



An **AEP** Company

Your I&M Residential Bill in Indiana

An Explanation of Charges

Monthly Service Charge: A flat monthly fee that pays a portion of the costs of meters, meter reading, billing and other fixed costs.

Current Billing: An amount based on your usage of electricity, determined by the general rate authorized by the state. Most of the costs of poles, wires and other electric generation, transmission and distribution services are included in this portion of your bill.

Remaining Line Items on a Residential Customer Bill:

Most of the remaining line items are called “trackers” or “riders.” They reflect actual expenses and investments a utility incurs and move up or down as those costs (and any related revenue) rise or fall. Several are adjusted at year’s end, so differences in a bill can become more apparent with January billing.

Trackers have advantages for you. For I&M’s capital investments, they gradually phase in the investments that would otherwise impact you all at once if the complete investment was included in base rates at one time. Trackers also offer continuous transparency of your bill. You can see exactly how much of your bill goes toward specific areas of investments and expenses.

State regulators typically review each tracker once a year. Importantly, trackers subject certain I&M expenses and investments to more regulatory scrutiny and include “true-up” functions to ensure that rates recover only the tracked costs and expense actually incurred to serve you.

Fuel Adjustment: A charge or credit based on the cost of coal, uranium and other fuels used to generate power at I&M’s generation facilities. The fuel adjustment tracker also includes the costs of purchased power.

Off System Sales/PJM Rider: This rider allows I&M to flow through to retail customers the margins from I&M’s sale of energy to the wholesale market. It also recovers costs associated with mandated participation in PJM, the regional transmission organization that coordinates

the movement of wholesale electricity in all or parts of 13 states. I&M and other Indiana electric utilities are required to belong to a regional transmission organization.

Demand Side Management/Energy Efficiency Program Cost: This portion of your bill recovers the costs of energy efficiency programs, which provide customers with tools to reduce energy use if you choose to engage in the available programs.

Cook Nuclear Plant Life Cycle Cost: Cook generates more than 40 percent of I&M's Electricity – all with zero carbon emissions and at the lowest cost of our generation sources. Cook's two generation units were originally licensed to operate for 40 years. The Life Cycle Management program allows I&M to invest in Unit 1 and Unit 2 of the Cook Plant and continue to operate the units for 20 additional years – to 2034 and 2037, respectively – at far less cost than building a new generation plant.

Solar Power Rider (SPR) surcharge: Allows I&M to recover costs associated with investments in the St. Joseph (Indiana) Solar Project as approved by the Commission.

Phase-in Rate Adjustment: This tracker allows I&M to phase-in the base rate adjustments to appropriately align base rate expenses as they occur and as approved by the Indiana Utility Regulatory Commission.

Environmental Cost Rider: This rider allows I&M to recover environmental related costs including investments in clean coal technology projects including consumable products and state and federal emission allowances approved by the Commission.

Resource Adequacy Rider: Recovers the cost of ensuring energy generation is available from select sources to supply power if needed. I&M is required to have sufficient generation capacity available to meet unexpected needs or reduction in supply.

Tax Rider: The Tax Rider credits customers with the benefits of the 2017 Tax Cuts and Jobs Act. It is anticipated that the Tax Rider will be discontinued in late 2022.

(Customers who choose the option of participating in one or more of I&M's enhanced customer programs may see one or more of the following on their bill.)

Green Power Rider: This rider provides options to customers to support solar power and attribute all or part of their energy use to solar power. Customer can choose from three options:

- **The Local Renewable Program option** is available on a voluntary basis to metered customers who desire to purchase renewable energy from I&M's solar, wind and hydro

generation resources through the purchase of renewable energy certificates (RECs) sourced from I&M's renewable resources.

- **The National Renewable Program option** is available on a voluntary basis to metered customers who desire to purchase RECs sourced from renewable resources located within the United States of America.
- **The Custom Agreement option** is available to customers taking metered service under the Company's I.P. and C.S.-IRP2 tariffs, or multiple G.S. and / or L.G.S. tariff accounts with common ownership under a single parent company that can aggregate multiple accounts to exceed 1,000 kW monthly peak demand over a 12-month average.

Home Energy Management: Customers who participate in the IM Home program may receive credits of up to \$36 per year for saving energy during peak usage times that will appear on this line.

Net Metering Service Rider: Customers who have self-generation equipment connected to the power grid are billed and credited through this line item.