLY ASKED QUESTIONS

### Q. What is Innovate Indiana, and how does it affect me?

**A.** Innovate Indiana is the name of Indiana Michigan Power’s plan to better serve customers, largely through technology and innovation. Innovate Indiana is designed to empower Indiana customers to better control their energy use with smart meters; be prepared to utilize future energy use programs through the smart meter; take advantage of rebates and special nighttime rates to charge electric cars; support green, renewable energy through a new option; and much more.

Innovate Indiana also helps build a smarter energy grid with technology that reduces the number, extent and duration of outages as well as replacing poles, wires and other aging infrastructure.

### Q. Why does I&M want to replace current customer meters with smart meters?

**A.** For a number of reasons. The meters allow I&M to detect outages more quickly, resulting in faster restoration. The meters will give customers better information about their energy use. The “two-way” communication allows I&M to connect or disconnect a customer who is moving into or out of a home remotely, without need for a service call. The meters provide technology that will serve as a foundation for greater opportunities for customer to control energy use in the future.

These meters are already in use by more than 10,000 Indiana I&M customers and by 750,000 Hoosier utility customers and growing. Nationally, more than 85 million utility customers have smart meters. The technology is proven to be safe, secure and reliable.

### Q. How does the Innovate Indiana plan for electric vehicle incentives help me?

**A.** More electric vehicles (EVs) will help all of our customers, not just car owners. By charging during off-peak hours, electric vehicles make better use of I&M’s system, lowering costs for all customers. I&M will offer a \$500 rebate to help cover the cost of charging equipment. In addition, you can pay a lower rate when charging your car overnight.

I&M will also offer incentives for fleet vehicles or multiple electric cars based at a business or a multi-unit residential complex.

### Q. Is I&M seeking a rate increase? Why?

**A.** Quite simply, rates are based on the cost of service. I&M needs to continue to build its infrastructure and add technology to enhance reliability and to better serve our customers. This comes at a time when costs are rising, technology is rapidly evolving and demand for electricity is not growing as it did in years and decades past.

### Q. How much will I be paying if the request is approved?

**A.** A typical customer who uses 1,000 kilowatt-hours of electricity per month would see an increase of \$21.11 This includes a higher monthly service charge.

1,000 kWh BILL	CURRENT	PROPOSED
SERVICE CHARGE	\$10.50	\$15.00
USAGE CHARGE	\$131.41	\$148.02
<b>TOTAL BILL</b>	<b>\$141.91</b>	<b>\$163.02</b>

*\*excludes taxes & fees*

## Q. How is I&M controlling the costs of generating and delivering energy?

A. I&M always considers the costs to customers and consistently looks for ways to control costs without compromising safety or reliability. I&M also engages with stakeholders as part of the Integrated Resource Plan process to determine the best ways to generate energy into the future.

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## Q. Why is I&M seeking a higher service charge on customer bills?

A. I&M's service charge is the second lowest in the state and well below the \$30 average of Indiana REMCs. A fundamental principle of rate regulation is that rates should accurately reflect the cost of providing service. Still, the bulk of a customer's electric bill is based on how much energy the customer uses, while most of the true cost is from poles, wires and other infrastructure that deliver energy to customers. These costs are incurred regardless of how much energy a customer uses and account for well more than half of the true costs of serving a customer. I&M is gradually moving toward a more accurate adjustment that more closely links costs to charges.

## INDIANA SERVICE CHARGES

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Duke

\$9.01

Indiana Michigan Power

\$10.50

Vectren

\$11.00

NIPSCO

\$14.00

IP&L

\$17.00

## Q. Is this service charge increase in addition to the \$21.11 monthly increase?

A. No. The proposed increase is included in the \$21.11.

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## Q. Is the Innovate Indiana plan doing anything to help our communities add jobs?

A. Yes, I&M plans to establish two new programs to help local communities grow their economies and create more jobs. I&M will help businesses train current and new employees to gain accreditation in specific skills. Because many businesses must make quick decisions on locations, I&M also plans to support communities in constructing spec buildings where businesses could quickly begin operations.

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## Q. Does Innovate Indiana do anything to help diversity I&M's generation, including more renewable, green energy?

A. Two-thirds of I&M's energy generation over the past two years was emission-free, and I&M continues to invest in its Cook Nuclear Plant, which efficiently generates energy with no emissions.

I&M's generation also includes wind, solar, hydroelectric and coal. A diverse generation fleet gives I&M greater flexibility to react to changes in markets, regulations, climate and other conditions.

Innovate Indiana supports renewable energy by giving I&M the ability to work with large commercial and industrial customers to tailor a plan to support renewable energy. I&M will also offer a new option for residential customers to support wind and solar energy.

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## Q. When would new rates take effect?

A. I&M proposes phasing in any increase over three steps: During the first quarter of 2020, a second on June 1, 2020, and the third in early 2021.