

DIRECT TESTIMONY OF
MARK A. WELCH
ON BEHALF OF
INDIANA MICHIGAN POWER COMPANY
IN MPSC CASE NO. U-12652

1 Q. Please state your name and business address.

2 A. My name is Mark A. Welch. My business address is American Electric Power, 1
3 Riverside Plaza, Columbus, Ohio 43215.

4 Q. Please indicate by whom you are employed and in what capacity.

5 A. I am the Vice President of Human Resources (HR), Systems, and Operations for
6 American Electric Power Service Corporation (AEPSC), a wholly owned
7 subsidiary of American Electric Power, Inc. (AEP) the parent of Indiana
8 Michigan Power Company (I&M). In my present position I report to the Senior
9 Vice President, Human Resources.

10 Q. Please briefly describe your educational background and business experience.

11 A. I graduated from Miami University, Oxford, Ohio, with a Business
12 Administration degree in political science and from The Ohio State University
13 School of Law with a J D degree. I also attended the University of Michigan's
14 Human Resources Executive Program. I have been employed in the American
15 Electric Power System since 1980 in various human resources capacities with
16 AEPSC. During my tenure in Human Resources, I have been labor counsel and a
17 Human Resources Director for the Wholesale business unit. In my present
18 position I am responsible for directing the corporate human resources function
19 which includes policy design and administration in the functional areas of
20 compensation, benefits, personnel services (Equal Employment

1 Opportunity/Affirmative Action, employee relations, employment), HR systems
2 and processes, HR communications, and the field HR support staff.

3 Q. What is the purpose of your testimony in this proceeding?

4 A. The purpose of my testimony is to support certain sections of the Company's
5 Restructuring Implementation Plan filed with the MPSC on October 2, 2000.
6 Specifically, I am supporting the following sections:

- 7 • H. Related Projects
- 8 • 5. Employee Transition
- 9 • J. Projected Costs
- 10 • 1.f. Implementation Costs - Employee Transition Costs

11 Q. Was the Employee Assistance Plan outlined in Section H. 5. of the October 2,
12 2000 Implementation Plan prepared by you or under your supervision?

13 A. Yes.

14 Q. Please briefly describe the various components of I&M's Employee Assistance
15 Plan.

16 A. In the event of job displacement due to organizational restructuring, I&M offers a
17 diversified Employee Assistance Plan. The plan consists of programs to help the
18 individual locate a new position, including an internal job searching program; a
19 relocation assistance program; an educational assistance program; professional
20 outplacement services and a re-employment workshop. It also includes programs
21 designed to help the individual deal with the emotional and financial issues
22 associated with the displacement, including employee/family counseling, a
23 severance program providing up to 12 months of base pay, extended medical

1 benefits, and early retirement options for those who qualify. Each of these
2 programs is described in greater detail in Section H. 5. of the October 2, 2000
3 Implementation Plan.

4 Q. Are there any updates or modifications to sections of the October 2, 2000
5 Restructuring Implementation Plan that you are sponsoring?

6 A. Yes. On page 60 of the October 2, 2000 plan the Company has removed the
7 employee option to continue basic and supplemental life insurance.

8 Q. Why was this option withdrawn by the Company?

9 A. With respect to group life insurance, Ohio Revised Code 3917 provides for a
10 definition of the persons eligible for such insurance. We have recently been
11 advised that the definition cannot be construed to include severed employees.
12 Since our policies have Ohio situs and are governed by Ohio law, we have
13 prospectively excluded this provision from our severance plan in all states in
14 which we operate.

15 Q. Do you believe that I&M has provided for a reasonable Employee Assistance
16 Plan?

17 A. Yes. It is a well-rounded program in that it addresses both employment and
18 personal issues. It is also a very competitive package when compared to other
19 companies.

20 Q. Are you seeking any cost recovery associated with I&M's Employee Assistance
21 Plan?

22 A. As indicated in Section J. 1. f. of the October 2, 2000 Plan , I&M had not at that
23 time identified any employee positions affected by 2000 P A 141. and reserved

1 the right to make an estimate and to seek recovery of employee transition costs in
2 its proposed June 5, 2001, filing.

3 Q. With this June 5, 2001 filing are you seeking any cost recovery associated with
4 I&M's Employee Assistance Plan?

5 A. No. I&M has not identified any employee positions affected by 2000 P A 141.
6 and therefore, is not requesting any recovery of employee transition costs in this
7 June 5, 2001, filing.

8 Q. Does this conclude your testimony?

9 A. Yes.