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July 3, 2025

Ms. Lisa Felice  
Executive Secretary  
Michigan Public Service Commission  
PO Box 30221  
Lansing, MI 48909-7721

Re: Case No. U-21227 - Indiana Michigan Power Company - *In the matter, on the Commission's own motion, to seek comments from rate-regulated electric, steam, and natural gas utilities regarding potential utility infrastructure improvements in the state of Michigan from the federal funding available under the Infrastructure Investment and Jobs Act of 2021: ALPENA POWER COMPANY, CONSUMERS ENERGY COMPANY, DETROIT THERMAL, LLC, DTE ELECTRIC COMPANY, DTE GAS COMPANY, INDIANA MICHIGAN POWER COMPANY, NORTHERN STATES POWER COMPANY, UPPER PENINSULA POWER COMPANY, UPPER MICHIGAN ENERGY RESOURCES CORPORATION, MICHIGAN GAS UTILITIES CORPORATION, and SEMCO ENERGY GAS CORPORATION.*

Dear Ms. Felice:

Enclosed for electronic filing is Indiana Michigan Power Company's June 2025 Biannual Report.

If you have any questions, please contact me.

Sincerely,

**Dykema Gossett PLLC**

Richard J. Aaron

Enclosure

4888-5218-2855.1

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter, on the Commission’s own	)	
motion, to seek comments from rate-	)	Case No. U-21227
regulated electric, steam, and natural gas	)	
utilities regarding potential utility	)	
infrastructure improvements in the state of	)	
Michigan from the federal funding available	)	
under the Infrastructure Investment and	)	
Jobs Act of 2021	)	

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**INDIANA MICHIGAN POWER COMPANY**  
**JUNE 2025 BIENNIAL REPORT**

Indiana Michigan Power Company (I&M or Company) submits the following report in response to the Michigan Public Service Commission’s (Commission or MPSC) Orders, dated August 23, 2022 Order, and February 23, 2023 Order in this case regarding the Infrastructure Investment and Jobs Act (IIJA) of 2021.

**INTRODUCTION**

I&M is a multi-jurisdictional public utility that is regulated in the States of Indiana and Michigan. I&M serves approximately 600,000 retail customers, with 133,000 in Michigan, and serves additional wholesale generation load under long-term full-requirements contracts. The Company’s service territory in the State of Michigan encompasses portions of six counties. I&M’s Michigan retail customers comprise approximately 15% of the total load I&M serves. The remaining customers are wholesale or Indiana retail. Notably, I&M operates within the PJM Interconnection, L.L.C. (PJM) Regional Transmission Organization (RTO), while most Indiana and Michigan utilities operate in the Midcontinent Independent System Operator, Inc. (MISO) RTO.

On August 23, 2022, the Commission issued an order in Case No. U-21227 requiring regulated utilities to file biannual reports to provide updates to the Commission for IIJA grant opportunities applied for, approved and funding awarded, and others in-process, as well as a description of collaboration efforts to secure IIJA funding for energy efficiency. The Commission encouraged rate-regulated utilities like I&M to explore these funding opportunities. Relative to regulated utility infrastructure, the Commission identified the following priorities or areas of interest: (1) grid flexibility, reliability, resilience, and accessibility in rural and remote areas; (2) renewable energy investment and deployment including hydrogen and battery storage projects; and (3) electric transmission investments.

On February 23, 2023, the Commission ordered this docket to remain open as a repository for update filings from utilities regarding actions taken relevant to obtaining funding or assistance opportunities pursuant to the IIJA Act of 2021 and IRA Act of 2022. The Commission further ordered rate regulated utilities to file in this docket on a biannual basis an update of its efforts relating to those actions, with the next update to be filed no later than June 30, 2023 and subsequent update filings to be filed on December 31 and June 30 every year thereafter until further notice by the Commission or until all applicable opportunities under IIJA and IRA are closed to applications.

I&M respectfully submits this required update to the MPSC to inform the Commission of I&M's efforts to obtain funding pursuant to IIJA opportunities.

## **IIJA STATE GRANT OPPORTUNITY STATUS**

### **Formulaic Funding**

In November 2024, the Company received a grant agreement from Michigan Department of Environment, Great Lakes, and Energy” (EGLE) for an award under the “Grid Resilience Grant Program Section 40101(D), Infrastructure Investment And Jobs Act Request for Proposals” (RFP). The contract was fully executed as of February 5, 2025. This “Dead and Dangerous Tree Removal” project will accelerate the removal of dead and dangerous trees that exist outside I&M’s distribution right-of-way with the intended result to improve reliability and resiliency from power outages caused by dead and dangerous trees. The project work, grant reporting and grant funds disbursement will occur during 2025 and conclude on August 31, 2027, after EGLE granted a one-year project extension. The forestry project total cost is estimated at \$4.02 million with a grant share of \$2.01 million and a Company match \$2.01 million.

### **Michigan Public Service Commission Low Carbon Energy Infrastructure Enhancement and Development Grant**

In late 2022, as part of Public Act 53 and Public Act 166 requirements, the MPSC issued an RFP for grant funding proposals from businesses, nonprofit organizations, and local units of government for projects that provide planning, developing, designing, acquiring, or constructing low carbon energy facilities. While I&M did not directly, or as a subgrantee, submit any proposals under this RFP, I&M provided a Letter of Support for two projects located in or adjacent to its Michigan service territory. On June 9, 2023, the two projects listed below, which I&M supports, were successfully awarded grants:

- 5 Lakes Energy infrastructure planning toolkit project
- Slipstream low carbon energy planning for Native Nations project

In support of these projects, the Company provided information on I&M program offerings that the City of Benton Harbor and Native Nations can engage in for their efforts under these planning grants. As of the date of this report, the work for both of these projects is complete.

## **IIJA UTILITY DIRECT GRANT OPPORTUNITY STATUS**

I&M/AEP has an internal team focused on evaluating IIJA opportunities to lower costs for customers, while improving electric grid reliability and resiliency. The team is actively tracking implementation of this landmark legislation. Below are the areas of funding opportunities and action taken by I&M/AEP specific to projects in Michigan.

### **Grid Resilience and Innovation Partnerships (GRIP) Program**

In September 2024, the *Department of Energy (DOE) and National Energy Technology Laboratory (NETL)* awarded the Advanced Distribution Management System (ADMS) and Distributed Energy Resource Management System (DERMS) project. AEP (and I&M) finalized the award contract in November 2024 which authorizes grant funds withdrawals based on work progress and expenses incurred after October 1, 2024.

In the Commission's Order in the Company's general rate case in Case No. U-21461, the Company was directed to reflect I&M's Michigan jurisdictional share of ADMS/DERMS grant dollars received as a regulatory liability. The Commission also concluded that ADMS/DERMS cost allocation is better addressed separately in I&M's Demand Response Aggregation workshop. The Company is proceeding with ADMS/DERMS cost accounting according to and consistent with the Commission's directives.

### **Upcoming Program Opportunities of Interest**

#### **a) GRIP Program Round 2 and Round 3 Grant Opportunities**

The GRIP Round 2 grant opportunity was issued in December 2023 with Modification on December 21, 2023. I&M evaluated project viability for a round 2 GRIP project application but ultimately determined that sponsoring GRIP projects for a project application for this round of grant funding was not possible.

A third round of funding for the GRIP Program is expected to be released in 2025 after federal election transition activities conclude. AEP and I&M will revisit project viability and participation when this next round of funding is announced.

## **b) Energy Improvements in Rural or Remote Areas IIJA Section 40103(c)**

On October 12, 2022, the DOE announced the Energy Improvements in Rural or Remote Areas (ERA) program to strengthen the resilience, reliability, and availability of energy systems, help communities unlock public health and cost-saving benefits cleaner (renewables), more efficient energy provides. DOE issued a RFI seeking public input on the \$1 billion program to improve energy generation in rural or remote communities of population size of under 10,000.

A second round of funding for the ERA program is expected to be released in 2025 after election transition activities conclude. AEP and I&M will be evaluating potential participation.

## **c) Federal and State Hydropower Incentives and Grants**

The Grid Deployment Office (GDO) within the U.S. DOE was created in 2022, in part to administer/manage hydropower incentives. Hydropower incentives are set forth in Sections 40331 through 40333 of the Hydropower subtitles of IIJA (specifically Division D, Title III, Subtitle D) and are amendments to existing legislation; the Energy Policy Act of 2005 (EPAc 2005). Section 40333 of the IIJA added a new section to the EPAc 2005; Section 247.

I&M applied for a Section 247 incentive payment for a dam safety-related capital project (i.e., embankment toe drain repair and replacement) that was completed at the I&M Mottville hydroelectric plant in 2022. This Mottville Hydro 247 project was selected for funding in September 2024 and in November 2024, the DOE hosted an official negotiations meeting with the team for the hydroelectric incentive awards. In January 2025, I&M received a Fully Conditional Agreement. The next step in the award process will be receipt and execution of full terms and conditions. This contract and acceptance of the official grant award is anticipated in 2025.

In November 2024 EGLE issued a Request for Pre-Application for the State of Michigan Dam Risk Reduction Grant Program, grant opportunity ID MI00538. This grant opportunity offers grants funds aimed for projects that reduce the potential risk to human life and downstream communities in the event of dam failure. On December 5, 2024 I&M submitted a pre-grant application for the Berrien Springs Dam Right Embankment Cutoff Wall Repairs project in Berrien County, Michigan. Ultimately, this pre-application was not selected to move on to the next stage of submitting a full grant application package.

## **d) Electric Vehicles**

On August 31, 2023 Michigan Department of Transportation released the first request for proposals under the National Electric Vehicle Infrastructure program, known as NEVI, (IIJA, Title VIII, Subtitle J, Section 8101). I&M assisted customers interested in applying for these funds by filling out the relevant utility forms and supplying Utility

Support Letters of Intent. On April 10, 2024 the results for Michigan’s first round of NEVI funding were announced. I&M will serve one of these sites, located in Benton Harbor. MDOT released an RFP for the second round of NEVI funding on November 20, 2024. Like first round awards, I&M stands ready to assist customers in completing the *Utility Support Letter of Service* to complete their applications.

The EPA announced two rounds of grant funding for electric school buses, with the most recent announcement occurring in June 2024. The EPA is currently accepting applications for clean school bus rebates. I&M is ready to support its customers in applying for these funds through electric charging service installation and electricity rate advisory and support.

To further support customer access to IIJA and IRA funds for electric vehicles, I&M created an online toolkit for its staff to better understand grant funds and tax credits available to customers, as well as a customer facing page on its website with brief overviews of each of the major funding opportunities.

In October of 2024, in collaboration with the Electric Power Research Institute (EPRI) I&M participated in a proposal submitted to DOE under the Connected Communities 2.0, Innovations to Manage Growing Transportation, Building, and Industrial Loads to the Grid funding opportunity.

The following categories of funding were available for proposals:

- **Topic 1 – Connected Communities 2.0**, focused on grid-edge technical measures in buildings, industry, and transportation to prepare the electric grid for new loads and improve customer benefits and grid resilience; and
- **Topic 1a – Smart Charge Management**, focused on various unique urban, suburban, and rural use cases to build confidence as an effective approach for electric vehicles to provide flexibility and value to the electric grid.

After reviewing the topic options, I&M participated in a concept paper and subsequent proposal for Topic 1 *Connected Communities 2.0* as a subrecipient under EPRI. EPRI submitted a concept paper in August 2024. I&M was subsequently notified by EPRI that DOE encouraged EPRI to apply based on the concept submitted. A full proposal was submitted in October 2024. Currently, I&M is aware that proposals are under review and pending award decisions by DOE, with award notices expected in 2025. In January 2025 after the presidential administration transition, the DOE indicated that this funding opportunity will likely be decommitted.

## **COST RECOVERY AND ACCOUNTING**

IIJA fund opportunities, as well as other similar grant fund opportunities such as EGLE’s Dam Risk Reduction Grant Program, are “matching funds” with a portion of an approved project’s costs paid by grant funds and the balance paid for with utility funds. For the GRIP program it involves cost-sharing, meaning recipients are expected to

contribute up to 50% of the project cost. If a GRIP grant is awarded, a grantee has 60 days from the award to accept the award. In other grant types, the deadline to accept can vary.

In the Commission's Order on February 23, 2023 in this docket, the Commission responded to utility requests to address cost recovery for grant projects regarding the immediacy of future commitments made by utilities to secure grants funding. The Commission stated utilities should use the existing regulatory frameworks set forth for *ex parte* regulatory asset and deferral authorization and the pilot program approval process to address grant project cost recovery requests.

Overall, I&M intends to seek cost recovery for the matching funds, costs associated with applications to secure the funding, ongoing costs associated with reporting on and supporting the funding in future years as well as ongoing project costs consistent with the process the Commission outlined in its February 23, 2023 order in this docket, specific to the type of project that each grant relates to – pilot project or non-pilot traditional investments.

### **I&M RECOMMENDATIONS**

The application process for IIJA-related and other similar funding opportunities is a complex process which requires significant time and resources. While IIJA represents a significant pool of funds to enhance the delivery of safe, reliable, and affordable energy - it does not mean that the funding does not come without requirements, commitments, reporting requirements, milestone obligations, and certain other conditions. IIJA funding will benefit customers in various ways, and it is important to pursue funding opportunities that provide benefits while minimizing cost to customers.

As I&M considers potential projects and applications for competitive funding under IIJA's various sections, we value the Commission's perspective on programs that deliver the greatest benefits to our customers and continue to provide safe, reliable, and affordable electric service and would be considered prudent utility projects. I&M is willing to meet with the Commission to discuss the details of the confidential applications.

Respectfully submitted,  
Indiana Michigan Power Company