

INDIANA UTILITY REGULATORY COMMISSION  
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MEMORANDUM

TO: Commissioners Hardy, Golc, Landis, Server and Ziegner

FROM: Jerry L. Webb, Director of Water/Sewer Division *Jerry L. Webb*

DATE: April 10, 2008

RE: Utility Articles for Next Conference

The following Final Articles "A" are submitted to each of you to acquaint you with the tariffs eligible for action or acceptance on or after April 16, 2008.

JLW/lid

**"A" Finals**

*The following miscellaneous item(s) will be eligible for final consideration at the next Commission Conference and based upon review by staff members of the Commission, I recommend approval.*

**1. Citizens Thermal Energy**

The Board of Directors for Utilities of the Department of Public Utilities of the City of Indianapolis d/b/a Citizens Thermal Energy ("Citizens"), has submitted for Commission review and approval a First Amendment to Agreement for Use of Industrial Steam Service Between Citizens Thermal Energy and National Starch and Chemical Company ("Amendment"). The Amendment would amend the existing Agreement for Use of Industrial Steam Service Between Citizens Thermal Energy and National Starch and Chemical Company ("Agreement") and extend by one year the date by which the Agreement would expire to February 15, 2011.

Citizens and National Starch and Chemical Company ("National Starch") entered into the Agreement on November 28, 2001. The Commission approved the Agreement on April 3, 2002, pursuant to its 30-day filing process. Upon two year's prior notice, either party can terminate the Agreement upon the expiration of its current term, which is currently February 15, 2010.

Citizens and National Starch also are parties to the Joint Stipulation and Settlement Agreement Among Citizens Thermal Energy, the Indiana Office of Utility Consumer Counselor and the Citizens Industrial Group (the "Settlement Agreement"). Among other terms, the Settlement Agreement provides that the Agreement will be amended to extend by one year the date by which it would expire to February 15, 2011. In its final order in Cause No. 43201 issued on October 30, 2007, the Commission approved the Settlement Agreement and directed Citizens to utilize the Commission's 30-day filing process for amending the Agreement.

In addition to the Amendment, Citizens has submitted in support of the Amendment the Agreement and the Commission's Final Order in Cause No. 43201 issued on October 30, 2007.

The Amendment submitted for approval is entitled First Amendment to Agreement for Use of Industrial Steam Service Between Citizens Thermal Energy and National Starch and Chemical Company dated January 28, 2008, consisting of one page.

**2. Indiana Michigan Power Company**

The Utility has submitted for Commission review a request for approval to restore the fiscal Year 8 net merger savings reduction rider factors following the third quarter reconciliation pursuant to the Commission's April 26, 1999 Order in Cause No. 41210 relating to the merger of American Electric Power Company, Inc. and Central and South West Corporation (Order). The fiscal Year 8 required rate reductions were temporarily adjusted for the February through April 2008 billing months for the reconciliation of fiscal Year 7.

The Settlement Agreement in Cause No. 41210 specified that the annual bill reduction amounts would be allocated to rate classes based upon total revenues, excluding fuel cost adjustment, and

credited to customers' bills through the application of a per kilowatt-hour (kWh) factor specific to each rate class. The Agreement also stated that each individual year's bill reduction would apply for a twelve-month period except for an adjustment during each third quarter to reconcile actual kWh sales and projected kWh sales for the prior year.


As also described in I&M's testimony in Cause No. 41210, prior to the beginning of each fiscal year following consummation of the merger, I&M will make a 30-day filing to establish the net merger savings reduction rider factors to effect that fiscal year's customer bill reduction. Prior to the third quarter of each fiscal year (except the first fiscal year), a 30-day filing will be made to establish the adjustment to the riders, as required by the Agreement, to reconcile actual kWh sales and projected kWh sales for the prior fiscal year. The adjusted rider factors will be in effect for the seventh through the ninth billing months of each fiscal year (except the first fiscal year) after which the factors will return to the unadjusted levels. The Company will also make a separate 30-day filing, at the request of Staff, prior to the conclusion of the third quarter reconciliation period, to return the factors to the current fiscal year unadjusted levels following the reconciliation period. This process will be repeated annually through the reconciliation of the eighth fiscal year. The last reconciled reduction will continue to apply in years following the end of the eighth fiscal year until I&M's Indiana base rates are changed.


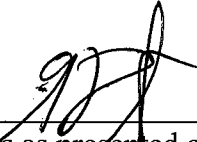

Attachment B to the Utility's filing provided the calculations of the proposed AEP/CSW net merger savings reduction rider factors.

The tariff sheets affected by this filing are:

- Twenty-third Revised Sheet No. 21
- Twenty-fifth Revised Sheet No. 22
- Twenty-third Revised Sheet No. 23
- Twenty-third Revised Sheet No. 23.1
- Eighteenth Revised Sheet No. 31

Please indicate your consideration and action of the preceding items on the appropriate lines provided below.

  
Jerry L. Webb, Director  
Water/Sewer Division

I approve of all items as presented above

~~I approve of all items as presented above except~~

Not participating in the following items

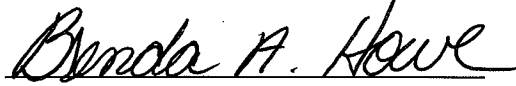
I, \_\_\_\_\_, Disapprove Items

No.

I, \_\_\_\_\_, Wish to Defer Items

No.

I hereby certify that the above is a true and correct copy of the action on the articles.

  
Brenda A. Howe  
Secretary to the Commission