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STATE OF INDIANA

INDIANA UTILITY

INDIANA UTILITY REGULATORY COMMISSION

REGULATORY COMMISSION

**PETITION OF INDIANA MICHIGAN POWER)
COMPANY FOR ACCOUNTING AUTHORITY TO)
REVISE THE DEPRECIATION RATES APPLICABLE)
TO ITS ELECTRIC UTILITY PLANT IN SERVICE)**

CAUSE NO. 42959

PREFILED TESTIMONY OF

WES R. BLAKLEY – PUBLIC'S EXHIBIT #1

WILLIAM W. DUNKEL – PUBLIC'S EXHIBIT #2

ON BEHALF OF

THE INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR

MARCH 30, 2006

**INDIANA MICHIGAN POWER COMPANY
IURC CAUSE NO. 42959**

**Indiana Michigan Power Company's
Second Supplemental Response To OUCC Data Request Set No. 2**

Petitioner Indiana Michigan Power Company ("Petitioner" or "I&M") provides this second supplemental response to OUCC Data Request Set No. 2 ("Requests").

Responses

Q-13: Please provide an itemized list of Breed plant demolition costs, complete with original cost, descriptions and dates.

Supplemental Response: I&M's response to Question Q-13 provided on February 17, 2006 and the supplemental response to Question Q-13 provided on March 15, 2006 interpreted the question as relating to Mr. Bertheau's testimony. In a spirit of cooperation, I&M provides the following additional information regarding the status of the dismantlement of Breed:

I&M has initiated the process of dismantling Breed. As of the end of 2005, I&M has incurred costs of approximately \$5 million in demolition costs, primarily related to asbestos removal, and expects to incur another approximately \$0.4 million to complete the asbestos work. I&M issued a request for proposals for a demolition contractor and is currently evaluating bids ranging from \$2.7 to \$5.7 million (excluding overheads). Among the factors that will affect the cost are the amount of earthwork to be used as fill; the treatment of railroad tracks, fences, gates and parking areas; the extent of the area to be seeded and mulched; the depth of site foundation removal; the ability of the demolition contractor to find buyers for equipment; and dismantlement techniques. Breed is a stand-alone unit in a relatively uninhabited area. The low bidder proposes to cut the boiler building steel, pull the structure over and slice the structure into scrap with hydraulic shears. This proposed dismantlement technique would be less costly than the top down method represented in the Sargent and Lundy estimate. However, the dismantlement technique proposed for Breed may not be feasible for its Rockport and Tanners Creek plants.

Responder: Company