

November 23, 2009

Mr. Brad Borum, Electric Director
Indiana Utility Regulatory Commission
101 West Washington Street
Suite 1500E
Indianapolis, Indiana 46204

RE: WHOLESALE POWER FACTOR

Dear Mr. Borum:

1. The City of Auburn, Indiana, 210 East Ninth Street, Auburn, Indiana, under and pursuant to the Public Service Commission Act, as amended, and the Indiana Utility Regulatory Commission's Orders, hereby files with the Commission for its approval of the establishment of a wholesale power tracker rate of .010707 per kilowatt-hour (KWH).
2. The accompanying changes in schedules of rates are based solely upon the changes in the cost of power and energy, purchased and generated by this utility.
3. All of the matters and facts stated herein and in the attached exhibits are true and correct. If approved, this change of rate shall take effect beginning with the February 1, 2010 billing cycle.

City of Auburn, Indiana

By: Patricia M. Miller

STATE OF INDIANA)
)
COUNTY OF DEKALB)

Personally appeared before me, a Notary Public in and for said county and State, this Patricia M. Miller, who, after having been duly sworn according to law, stated that he/she is an officer of the City of Auburn, Indiana, that he/she has read the matters and facts stated above, and in all exhibits attached hereto, and that the same are true; that he/she is duly authorized to execute this instrument for and on behalf of the applicant herein.



Tina M. Shipe
Tina M. Shipe, NOTARY PUBLIC

My Commission Expires:

July 25, 2015

My County of Residence

DeKalb

AUBURN MUNICIPAL ELECTRIC UTILITY
Auburn, Indiana

Appendix A - Wholesale Power Factor

Rate Adjustments

The Rate adjustments shall be on the basis of a Wholesale Power Tracking Factor occasioned solely by changes in the costs of purchased and generated power and energy, in accordance with the Orders of the Indiana Utility Regulatory Commission, as follows:

Rate Adjustments applicable to the above listed Rates Schedules:

\$.010707 per KWH per month (Positive Factor)

November 23, 2009

February and March 2010

NOTICE OF PROPOSED RATE CHANGE BY AUBURN CITY ELECTRIC UTILITY

Notice is hereby given to rate payers of the municipally owned electric utility and other interested persons of the addition of a Wholesale Power Factor Tracker for January 1 – March 31, 2010. The City of Auburn, Indiana under and pursuant to the Public Service Commission Act, as amended, and the Indiana Utility Regulatory Commission's Orders, hereby files with the Commission for its approval in its schedule of rates for the Wholesale Power Factor for electricity sold in the amount of .010707 per KWH.

The utility has made a filing with the Indiana Utility Regulatory Commission for approval of the Rate Change. If approved, the rate change will take effect for bills to be rendered beginning with February 1, 2010 billing.

Patricia M. Miller
Clerk-Treasurer
City of Auburn, IN

Tina Shipe

From: Tina Shipe
Sent: Monday, November 23, 2009 3:21 PM
To: 'legals@kpcnews.net'
Cc: Tina Shipe
Subject: Legal Ad
Attachments: Ad for 1st Qtr 2010 WPF Tracker.doc

Please advertise this on November 30, 2009. Thank you and have a Happy Thanksgiving Holiday ☺

Tina M. Shipe
Deputy Clerk-Treasurer
City of Auburn, IN
260.925.6450 x 1102 (phone)
260.920.3358 (fax)
tmshipe@ci.auburn.in.us

**AUBURN MUNICIPAL
ELECTRIC UTILITY**
Auburn, Indiana

Wholesale Power Tracker

November 23, 2009



**Financial
Solutions
Group,
Inc.**

AUBURN MUNICIPAL ELECTRIC UTILITY

Wholesale Power Tracker

Questions & Answers

1. Q. What has changed regarding Auburn Municipal Electric Utility's purchase of Wholesale Energy?
A. Auburn Municipal Electric Utility, for the past 15 years, has purchased their power requirements from Indiana Michigan Power Company, under the AEP system. Beginning December 1, Auburn has entered into an agreement to purchase their Wholesale Power requirements directly from the market, with representation by AEP. This will continue until 2013, when Auburn will begin, going forward, purchasing its Wholesale Power requirements under a 25-year formula based agreement.

2. Q. How have the new market based purchases affected the Wholesale Power Factor (WPF) going forward?
A. Currently, Auburn Municipal Electric Utility is not charged a WPF on their customer's bill. It is proposed that the WPF be created, at this time, in order to recover the increased cost as a result of the Market Rate contract with AEP.

3. Q. When will the new Wholesale rates to Auburn, from AEP, go into effect?
A. Effective with the purchases starting December 1, the entire formula for Auburn will change; therefore, in order to recover the Wholesale increase, this filing and tracker are needed.

4. Q. What billing elements will appear on Auburn's new power bill from AEP?
A. The new Market rates will include a fixed energy charge, a capacity charge, floating energy credit and PJM direct cost.

5. Q. What costs have you included in the WPF?
A. We are proposing that the fixed energy charge, capacity charge and floating energy credit be tracked through the WPF.

6. Q. What is the floating energy credit (FEC)?
A. The FEC is the amount of energy contracted for versus the actual energy used. This extra energy will be sold back onto the grid, at this time, at the Real Time LMP for each hour. This sell back of power will show up as a credit on the bill. I believe, once implemented, a true up process will be needed.

7. Q. Were the PJM Settlement charges included in the WPF?
- A. No. The PJM Settlement charges are proposed to be included in our fuel cost adjustment, currently being requested in our most recent FAC 30-day filing.
8. Q. Will there be a need to reconcile this factor?
- A. Yes. This factor will need to be reconciled on a quarterly basis.
9. Q. Why was this filed at this time?
- A. The Agreement was finalized about sixty (60) days ago and details were worked out last week.
10. Q. When will the reconciliation forms be filed with the Commission?
- A. Over the next 60 days, we will be filing the proposed schedules covering the reconciliation process in the event this tracker is approved.

AUBURN MUNICIPAL ELECTRIC UTILITY

Calculation of Wholesale Power Tracking Factor

January 1, 2010 Rate Change
to be used with the
February 1, 2010 Billing

1	Cost of power purchased from AEP - New rates		\$	22,667,122.45	
2	Revenue from Sales			<u>(4,276,320.00)</u>	
3	Net Incremental Increase			18,390,802.45	
4	Cost of power purchased from AEP - Old rates			<u>14,508,028.73</u>	
5	Increased purchased power cost	(1-2)	\$	3,882,773.72	
6	Increase in Gross Receipts and similar revenue		\$	<u>4,853.47</u>	
7	Increased revenue requirements	(3+4)	\$	<u>3,887,627.19</u>	<u>26.80%</u>
8	Total metered Kwh sales for the test year			<u>363,084,982</u>	
9	Tracker	(5/6)		<u>0.010707</u>	
10	Current Tracker			<u>-</u>	
11	New Tracker			<u>0.010707</u>	

Tracker Impact Only

KWHs	Current Amount	Proposed Tracker	Percent Increase
500	\$ 24.29	\$ 5.35	22.03%
600	28.15	6.42	22.81%
700	32.01	7.50	23.43%
800	35.87	8.57	23.89%
900	39.73	9.64	24.26%
1,000	43.59	10.71	24.57%
1,100	47.45	11.78	24.83%
1,200	51.31	12.85	25.04%
1,300	55.16	13.92	25.24%
1,400	59.02	14.99	25.40%
1,500	62.88	16.06	25.54%
1,600	66.74	17.13	25.67%
1,700	70.60	18.20	25.78%
1,800	74.46	19.27	25.88%
1,900	78.32	20.34	25.97%
2,000	82.18	21.41	26.05%
2,100	86.03	22.49	26.14%

AUBURN MUNICIPAL ELECTRIC UTILITY
 Auburn, Indiana

Projected Costs for Calendar Year 2010

	January	February	March
Capacity Charge			
KW	65,013	62,370	61,740
Rate	\$ 3.57	\$ 3.57	\$ 3.57
Energy Total	232,096.41	222,660.90	220,411.80
Energy			
KWHS	29,213,760	29,594,615	28,619,424
MWHs	29,213.76	29,594.62	28,619.42
Contracted Amount	39,992.00	40,514.00	39,179.00
Rate	\$ 40.25	\$ 40.25	\$ 40.25
Fixed Energy Total	\$ 1,609,678.00	\$ 1,630,688.50	\$ 1,576,954.75
Total Energy & Demand Before Credit and PJM	1,841,774.41	1,853,349.40	1,797,366.55
Floating Energy Credit	(344,928.00)	(349,408.00)	(337,920.00)
PJM	173,356.00	173,356.00	173,356.00
Total	\$ 1,670,202.41	\$ 1,677,297.40	\$ 1,632,802.55
Actual Purchase	29,213,750	29,594,615	28,619,424
Purchase	29,214	29,595	28,619
Fixed Amount	39,992	40,514	39,179
Difference	(10,778)	(10,919)	(10,560)
Buys	596	598	578
Sales	11,375	11,517	11,138
Net	10,779	10,919	10,560
Difference	1	(0)	0
Floating Energy Credit	\$ 32.00	\$ 32.00	\$ 32.00
Net Credit	\$ 344,928.00	\$ 349,408.00	\$ 337,920.00

AUBURN MUNICIPAL ELECTRIC UTILITY
 Auburn, Indiana

Projected Costs for Calendar Year 2010

	April	May	June
Capacity Charge			
KW	59,010	57,582	68,544
Rate	\$ 3.57	\$ 3.57	\$ 3.57
Energy Total	210,665.70	205,567.74	244,702.08
Energy			
KWHS	30,149,539	28,833,233	29,681,252
MWHs	30,149.54	28,833.23	29,681.25
Contracted Amount	41,273.00	39,471.00	40,632.00
Rate	\$ 40.25	\$ 40.25	\$ 40.25
Fixed Energy Total	\$ 1,661,238.25	\$ 1,588,707.75	\$ 1,635,438.00
Total Energy & Demand Before Credit and PJM	1,871,903.95	1,794,275.49	1,880,140.08
Floating Energy Credit	(355,968.00)	(340,416.00)	(350,432.00)
PJM	173,356.00	173,356.00	173,356.00
Total	\$ 1,689,291.95	\$ 1,627,215.49	\$ 1,703,064.08
Actual Purchase	30,149,539	28,833,233	29,681,252
Purchase	30,150	28,833	29,681
Fixed Amount	41,273	39,471	40,632
Difference	(11,123)	(10,638)	(10,951)
Buys	609	583	600
Sales	11,733	11,221	11,551
Net	11,124	10,638	10,951
Difference	1	0	0
Floating Energy Credit	\$ 32.00	\$ 32.00	\$ 32.00
Net Credit	\$ 355,968.00	\$ 340,416.00	\$ 350,432.00

AUBURN MUNICIPAL ELECTRIC UTILITY
 Auburn, Indiana

Projected Costs for Calendar Year 2010

	July	August	September
Capacity Charge			
KW	62,076	65,394	63,924
Rate	\$ 3.57	\$ 3.57	\$ 3.57
Energy Total	221,611.32	233,456.58	228,208.68
Energy			
KWHS	29,556,004	32,183,017	32,440,785
MWHs	29,556.00	32,183.02	32,440.79
Contracted Amount	40,461.00	44,057.00	44,410.00
Rate	\$ 40.25	\$ 40.25	\$ 40.25
Fixed Energy Total	\$ 1,628,555.25	\$ 1,773,294.25	\$ 1,787,502.50
Total Energy & Demand Before Credit and PJM	1,850,166.57	2,006,750.83	2,015,711.18
Floating Energy Credit	(348,960.00)	(379,968.00)	(383,008.00)
PJM	173,356.00	173,356.00	173,356.00
Total	\$ 1,674,562.57	\$ 1,800,138.83	\$ 1,806,059.18
Actual Purchase	29,556,004	32,183,018	32,440,785
Purchase	29,556	32,183	32,441
Fixed Amount	40,461	44,057	44,410
Difference	(10,905)	(11,874)	(11,969)
Buys	597	650	656
Sales	11,502	12,524	12,625
Net	10,905	11,874	11,969
Difference	0	0	(0)
Floating Energy Credit	\$ 32.00	\$ 32.00	\$ 32.00
Net Credit	\$ 348,960.00	\$ 379,968.00	\$ 383,008.00

AUBURN MUNICIPAL ELECTRIC UTILITY
 Auburn, Indiana

Projected Costs for Calendar Year 2010

	October	November	December	Totals
Capacity Charge				
KW	63,875	64,637	64,895	759,060
Rate	\$ 3.57	\$ 3.57	\$ 3.57	
Energy Total	228,033.75	230,754.09	231,675.15	2,709,844.20
Energy				
KWHS	32,509,141	29,486,776	29,930,656	362,198,202
MWHs	32,509.14	29,486.78	29,930.66	362,198.20
Contracted Amount	44,504.00	40,366.00	40,974.00	495,833.00
Rate	\$ 40.25	\$ 40.25	\$ 40.25	
Fixed Energy Total	\$ 1,791,286.00	\$ 1,624,731.50	\$ 1,649,203.50	\$ 19,957,278.25
Total Energy & Demand Before Credit and PJM	2,019,319.75	1,855,485.59	1,880,878.65	22,667,122.45
Floating Energy Credit	(383,808.00)	(348,128.00)	(353,376.00)	(4,276,320.00)
PJM	173,356.00	173,356.00	173,356.00	2,080,272.00
Total	\$ 1,808,867.75	\$ 1,680,713.59	\$ 1,700,858.65	\$ 20,471,074.45
Actual Purchase	32,509,141	29,486,776	29,930,656	362,198,193
Purchase	32,509	29,487	29,931	362,198.19
Fixed Amount	44,504	40,366	40,974	495,833.00
Difference	(11,995)	(10,879)	(11,043)	(133,635)
Buys	657	596	605	7,325
Sales	12,651	11,475	11,648	140,960
Net	11,994	10,879	11,043	133,635
Difference	(1)	(0)	(0)	
Floating Energy Credit	\$ 32.00	\$ 32.00	\$ 32.00	
Net Credit	\$ 383,808.00	\$ 348,128.00	\$ 353,376.00	\$ 4,276,320.00

AUBURN MUNICIPAL ELECTRIC UTILITY
Auburn, Indiana

Analysis of Electric Bill

	October 2008	November 2008	December 2008	January 2009	February 2009	March 2009	
Tariff 945 - FERC - WHOLESALE							
Current Billing	\$ 1,255,674.76	\$ 1,248,049.03	\$ 1,267,635.26	\$ 1,198,807.64	\$ 1,181,590.27	\$ 1,161,267.97	
Fuel Adj. @ 0.0098687 per KWH	333,287.90	329,792.65	322,546.84	297,882.25	302,094.03	247,408.71	
Service Charge	821.49	821.49	821.49	821.49	821.49	821.49	
Grand Total	\$ 1,589,784.15	\$ 1,578,663.17	\$ 1,591,003.59	\$ 1,497,511.38	\$ 1,484,505.79	\$ 1,409,498.17	
Metered Sales KWH	31,378,019	31,294,673	32,683,823	28,938,869	29,316,140	28,350,125	
MWH	31,378.02	31,294.67	32,683.82	28,938.87	29,316.14	28,350.13	
KW	66,066	65,562	65,730	64,050	62,370	61,740	
	April 2009	May 2009	June 2009	July 2009	August 2009	September 2009	Total
Tariff 945 - FERC - WHOLESALE							
Current Billing	\$ 1,144,590.94	\$ 1,109,616.18	\$ 1,263,297.20	\$ 1,177,271.77	\$ 1,253,185.58	\$ 1,237,184.25	\$ 14,498,170.85
Fuel Adj. @ 0.0098687 per KWH	251,580.89	240,082.95	141,238.20	245,685.43	132,095.55	187,231.23	3,030,926.63
Service Charge	821.49	821.49	821.49	821.49	821.49	821.49	9,857.88
Grand Total	\$ 1,396,993.32	\$ 1,350,520.62	\$ 1,405,356.89	\$ 1,423,778.69	\$ 1,386,102.62	\$ 1,425,236.97	\$ 17,538,955.36
Metered Sales KWH	29,865,842	28,561,922	29,401,962	29,277,892	31,880,187	32,135,528	363,084,982
MWH	29,865.84	28,561.92	29,401.96	29,277.89	31,880.19	32,135.53	363,084.98
KW	59,010	57,582	68,544	62,076	65,394	63,924	385,518