

Indiana Michigan Power
P.O. Box 60
Fort Wayne, IN 46801
IndianaMichiganPower.com



A unit of American Electric Power

Secretary of the Commission
Indiana Utility Regulatory Commission
National City Center
101 West Washington Street, Suite 1500 East
Indianapolis, Indiana 46204

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INDIANA UTILITY
REGULATORY COMMISSION

February 27, 2009

Dear Secretary:

Enclosed for the Commission's review and approval pursuant to 170 IAC 1-6, please find the following documents:

1. Original and three copies of Indiana Michigan Power Company's proposed 2009 Tariff COGEN/SPP (Cogeneration and/or Small Power Production Service) which is being submitted pursuant to 170 Ind. Admin. Code 4-4-1-10. The contract forms and related data are comparable to the information provided in previous I&M filings. Related customer-generator interconnection standards are codified in 170 Ind. Admin. Code 4-4.3.
2. Supporting workpapers, and
3. Verified Statement of Publication.

Upon completion of your review, please return to us one set of the stamped approved tariff sheets.

If you have any questions regarding I&M's report please contact me at (260) 425-2119 or kdcurry@aep.com.

Sincerely,

A handwritten signature in black ink that reads "Kent D. Curry". The signature is written in a cursive, flowing style.

Kent D. Curry
Director of Regulatory Services

Enclosures

cc: Brad Borum-IURC
David Stippler-OUCC

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I.U.R.C. NO. 14
INDIANA MICHIGAN POWER COMPANY
STATE OF INDIANA

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SEVENTEENTH REVISED SHEET NO. 26.2
CANCELS SIXTEENTH REVISED SHEET NO. 26.2

INDIANA UTILITY
REGULATORY COMMISSION

**TARIFF COGEN/SPP
(Cogeneration and/or Small Power Production Service)**

(Cont'd from Sheet No. 26.1)

Additional Charges.

There shall be additional charges to cover the cost of special metering, safety equipment, and other local facilities installed by the Company due to COGEN/SPP facilities, as follows:

(1) Metering Charges

The additional charge for special metering facilities shall be as follows:

(a) Option 1

Where the customer does not sell electricity to the Company, a detent shall be used on the energy meter to prevent reverse rotation. The cost of such meter alteration shall be paid by the customer as part of the Local Facilities Charge.

(b) Options 2 & 3

Where energy meters are required to measure the excess energy and average on-peak capacity purchased by the Company or the total energy and average on-peak capacity produced by the customer's COGEN/SPP facilities, the cost of the additional metering facilities shall be paid by the customer as part of the Local Facilities Charge. In addition, a monthly metering charge shall be as follows to cover the cost of operation and maintenance of such additional facilities:

	<u>Single Phase</u>	<u>Polyphase</u>	
Standard Measurement	\$0.90	\$1.05	I
TOD Measurement	\$0.95	\$1.10	I

Under Option 3, when metering voltage for COGEN/SPP facilities is the same as the Company's delivery voltage, the customer shall, at his option, either route the COGEN/SPP totalized output leads through the metering point or make available at the metering point for the use of the Company and as specified by the Company metering current leads which will enable the Company to measure adequately the total electrical energy and average on-peak capacity produced by the qualifying COGEN/SPP facilities, as well

(Cont'd on Sheet No. 26.3)

ISSUED BY
HELEN J. MURRAY
PRESIDENT
FORT WAYNE, INDIANA

EFFECTIVE FOR ELECTRIC SERVICE
RENDERED ON AND AFTER

ISSUED UNDER AUTHORITY OF THE
INDIANA UTILITY REGULATORY COMMISSION
CONFERENCE DATED

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INDIANA MICHIGAN POWER COMPANY
STATE OF INDIANA

INDIANA UTILITY
REGULATORY COMMISSION

NINETEENTH REVISED SHEET NO. 26.3
CANCELS EIGHTEENTH REVISED SHEET NO. 26.3

**TARIFF COGEN/SPP
(Cogeneration and/or Small Power Production Service)**

(Cont'd from Sheet No. 26.2)

as to measure the electrical energy consumption and capacity requirements of the customer's total load. When metering voltage for COGEN/SPP facilities is different from the Company's delivery voltage, metering requirements and charges shall be determined specifically for each case.

(2) Local Facilities Charge

Additional charges to cover the cost of special metering facilities, safety equipment, and other local facilities installed by the Company shall be determined by the Company for each case and collected from the customer. The customer shall make a one-time payment for such charges upon completion of the required additional facilities or, at his option, 12 consecutive equal monthly payments reflecting an annual interest charge equal to the maximum rate permitted by law not to exceed the prime rate in effect at the first billing for such installments.

Monthly Credits or Payments for Energy and Capacity Deliveries.

(1) Energy Credit

The following credits or payments from the Company to the customer shall apply for the electrical energy delivered to the Company:

Standard Meter	
All kWh	2.39¢
TOD Meter	
On-peak kWh	2.56¢
Off-peak kWh	2.26¢

(2) Capacity Credit

If the customer contracts to deliver a specified average capacity during the on-peak monthly billing period (on-peak contract capacity), then the first-year monthly capacity credit or payment from the Company to the customer shall be \$7.65/kW times the lowest of:

- (a) monthly on-peak contract capacity, or
- (b) current month on-peak metered average capacity, i.e., on-peak kWh delivered to the Company divided by 305, or

(Cont'd on Sheet No. 26.4)

**ISSUED BY
HELEN J. MURRAY
PRESIDENT
FORT WAYNE, INDIANA**

**EFFECTIVE FOR ELECTRIC SERVICE
RENDERED ON AND AFTER**

**ISSUED UNDER AUTHORITY OF THE
INDIANA UTILITY REGULATORY COMMISSION
CONFERENCE DATED**

This Contract, entered into this _____ day of _____, by and between Indiana Michigan Power Company, hereafter called the Company, and RECEIVED, or his or its heirs, successors or assigns, hereafter called the Customer,

MAR 02 2009

Witnesseth:

For and in consideration of the mutual covenants and agreements hereinafter contained, the parties hereto agree with each other as follows:

The Company agrees to furnish to the Customer, during the term of this Contract, and the Customer agrees to take from the Company, subject to Company's standard Terms and Conditions of Service as regularly filed with the Indiana Utility Regulatory Commission, all the electric energy of the character specified herein that shall be purchased by the Customer in the premises located at _____.

The Company is to furnish and the Customer is to take electric energy under the terms of this Contract for an initial period of _____ month(s) from the time such service is commenced, and continuing thereafter until terminated upon _____ months' written notice given by either party of its intention to terminate the Contract. The date that service shall be deemed to have commenced under this Contract shall be _____.

The electric energy delivered hereunder shall be alternating current at approximately _____ volts, _____-wire, _____-phase, and it shall be delivered _____, which shall constitute the point of delivery under this Contract. The said electric energy shall be delivered at reasonably close maintenance to constant potential and frequency, and it shall be measured by a meter or meters owned and installed by the Company and located _____.

The Customer acknowledges that the Customer may be eligible to receive service under more than one of the Company's schedules and that such options have been explained to the Customer. The Customer and Company agree that the Customer has chosen to receive service under the provisions of the Company's Tariff _____. The Customer agrees to pay the Company monthly for electric energy delivered hereunder at the rates and under the provisions of the Company's Tariff _____, as regularly filed with the Indiana Utility Regulatory Commission, as long as that schedule is in effect. In the event that the tariff chosen by the Customer is replaced by a new or revised tariff incorporating different rates or provisions, or both, the Company and Customer understand and agree that the Company will continue to provide service, and the Customer will continue to take service, under this Contract, subject to such changed provisions, and that the Customer will pay for such service at the new rates on and after the date such rates become effective.

The Customer's contract capacity under the tariff named herein is hereby fixed at _____. If a time-of-day demand is available under the tariff and is selected by the Customer, the reservation of capacity aforementioned shall be the peak period reservation of capacity and shall determine the tariff's minimum monthly billing demand.

There are no unwritten understandings or agreements relating to the service hereinabove provided. This Contract cancels and supersedes all previous agreements, relating to the purchase by Customer and sale by Company of electric energy at Customer's premises as referred to above, on the date that service under this Contract commences. This Contract shall be in full force and effect when signed by the authorized representatives of the parties hereto.

Indiana Michigan Power Company

(customer's name)

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

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REGULATORY COMMISSION

The INDIANA MICHIGAN POWER COMPANY consents to the operation by _____ (Customer) of the following qualifying electric power production facilities consisting of _____ in parallel with the Company's system at the location shown on the Service Agreement. Company's consent is on the condition that the Customer installs, operates and maintains suitable and sufficient equipment, as specified by the Company, to protect the Customer's facilities, the Company's system and personnel, and other customers' electrical facilities served by the Company from the same local source as the Customer from damages resulting from such parallel operation, and upon the further condition that the Company shall not be liable to the Customer for any loss, cost, damage or expense which the Customer may suffer by reason of damage to or destruction of any property, including the loss of use thereof, arising out of or in any manner connected with such parallel operation, unless such loss, cost, damage or expense is caused by the negligence of the Company, its agents, or employees and upon further condition that the Customer shall not be liable to the Company for any loss, cost, damage or expense which the Company may suffer by reason of damage to or destruction of any property, including the loss of use thereof, arising out of, or in any manner connected with such parallel operation, unless such loss, cost, damage or expense is caused by the negligence of the Customer, its agents or employees.

"Force Majeure" events include acts of God; acts of public enemies; orders or permits or the absence of the necessary orders or permits of any kind which have been properly applied for from the government of the United States, the state of Indiana, any political subdivision or municipal subdivision or any of their departments, agencies or officials, or any civil or military authority; epidemics; landslides; lightning; earthquakes; fires; hurricanes; tornadoes; storms; floods; washouts; droughts; wars; civil disturbances; explosions, sabotage; injunctions; blights; famines; blockades; or quarantines. If either party is rendered wholly or partly unable to perform its obligations because of Force Majeure, both parties shall be excused from whatever obligations are affected by the Force Majeure and shall not be liable or responsible for any delay in the performance of, or the inability to perform, any such obligations for so long as the Force Majeure continues. The party suffering an occurrence of Force Majeure shall, as soon as is reasonably possible after such occurrence, give the other party written notice describing the particulars of the occurrence and shall use its best efforts to remedy its inability to perform, provided, however, that the settlement of any strike, walkout, lockout or other labor dispute shall be entirely within the discretion of the party involved in such labor dispute.

This Addendum is subject to and is intended to comply with all applicable statutes, and regulations and orders of the Federal Energy Regulatory Commission and any State Commission having jurisdiction over sales of power and energy from qualifying facilities, in effect at the date hereof.

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INDIANA UTILITY
REGULATORY COMMISSION

OPTION #1

It is further agreed the Customer elects Option 1 under Tariff COGEN/SPP and does not wish to sell nor the Company to purchase any energy or capacity; therefore, neither energy nor capacity credits will apply. The Customer will purchase from the Company the net load requirements under the provisions of the Service Agreement.

Cancellation of this Addendum during the term shown in the Service Agreement shall be under the provisions for cancellation stated in the Tariff shown in the Service Agreement. All other provisions of Option 1 of Tariff COGEN/SPP shall be in effect.

This Addendum shall be in full force and effect when last signed by the assigned representatives of the parties hereto.

INDIANA MICHIGAN POWER COMPANY

(CUSTOMER NAME)

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

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REGULATORY COMMISSION

OPTION #2 (Energy Purchase Only)

It is further agreed that the Company will purchase and the Customer will sell electric energy produced by the Customer's qualifying facility under Option 2 of the terms of Tariff COGEN/SPP as filed with the Indiana Utility Regulatory Commission. For the term shown in the Service Agreement the Customer does not contract to sell capacity to the Company under this Addendum; therefore, capacity credits do not apply. The Customer will purchase from the Company the net load requirements under the provisions of the Service Agreement.

The electric energy delivery under this Addendum shall be alternating current at approximately _____ volts, four (4) wire, three (3) phase, 60-hertz. The said electric energy shall be delivered at reasonably close maintenance to constant potential, shall be metered by (Insert: Standard or Time-of-day) meters owned and installed by the Company as required under Tariff COGEN/SPP, and located as indicated in the Service Agreement.

Cancellation of this Addendum during the term shown in the Service Agreement shall be under the provisions for cancellation stated in the Tariff shown in the Service Agreement. All other provisions of Option 2 of Tariff COGEN/SPP shall be in effect.

This Addendum shall be in full force and effect when last signed by the assigned representatives of the parties hereto.

INDIANA MICHIGAN POWER COMPANY

(CUSTOMER NAME)

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

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INDIANA UTILITY
REGULATORY COMMISSION

OPTION #2 (Energy and Capacity Purchase)

It is further agreed that the Company will purchase and the Customer will sell electric energy and average capacity produced by the Customer's qualifying facility under Option 2 of the terms of Tariff COGEN/SPP as filed with the Indiana Utility Regulatory Commission. The Customer will purchase from the Company the net load requirements under the provisions of the Service Agreement.

The electric energy and average capacity delivered under this Addendum shall be alternating current at approximately _____ volts, four (4) wire, three (3) phase, 60-hertz. The said electric energy and average capacity shall be delivered at reasonably close maintenance to constant potential, shall be metered by time-of-day meters owned and installed by the Company as required under Tariff COGEN/SPP, and located as indicated in the Service Agreement.

For the purpose of this Agreement, the contract term is established as _____ years and the monthly on-peak contract capacity is established as _____ kW.

Cancellation of this Addendum during the term stated above shall be under the provisions for cancellation stated in Tariff COGEN/SPP.

This Addendum shall be in full force and effect when last signed by the assigned representatives of the parties hereto.

INDIANA MICHIGAN POWER COMPANY

(CUSTOMER NAME)

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

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OPTION #3 (Total Purchase and Total Sale)

It is further agreed that the Company will purchase and the Customer will sell the total output of electric energy and average capacity produced by the Customer's qualifying facility under Option 3 of the terms of Tariff COGEN/SPP as filed with the Indiana Utility Regulatory Commission. The Customer will purchase from the Company the total load requirements under the provisions of the Service Agreement.

The electric energy and average capacity delivered under this Addendum shall be alternating current at approximately _____ volts, four (4) wire, three (3) phase, 60-hertz. The said electric energy and average capacity shall be delivered at reasonably close maintenance to constant potential, shall be metered by time-of-day meters owned and installed by the Company as required under Tariff COGEN/SPP, and located as indicated in the Service Agreement.

For the purpose of this Agreement, the contract term is established as _____ years and the monthly on-peak contract capacity is established as _____ kW.

Cancellation of this Addendum during the term stated above shall be under the provisions for cancellation stated in Tariff COGEN/SPP.

This Addendum shall be in full force and effect when last signed by the assigned representatives of the parties hereto.

INDIANA MICHIGAN POWER COMPANY

(CUSTOMER NAME)

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

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ADDENDUM - 2

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In the event that the October 5, 1984 and December 6, 1984, Orders of the Indiana Utility Regulatory Commission in Cause No. 37494 adopting IAC 4-4.1-1 through 4-4.1-13 are reversed in whole or in part on appeal or those sections are otherwise determined to be unlawful by the Commission or a court of competent jurisdiction, this Agreement shall be terminated and rendered null and void, relieving the Company and the Customer of all future obligations under this Agreement except that the Company and the Customer will remain liable for the payment for any electric energy or capacity which had been provided to the other prior to said reversal.

In the event that either of the above referenced Orders are stayed either by the Indiana Utility Regulatory Commission or a court, the obligations of the parties under this Agreement shall be stayed for the period of time during which the stay is in effect.

INDIANA MICHIGAN POWER COMPANY

(CUSTOMER NAME)

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

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ADDENDUM - 3

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The Company will negotiate transmission service provisions, where technically feasible, on a case-by-case basis in order to evaluate the multiple and varying factors which affect such provisions. Transmission service will be a separate service contract which will supplement this Agreement. The transmission service charges and associated provisions are subject to approval by the Federal Energy Regulatory Commission (FERC).

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IURC CAUSE NO. 37494

**WORKPAPERS FOR
COGEN/SPP TARIFF**

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INDIANA UTILITY
REGULATORY COMMISSION

Indiana Michigan Power Company
Calculation of COGEN/SPP Charges/Credits
Per Final Rule in IURC Cause No. 37494

III. **Calculation of Unadjusted Monthly Avoided Cost of Capacity**

$$C = \left(\frac{1}{12}\right) \times \left[\frac{\left(D \times V \times \frac{S1}{S2} \times S3\right) + (S4 \times S5)}{S6} \right]$$

Where:

$$S1 = 1 - \frac{1 + IP}{1 + R}$$

$$S2 = 1 - \left(\frac{1 + IP}{1 + R}\right)^N$$

$$S3 = (1 + IP)^{(T-1)}$$

$$S4 = O \times \left(\frac{1 + IO}{1 + R}\right)$$

$$S5 = (1 + IO)^{(T-1)}$$

$$S6 = 1 - \frac{L}{2}$$

Calculation for First Year

T =	1		
S1 =	0.0762	S4 =	9.9957
S2 =	0.9072	S5 =	1.0000
S3 =	1.0000	S6 =	0.9585

$$C = \left(\frac{1}{12}\right) \times \left[\frac{\left(1.4572 \times 637 \times \frac{0.0762}{0.9072} \times 1\right) + (9.9957 \times 1)}{0.9585} \right]$$

C = \$7.65

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2/27/2009
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REGULATORY COMMISSIONIndiana Michigan Power Company
Calculation of COGEN/SPP Charges/Credits
Per Final Rule in IURC Cause No. 37494**Cost Calculations (Support Page 1, Assumptions A & D)****I. Fixed Operations & Maintenance Cost per kW (2008 Dollars)**

Fixed Operations & Maintenance Cost		10.13 mills/kWh
Hours per Year	x	8,760 hours
Unit Size	x	171,000 kW
Capacity Factor	x	10.00%
Total Fixed O&M Cost		\$1,517,433 /year
Unit Size	/	171,000 kW
Per Unit Fixed O&M Cost		\$8.87 /kW

II. Variable Operations & Maintenance Cost per kW (2008 Dollars)

Variable Operations & Maintenance Cost		2.23 mills/kWh
Hours per Year	x	8,760 hours
Unit Size	x	171,000 kW
Capacity Factor	x	10.00%
Total Variable O&M Cost		\$334,045 /year
Unit Size	/	171,000 kW
Per Unit Variable O&M Cost		\$1.95 /kW

III. Total Operations & Maintenance Cost per kW (2008 Dollars)

Fixed O&M Cost		\$8.87 /kW
Variable O&M Cost	+	1.95 /kW
Total O&M Cost (Page 1, Assumption D)		\$10.82 /kW

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Indiana Michigan Power Company
Calculation of COGEN/SPP Charges/Credits
Per Final Rule in IURC Cause No. 37494

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INDIANA UTILITY
REGULATORY COMMISSION

I. Calculation of Annual Carrying Charge Rate (Page 1, Assumption C)

	<u>Variable</u>	<u>Value</u>
Weighted Cost of Capital	R	9.87%
Property Tax Rate:		
Account 4081005 - State of Indiana, 12/08		21,222,031
Electric Plant in Service - State of Indiana, 12/08	/	3,287,953,997
Property Tax Rate	a	0.65%
Insurance Rate:		
Account 9240000, 12/08		1,670,336
Electric Plant in Service - Total Company, 12/08	/	6,017,114,693
Insurance Rate	p	0.03%
Depreciation Rate	d	1.59%
Composite Tax Rate	ct	39.87%
Book Depreciation	bd	3.33%
Rate on Debt Capital	b	8.50%
Debt Ratio from last filed rate case (IURC Cause No. 39314)	dr	48.20%

$$CCR = R + a + p + d + \left[\left(\frac{ct}{1-ct} \right) \times (R + d - bd) \times \left(\frac{R - (b \times dr)}{R} \right) \right]$$

CCR = **15.29%**

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Indiana Michigan Power Company
Calculation of COGEN/SPP Charges/Credits
Per Final Rule in IURC Cause No. 37494

INDIANA UTILITY
REGULATORY COMMISSION

I. Energy Payment Calculation *

On-Peak Off-Peak Non-TOD

A. Potential Loss Savings

Primary Losses			5.60%
Divided by 2	/		<u>2</u>
Loss Adjustment (Potential Loss Savings)			2.80%

B. Time-of-Day Energy Payments

Avoided Energy Costs		2.49	2.20	¢/kWh
Divided by (1 - Loss Savings)	/	0.9720	0.9720	
Time-of-Day Energy Payments		2.56	2.26	¢/kWh

C. Non-Time-of-Day Energy Payment

Time-of-Day Energy Payments		2.56	2.26	¢/kWh
Hours per Year	x	3,654	5,106	hours
Weighted Average of Hourly TOD Payments		9,354	11,540	20,894
Hours Per Year				8,760
Non-Time-of-Day Energy Payment				2.39 ¢/kWh

* On-Peak Period is 7am - 9pm, Monday through Friday
Off-Peak Period is all other hours

II. Demand and Energy Loss Calculations **

<u>System</u>	<u>Demand</u>	<u>Energy</u>
Transmission	4.504%	2.998%
Subtransmission	0.717%	0.698%
Primary		
Transformer	0.738%	0.611%
Line	2.126%	1.223%
Compound Loss Factor	8.3%	5.6%

** Assuming COGEN/SPP Service at Primary

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Indiana Michigan Power Company
Calculation of COGEN/SPP Charges/Credits
Per Final Rule in IURC Cause No. 37494

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I. <u>Annual Carrying Charge Rates</u>	<u>Variable</u>	<u>Value</u>
Fixed Costs		0.0%
O&M		2.2%
Carrying Costs	CC	2.2%

II. <u>Charges</u>		
Contingencies		5%
Stores Expense		22%
Total Charges on Material	MC	27%
Labor		66%
Transportation Expense		28%
Total Charges on Labor	LC	94%

III. <u>Overheads</u>		
Company Construction Overheads	OC	25%

IV. Monthly Charge on Incremental Material

IM = Incremental Material Cost
 IL = Incremental Labor Cost (50% of Material) = 0.5 x IM

$$\text{Monthly Charge on IM} = (1 + OC) \times [(1 + MC) \times IM + (1 + LC) \times IL] \times \frac{CC}{12}$$

Monthly Charge on IM = **0.51%** of Incremental Material Cost

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Calculation of COGEN/SPP Charges/Credits
Per Final Rule in IURC Cause No. 37494

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INDIANA UTILITY
REGULATORY COMMISSION

V. Monthly Meter Charges

	<u>Incremental Material (IM)</u>	<u>Monthly Charge</u> 0.51%	<u>Average Charge</u>
Standard Measurement			
<u>Single Phase</u>			
Option 2-1 - Primary - Transformer Rated	266	\$1.36	
Option 2-3 - Secondary - Self-Contained	59	0.3	
Option 3-1 - Primary - Transformer Rated	266	1.36	
Option 3-3 - Secondary - Transformer Rated	266	1.36	
Option 3-5 - Secondary - Self Contained	27	0.14	
Total		\$ 4.52 / 5 =	\$0.90
		Use:	\$0.90
<u>Polyphase</u>			
Option 2-2 - Primary - Transformer Rated	266	\$1.36	
Option 2-4 - Secondary - Self-Contained	109	0.56	
Option 3-2 - Primary - Transformer Rated (or Sec. >200 Amps)	266	1.36	
Option 3-4 - Secondary - Transformer Rated (Below 200 Amps)	266	1.36	
Option 3-6 - Secondary - Self Contained (Below 200 Amps)	109	0.56	
Total		\$ 5.20 / 5 =	\$1.04
		Use:	\$1.05
Time-of-Day Measurement			
<u>Single Phase</u>			
Option 2-5 - Primary - Transformer Rated	275	\$1.40	
Option 2-7 - Secondary - Self-Contained	84	0.43	
Option 3-7 - Primary - Transformer Rated	275	1.4	
Option 3-9 - Secondary - Transformer Rated	275	1.4	
Option 3-11 - Secondary - Self Contained	25	0.13	
Total		\$ 4.76 / 5 =	\$0.95
		Use:	\$0.95
<u>Polyphase</u>			
Option 2-6 - Primary - Transformer Rated	275	\$1.40	
Option 2-8 - Secondary - Self-Contained	118	0.6	
Option 3-8 - Primary - Transformer Rated	275	1.4	
Option 3-10 - Secondary - Transformer Rated	275	1.4	
Option 3-12 - Secondary - Self Contained	116	0.59	
Total		\$ 5.39 / 5 =	\$1.08
		Use:	\$1.10

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Calculation of COGEN/SPP Charges/Credits
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I. Diversity Ratio Development *

Annual Total MGS-Secondary Billing Demand	6,234,829 kW
Divided by 12	12 months
Average Monthly Billing Demand	519,569 kW
Average Monthly Coincident Peak Demand	286,798 kW
Diversity Ratio	1.812

* Data from Rate Design & Cost-of-Service in IURC Cause No. 39314

II. Back-Up Service Rate Calculation

Current MGS - Secondary Demand Charge	\$4.268 /kW
Diversity Ratio	1.812
Coincident Peak Demand Cost	\$7.734 /kW
Typical Unavailability Rate	15%
Back-Up Service Rate	\$1.160 /kW

* Data from Rate Design & Cost-of-Service in IURC Cause No. 39314

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Calculation of COGEN/SPP Charges/Credits
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Section 292.302(b)(1)

AEP SYSTEM EASTERN ZONE
ESTIMATED "AVOIDED COSTS" OF ENERGY
FOR ASSUMED LEVELS OF COGENERATION PURCHASES
2009 - 2014
(Cents Per Kilowatt-Hour)

	<u>ASSUMED COGENERATION PURCHASE LEVEL</u>			
	<u>First</u>		<u>Second</u>	
	<u>100-MW</u>	<u>100-MW</u>	<u>100-MW</u>	<u>100-MW</u>
	<u>Block</u>	<u>Block</u>	<u>Block</u>	<u>Block</u>
	<u>Peak</u>	<u>Off-Peak</u>	<u>Peak</u>	<u>Off-Peak</u>
2009	2.49	2.20	2.48	2.19
2010	2.89	2.60	2.88	2.59
2011	2.90	2.70	2.89	2.69
2012	3.11	2.79	3.10	2.78
2013	3.23	2.91	3.22	2.90
2014	3.47	3.03	3.46	3.02

Notes: A. The peak costing period is 0700 to 2100 local time Monday through Friday. All other hours comprise the off-peak costing period.

B. Energy costs are expressed in current-year dollars.

RECEIVED

30-Day Filing No. 2524

MAR 02 2009

STATE OF INDIANA
INDIANA UTILITY REGULATORY COMMISSION

INDIANA UTILITY
REGULATORY COMMISSION

VERIFIED STATEMENT OF PUBLICATION

Kent D. Curry, being duly sworn upon oath, deposes and says that:

1. I am Director of Regulatory Services for Indiana Michigan Power Company (I&M).

2. Pursuant to 170 IAC 1-6-5(a), I affirm that affected customers have been notified of I&M's thirty-day filing of updated Tariff COGEN/SPP as required under 170 IAC 1-6-6.

3. Notification of the thirty-day filing of updated Tariff COGEN/SPP was made by publication of a Legal Notice in a newspaper of general circulation that has a circulation encompassing the highest number of I&M's customers, and posting the notice on I&M's website.

4. A true and correct copy of I&M's Legal Notice is attached hereto as Exhibit "A".

Date: 2/27/09



Kent D. Curry
Director of Regulatory Services
Indiana Michigan Power Company

STATE OF INDIANA)
) ss:
COUNTY OF ALLEN)

Subscribed and sworn to before me, a Notary Public, in and for said County and State this 27th day of February, 2009.


Regina M. Sistevaris, Notary Public

I am a resident of Allen County, Indiana.
My commission expires: March 6, 2015

RECEIVED

MAR 02 2009

INDIANA UTILITY
REGULATORY COMMISSIONLEGAL NOTICE
STATE OF INDIANA
INDIANA UTILITY REGULATORY COMMISSION

Indiana Michigan Power Company, an Indiana corporation, gives notice that on or before February 28, 2009, it will submit for approval under the Indiana Utility Regulatory Commission's thirty-day filing process an updated Tariff COGEN/SPP and a standard form contract for purchase of energy and capacity at rates derived from the application of regulations. The referenced filing will consist of Indiana Michigan Power Company's proposed 2009 Tariff COGEN/SPP (Cogeneration and/or Small Power Production Service) and standard contract forms. Customers potentially affected by this filing include alternate energy production facilities, cogeneration facilities, or small hydrofacilities located in the Indiana Michigan Power Company service territory. Those customers may be affected by changes in metering charges related to special metering facilities, and by monthly credits or payments for energy and capacity deliveries. A decision on the 2009 Tariff COGEN/SPP filing should be received from the Indiana Utility Regulatory Commission on or before June 1, 2009.

Please direct inquiries to:

Indiana Michigan Power Company
Attn: Director of Regulatory Services
P.O. Box 60
Fort Wayne, IN 46801

Objections to this filing can be made to the following:

Indiana Utility Regulatory Commission
Attn: Commission Secretary
National City Center
101 West Washington Street
Suite 1500 East
Indianapolis, Indiana 46204

Indiana Office of Utility Consumer C
National City Center
115 W. Washington Street
Suite 1500 South
Indianapolis, Indiana 46204

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