



BY FEDERAL EXPRESS

Ms. Dorothy M. Wideman
Executive Secretary
Michigan Public Service Commission
6545 Mercantile Way, Suite 7
Lansing, Michigan 48911

June 4, 2001

Dear Ms. Wideman:

Re: Indiana Michigan Power Company,
d/b/a American Electric Power,
MPSC Case No. U-12652

Enclosed for filing by Indiana Michigan Power Company (I&M), d/b/a American Electric Power (AEP), in accordance with the Michigan Public Service Commission's (MPSC) procedural schedule adopted at the second prehearing conference in MPSC Case No. U-12652 held on December 20, 2000, are the original and four copies of I&M's testimonies, exhibits, schedules, and workpapers in support of its October 2, 2000 Michigan Restructuring Implementation Plan. I&M's filing consists of its unbundled current rates and proposed terms and conditions of service to implement customer choice of electric energy supplier in its Michigan service area. I&M's filing was also submitted through the MPSC's electronic filing system.

Also, enclosed is one extra copy of I&M's filing that I would appreciate being file-stamped and returned to me in the enclosed self-addressed, stamped envelope.

Thank you for your attention to this matter.

Respectfully yours,

A handwritten signature in dark ink that reads "Marc E. Lewis" with a small "sab" written below the name.

Marc E. Lewis
Assistant General Counsel

sab

Enclosures

c: B. W. Coyer - w/enclosures
D. L. Keskey - w/enclosures

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the Application of INDIANA	)	
MICHIGAN POWER COMPANY, d/b/a American	)	
Electric Power, for approval to amend its schedule	)	
of tariffs governing the sale of electricity to	)	Case No. U-12652
implement certain provisions of 2000 PA 141 and for	)	
approval to implement certain proposed accounting	)	
practices and procedures.	)	

APPLICATION

Indiana Michigan Power Company (Applicant), authorized to do business in Michigan as American Electric Power (AEP), applies to the Michigan Public Service Commission (Commission) for approval to amend its schedule of tariffs governing the sale of electricity to implement certain provisions of 2000 PA 141 and for approval to implement certain proposed accounting practices and procedures. In support of this Application, I&M represents the following:

1. I&M is a wholly-owned subsidiary of American Electric Power Company, Inc. I&M is a corporation organized and existing under the laws of the State of Indiana with its principle offices located at 110 East Wayne Street, Fort Wayne, Indiana 46802. I&M has the corporate power and authority to engage in, among other things, generating, transmitting, distributing, and selling electric energy within the State of Michigan and within the State of Indiana.

2. AEP's electric system is a completely integrated and interconnected entity and is operated as a single utility. I&M's service area is located in southwestern Michigan and northern and eastern Indiana within which I&M provides electric service to approximately 121,000 retail electric customers in the state of Michigan. Pursuant to

the Commission's Order in Case No. U-9912, I&M's service area in Michigan consists of two rate areas, the St. Joseph Rate Area and the Three Rivers Rate Area.

3. I&M's electric business in the State of Michigan is subject to the jurisdiction of the Commission pursuant to 1909 PA 106, as amended, MCL 460.551 et seq.; MSA 22.151 et seq.; 1919 PA 419, as amended, MCL 460.51 et seq.; MSA 22.1 et seq.; 1939 PA 3, as amended, MCL 460.1 et seq.; MSA 22.13(1) et seq.; 1969 PA 306, as amended, MCL 24.201 et seq.; MSA 3.560(101) et seq.; and the Commission's Rules of Practice and Procedure, as amended, 1992 AACCS, R 460.17101 et seq.

4. On June 3, 2000, Governor Engler signed Enrolled Senate Bill No. 937. The bill was filed on June 5, 2000, and became 2000 PA 141.

5. Section 10a. (1) of 2000 PA 141 provides: No later than January 1, 2002, the commission shall issue orders establishing the rates, terms, and conditions of service that allow all retail customers of an electric utility or provider to choose an alternative electric supplier. The orders shall provide for full recovery of a utility's net stranded costs and implementation costs as determined by the commission. Section 10a. (5) states: The orders issued by the commission before the effective date of the amendatory act that added this section that allow customers of an electric utility to choose an alternative electric supplier, including orders that determine and authorize recovery of net stranded costs and implementation costs and that confirm any voluntary commitments of electric utilities, are in compliance with this act and enforceable by the commission. An electric utility that has not had voluntary commitments to provide customer choice previously approved by orders of the commission shall file a restructuring plan to allow customers to choose an alternative electric supplier no later

than the date ordered by the commission. The plan shall propose a methodology to determine the electric utility's net stranded costs and implementation costs.

6. Section 10b(2) of 2000 PA 141 provides: No later than 1 year from the effective date of the amendatory act that added this section, each electric utility shall file an application with the commission to unbundle its existing commercial and industrial rate schedules and separately identify and charge for their discrete services. No earlier than 1 year from the effective date of the amendatory act that added this section, the commission may order the electric utility to file an application to unbundle existing residential rate schedules. The commission may allow the unbundled rates to be expressed on residential billings in terms of percentages in order to simplify residential billing. The commission shall allow recovery by electric utilities of all just and reasonable costs incurred by electric utilities to implement and administer the provisions of this subsection.

7. On June 19, 2000, in Case No. U-12464, the Commission ordered each investor-owned electric utility, other than Consumers Energy Company and The Detroit Edison Company, to file a restructuring plan in compliance with 2000 PA 141 that permits all of its retail customers to choose an alternative electric supplier (AES) no later than January 1, 2002.

8. On October 2, 2000 I&M filed its Michigan Restructuring Implementation Plan, in Case No U-12652, in compliance with and to satisfy the requirements of the Commission's June 19, 2000 Order in Case No. U-12464 providing a meaningful initiation of the process of defining the terms and conditions, in accordance with 2000 PA 141 and the authority of the Commission, under which I&M's customers will have the opportunity to choose an AES. The Plan proposed that all I&M customers have the

opportunity to receive energy from an AES commencing on or about January 1, 2002 and described I&M's intentions and preparations with respect to, among other things, supplier transactions, customer transactions, awareness and education programs, customer usage determination, rate unbundling, customer choice information systems, regional transmission organization participation, and employee transition programs. The Plan proposed the methodology to be employed to determine I&M's stranded costs and implementation costs, described the methodology for the calculation of a transition cost adjustment factor, defined the annual true-up procedure, reflected the continuation of I&M's non-bypassable nuclear decommissioning wires charge, and described certain accounting authority for which I&M is requesting Commission approval with this Application. I&M necessarily reserved the right to propose reasonable amendments to the Plan prior to approval of the final tariffs.

9. I&M now files, with this Application, its testimony and exhibits in support of its October 2, 2000 Michigan Restructuring Implementation Plan, including its unbundled current rates and proposed terms and conditions of service to implement customer choice of electric energy supplier in its Michigan service area. The testimony also identifies any required modifications to the October 2, 2000 Plan that have come to I&M's attention during the intervening weeks since that filing date.

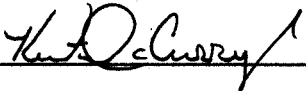
Wherefore, I&M respectfully requests that the Commission:

1. Accept this Application for filing,
2. Promptly make such investigation and give such notice as it may deem necessary or appropriate in the circumstances, and
3. Promptly enter an Order in this proceeding:

- (a) Approving I&M's Restructuring Implementation Plan and new schedules of electric service rates, and related terms and conditions of service, consistent with the relief requested by I&M.
- (b) Authorizing I&M to treat certain costs as retail jurisdictional regulatory assets for future recovery through regulated rates including regulatory assets and certain restructuring implementation costs.
- (c) Granting such other and further relief as may be lawful and proper.

Respectfully submitted,

INDIANA MICHIGAN POWER COMPANY

By 

Kent D. Curry
Director of Regulatory Services

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Lansing, MI 48933
(517) 377-0701

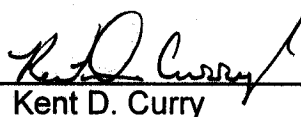
Marc E. Lewis (Ind. Atty. No. 11743-02)
Indiana Michigan Power Company
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Fort Wayne, IN 46801
(219) 425-2195

Attorneys for Indiana Michigan Power Company, d/b/a American Electric Power

VERIFICATION

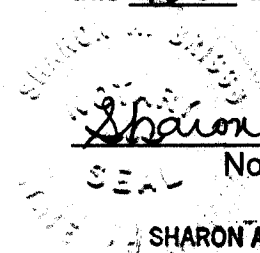
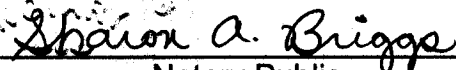
STATE OF INDIANA)
) SS
COUNTY OF ALLEN)

Kent D. Curry being first duly sworn, deposes and says that he is Director of Regulatory Services of Indiana Michigan Power Company, an Indiana corporation, authorized to do business in Michigan as American Electric Power; that he is duly authorized to and has executed the foregoing Application for and on behalf of American Electric Power; that he has read the same and knows the contents thereof, and that the same is true to the best of his knowledge and belief.



Kent D. Curry

Subscribed and sworn to before me
this 4th day of June, 2001.

Notary Public

SHARON A. BRIGGS, Notary Public
Resident of Whitley County, Indiana
My Commission Expires May 9, 2007