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Indiana Utility Regulatory Commission

Via Electronic Filing

February 26, 2009

Secretary of the Commission and
Director of Electricity Division
Indiana Utility Regulatory Commission
101 W. Washington St., Suite 1500E
Indianapolis, IN 46204

RE: Annual IPL Cogeneration Filing

Under 170 IAC 1-6, the Thirty-Day Administrative Filing Procedures and Guidelines Rule, Indianapolis Power & Light Company (IPL) submits herewith for filing a revision to our Tariff No. E-16 entitled:

Rate CGS - Cogeneration and Small Power Production
14th Revised Sheet No. 122

IPL is filing this tariff revision pursuant to 170 IAC 4-4.1, the Cogeneration and Alternate Energy Production Facilities Rule. Specifically, Section 10 requires that on or before February 28 of each year a generating electric utility shall file with the Commission a standard offer for purchase of energy and capacity at rates derived from the appropriate sections of this rule.

This tariff revision supersedes the 13th Revised Sheet included with IPL's annual cogeneration filing made February 26, 2008 and approved June 11, 2008. The Company's standard offer and form contract for the purchase of energy and capacity from cogeneration and alternate energy production facilities operating within IPL's service territory has not been revised since the last filing.

Only the affected tariff sheet is submitted for approval in this filing. All other tariff sheets of Rate CGS and the riders for maintenance, back-up and supplementary power remain unchanged from those previously approved.

This filing also includes a mark-up of the existing tariff sheet, and supporting documentation and assumptions consistent with prior Annual IPL Cogeneration Filings. In addition, this filing contains the Determination of Average System Losses for the Twelve Months Ended December 31, 2008, a Verified Statement by the IPL concerning notification of customers regarding the proposed revision of Rate CGS, and a copy of such notification.

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If you have any question, please feel free to contact me at 317-261-5341, at the address on the letterhead, or at Jim.Cutshaw@AES.com.

Respectfully submitted,

A handwritten signature in black ink that reads "James L. Cutshaw". The signature is written in a cursive style with a large initial "J".

James L. Cutshaw
Revenue Requirements Manager

Enclosures

Electronic Copy:

Office of the Utility Consumer Counselor
115 W. Washington St., Suite 1500 South
Indianapolis, IN 46204

Indianapolis Power & Light Company
 One Monument Circle
 Indianapolis, Indiana

I.U.R.C. No. E-16

14th Revised No. 122
 Superseding
 13th Revised No. 122

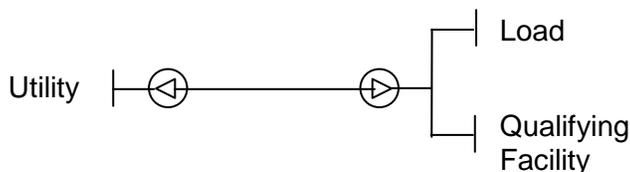
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RATE CGS (Continued)

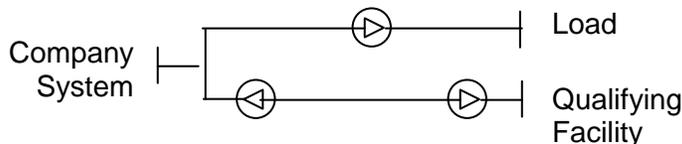
INTERCONNECTION CONDITIONS AND COSTS: (Continued)

(f) (Continued)

- (1) Where purchases are intended to be less than 1000 kilowatthours per month, and the Company and Qualifying Facility mutually agree, a single bidirectional meter may be placed between, at one side, the Company system and, on the other side, the Qualifying Facility and any load associated with it.
- (2) Where such measurement is appropriate for measurement of energy, the circuit shall include at minimum two monodirectional meters in a series arrangement between, at one side, the Company system and, on the other side, the Qualifying Facility and any load associated with it:



- (3) Where such is appropriate for measurement of energy, the circuit shall include a monodirectional meter between the on-site load and the Company and, in a series arrangement, two monodirectional meters between the Qualifying Facility and the Company system:



- (4) The meter measuring purchases by the Company shall be of a design to record time periods, and shall be capable of electronically transmitting instantaneous readings.
- (5) Other metering arrangements shall be the subject of negotiations between the Company and the Qualifying Facility.

RATE FOR PURCHASE:

The rate the Company will pay each Qualifying Facility for energy and capacity purchased will be established in advance by written contract with the Company as filed and approved by the Commission and will be based on the RATE FOR PURCHASE on file from time to time with the Commission, adjusted as outlined in the remaining parts of this section. Unless otherwise agreed the RATES FOR PURCHASE shall be:

- (1) Capacity \$6.18 per KW per month
- (2) Energy - Peak Period 3.15¢ per KWH
 - Off Peak Period 2.66¢ per KWH

Indianapolis Power & Light Company
 One Monument Circle
 Indianapolis, Indiana

I.U.R.C. No. E-16

14th Revised No. 122
 Superseding
13th Revised No. 122

Deleted: 13th
 Deleted: 12th

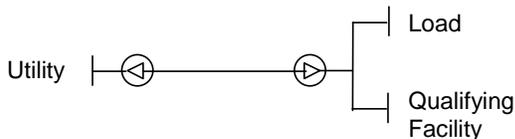
RATE CGS (Continued)

INTERCONNECTION CONDITIONS AND COSTS: (Continued)

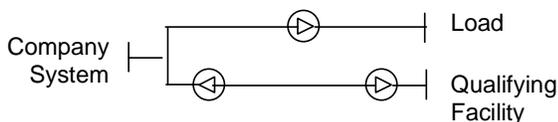
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(f) (Continued)

- (1) Where purchases are intended to be less than 1000 kilowatthours per month, and the Company and Qualifying Facility mutually agree, a single bidirectional meter may be placed between, at one side, the Company system and, on the other side, the Qualifying Facility and any load associated with it.
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(1)	Capacity	<u>\$6.18</u> per KW per month	Deleted: 4.76
(2)	Energy - Peak Period	<u>3.15¢</u> per KWH	Deleted: 2.72
	- Off Peak Period	<u>2.66¢</u> per KWH	Deleted: 2.14

Second step of two step increase. Effective: Deleted: June 11, 2008

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February 26, 2009RATES FOR PURCHASE OF CAPACITY Indiana Utility Regulatory Commission

C	unadjusted monthly capacity payment per kW	\$ 6.18
C _a	adjusted monthly capacity payment	\$ 6.18
D	present value carrying charges \$1 investment	\$ 1.43
V	investment avoidable unit \$ per kW	\$ 600
n	expected life avoidable unit (years)	30
i _p	annual escalation rate for avoidable unit	2.5%
i _o	annual escalation rate O & M expense	2.5%
r	cost of capital	8.99%
O	annual O&M expense per kW avoidable unit	\$ 12.00
L	line losses	5.5%
t	year of the contract	1
f	carrying charge rate	13.93%
tu	in-service year avoidable unit	2009
tq	in-service year QF	2009
Y	year of capacity payment	2009

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CARRYING CHARGE RATE CALCULATION

r	rate of return	8.99%
A	Ad Valorum tax rate	1.37%
P	insurance rate	0.15%
d	sinking fund depreciation rate	0.74%

$$d = \frac{r}{(1+r)^n - 1}$$

T	federal and state composite income tax rate	40.525%
D	book depreciation rate	3.33%
b	marginal interest rate on debt capital	6.61%
L	debt ratio	52.35%
n	service life of the deferrable unit	30

$$\text{carrying charge rate} = r + A + P + d + (T / (1-T)) * (r + d - D) * ((r-bL) / r) = \underline{13.93\%}$$

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RATE OF RETURN CALCULATION

Indiana Utility Regulatory Commission

December 31, 2008

Type of <u>Capital</u>	Amount <u>(000)</u>	Percentage of <u>Capital Structure</u>	Marginal Cost <u>of Capital</u>	Weighted <u>Cost</u>
Long Term Debt	\$ 888,754	52.35%	6.61%	3.46%
Preferred Equity	\$ 59,080	3.48%	5.49%	0.19%
Common Equity	\$ <u>750,033</u>	<u>44.17%</u>	12.10%	<u>5.34%</u>
	\$ <u>1,697,867</u>	<u>100.00%</u>		<u>8.99%</u>

IPL's last general rate case was concluded with the Commission's approval of a Settlement Agreement. The Settlement Agreement was silent on the issue of rate of return. The Commission's Order approving the Settlement Agreement made no specific finding regarding the cost of common equity or its application in a book weighted or market weighted capital structure. Consequently, IPL and the OUCC have for many years utilized the rate of 12.1% for purposes of IPL's calculation of its AFUDC rate and its CGS rate.

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AVOIDED ENERGY COST CALCULATION
 BASED ON MIDAS GOLD PRODUCTION RUN

		On Peak Period	Off Peak Period
Avoided Cost per Midas	Per kWh	\$ 0.0307	\$ 0.0259
Average System Losses for Year Ended December 31, 2008		5.526%	5.526%
Line losses factor	$1 / (1 - (\text{losses}/2))$	1.02842	1.02842
Avoided Cost adjusted for line losses	Per kWh	\$ 0.0315	\$ 0.0266

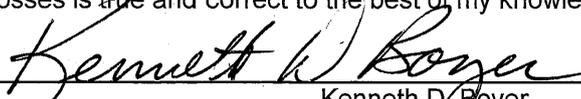
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Determination of Average System Losses
Based on Twelve Months Ended December 31, 2008

Line No.	Description	KWH	Line No.
<u>Sources of Energy</u>			
Generation (Excludes Station Use)			
1	Steam	16,256,132,000	1
2	Nuclear	-	2
3	Hydro	-	3
4	Other	4,855,000	4
5	Total Net Generation	16,260,987,000	5
6	Purchases (Net)	-	6
7	Interchanges (Net)	(342,158,000)	7
8	Transmission for/by Others - Wheeling (Net)	0	8
9	Total KWH Available	15,918,829,000	9
<u>Disposition of Energy</u>			
10	Billed & Unbilled Sales to Retail Customer	15,003,126,524	10
11	Sales for Resale (Wholesale)	10,632,000	11
12	Company Use (Office, Maintenance Bldgs., etc.)	25,459,569	12
13	Total KWH Accounted for	15,039,218,093	13
14	Total Energy Losses (9 less 13)	879,610,907	14
15	Average System Losses (14 Divided by 9 in %)	5.526%	15

I, Kenneth D. Boyer, Director, for and on behalf of Indianapolis Power & Light Company, certify that the foregoing Determination of Average System Losses is true and correct to the best of my knowledge and belief.



Kenneth D. Boyer
Director - Energy Supply
Indianapolis Power & Light Company

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**Verified Statement of Indianapolis Power & Light Company (IPL)
Concerning Notification of Customers Affected by the Revision of Rate CGS
In the Annual IPL Cogeneration Filing**

Indianapolis Power & Light Company complied with the Notice Requirements under 170 IAC 1-6-6 in the following manner:

- beginning on February 20, 2009 and continuing through the filing date, the attached notice was posted in the Customer Service Office at 2102 N. Illinois Street
- beginning on February 18, 2009 and continuing through the filing date, the same notice was posted on IPL's website under the Pending section of the Rates, Rules and Regulations area
- a legal notice placed in the Indianapolis Star on February 21, 2009 as evidenced by the attached Publishers Affidavit; and
- beginning on the filing date, a copy of the Annual IPL Cogeneration filing will be included on IPL's website under the Pending section of the Rates, Rules and Regulations area

I affirm under penalties for perjury that the foregoing representations are true to the best of my knowledge, information, and belief.

Dated this 26th day of February, 2009.



James L. Cutshaw
Revenue Requirements Manager

LEGAL NOTICE

Notice is hereby given that on or about February 27, 2009, Indianapolis Power & Light Company expects to submit a revision to its Tariff No. E-16 entitled Rate CGS – Cogeneration and Small Power Production, 14th Revised Sheet No. 122 (“Rate CGS”). The revision to Rate CGS will affect any customer taking electric service under the Company’s standard offer and form contract for the purchase of energy and capacity from cogeneration and alternate energy production facilities operating within IPL’s service territory. IPL expects approval of the filing on or about March 30, 2009.

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This notice is provided to the public pursuant to 170 IAC 1-6-6. The contact information, to which an objection should be made, is as follows:

Secretary
Indiana Utility Regulatory Commission
101 W. Washington Street, Suite 1500 East
Indianapolis, Indiana 46204
Telephone:(317) 232-2700
Fax: (317) 232-6758
Email: info@urc.in.gov

Office of Utility Consumer Counselor
115 W. Washington Street, Suite 1500 South
Indianapolis, Indiana 46204
Telephone:(317) 232-2484
Toll Free: 1-888-441-2494
Fax: (317) 232-5923
Email: uccinfo@oucc.in.gov

Dated February __, 2009.

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 Notice is hereby given that on or about February 27, 2009, Indianapolis Power & Light Company expects to submit a revision to its Tariff No. E-16 entitled Rate CGS - Cogeneration and Small Power Production, 14th Revised Sheet No. 122 ("Rate CGS"). The revision to Rate CGS will affect any customer taking electric service under the Company's standard offer and form contract for the purchase of energy and capacity from cogeneration and alternate energy production facilities operating within IPL's service territory. IPL expects approval of the filing on or about March 30, 2009.

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Secretary
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 Regulatory Commission
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 Fax: (317) 232-6758
 Email: info@urc.in.gov

Office of Utility Consumer
 Counselor
 115 W. Washington Street,
 Suite 1500 South
 Indianapolis, Indiana
 46204
 Telephone: (317) 232-2484
 Toll Free: 1-888-441-2494
 Fax: (317) 232-5923
 Email:
 uccinfo@oucc.in.gov

Dated: February 21, 2009
 (S - 2/21/09 - 5420128)

State of Indiana SS:
MARION County

Personally appeared before me, a notary public in and for said county and state,

the undersigned **Kerry Dodson** who, being duly sworn, says that SHE is clerk

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of the INDIANAPOLIS NEWSPAPERS a DAILY STAR

printed and published in the English language in the city of INDIANAPOLIS in state

and county aforesaid, and that the printed matter attached hereto is a true copy,

which was duly published in said paper for 1 time(s), between the dates of:

02/21/2009 and 02/21/2009

Kerry Dodson

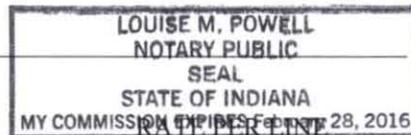
Clerk
Title

Subscribed and sworn to before me on 02/21/2009

Louise M. Powell

Notary Public

My commission expires: _____



STATE PRESCRIBED FORMULA

7.83 PICA COLUMN - 94 POINT
 94 POINTS / 5.7 PT. TYPE - 16.49
 16.49 EMS / 250 - .06596 SQUARES
 .06596 SQUARES x \$5.14 - .339 CENTS PER LINE

PUBLISHED 1 TIME = .339
 PUBLISHED 2 TIMES = .509
 PUBLISHED 3 TIMES = .679
 PUBLISHED 4 TIMES = .848