

August 16, 2011

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 (Commission) Order in Cause No. 40095, hereby files with the Commission for its approval, an average decrease in its schedules of rates for electricity sold in the amount of .002227 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 October 2011 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.



Amamshipe
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 Power Cost Adjustment Tracking Factor occasioned solely by changes in the costs of purchased and generated power and energy, in accordance with the Order of the Indiana Utility Regulatory Commission, approved April 5, 1995 in Cause No. 40095, as follows:

Rate Adjustments applicable to the above listed Rates Schedules:

\$0.021682 per KWH per month (Positive Factor)

August 16, 2011

October, November and December 2011

AUBURN MUNICIPAL ELECTRIC UTILITY
Auburn, Indiana

Appendix A - Wholesale Power Factor

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August 16, 2011

October, November and December 2011

AUBURN MUNICIPAL
ELECTRIC UTILITY
Auburn, Indiana

2011
4th Qtr. Wholesale Power Tracker

August 16, 2011

A stylized, handwritten signature in black ink that reads "FSG". The letters are bold and slightly slanted, with a textured, stippled appearance.

Financial

Solutions

Group,

Inc.

AUBURN MUNICIPAL ELECTRIC UTILITY

DETERMINATION OF RATE ADJUSTMENT FOR THE
 THREE MONTHS OF
 OCTOBER, NOVEMBER AND DECEMBER 2011

<u>LINE NO.</u>		<u>DEMAND RELATED</u>	<u>ENERGY RELATED</u>
1	INCREMENTAL CHANGE IN BASE RATE PURCHASED POWER COST (a)	0.000000	0.0154010
2	ESTIMATED PURCHASED POWER ENERGY COST ADJUSTMENT (b)	<u>0.000000</u>	<u>0.000000</u>
3	ESTIMATED TOTAL CHANGE IN PURCHASED POWER COST (c)	<u>0.000000</u>	<u>0.015401</u>
4	ESTIMATED CHANGE IN PURCHASED POWER COST ADJUSTED FOR LOSSES & UTILITY RECEIPTS TAX (d)	0.000000	0.016183
5	PLUS TRACKING FACTOR EFFECTIVE PRIOR TO AEP'S RATE CHANGE (e)	<u>0.000000</u>	<u>0.000000</u>
6	ESTIMATED TOTAL RATE ADJUSTMENT (f)	0.000000	0.016183
7	ESTIMATED AVERAGE BILLING UNITS (g)	<u>0</u>	<u>35,014,645</u>
8	ESTIMATED INCREMENTAL CHANGE IN PURCHASED POWER COST (h)	<u>0.000000</u>	<u>566,635.00</u>

AUBURN MUNICIPAL ELECTRIC UTILITY
 DETERMINATION OF RATE ADJUSTMENT FOR THE
 THREE MONTHS OF
 OCTOBER, NOVEMBER AND DECEMBER 2011

LINE NO.	ESTIMATED KW PURCHASED	ESTIMATED KWH PURCHASED	INCREMENTAL CHANGE IN PURCHASED POWER COST ADJUSTED FOR LINE LOSS & UTILITY RECEIPTS		
			DEMAND	ENERGY	TOTAL
1	2,538.00 (a)	35,014,645 (b)	- (c)	566,635.00 (d)	566,635.00 (e)

AUBURN MUNICIPAL ELECTRIC UTILITY
 DETERMINATION OF RATE ADJUSTMENT FOR THE
 THREE MONTHS OF
 OCTOBER, NOVEMBER AND DECEMBER 2011

LINE NO.	PLUS VARIANCE WITH LINE LOSS & GROSS REC.		TOTAL CHANGE IN PURCHASED POWER COST ADJ. FOR LINE LOSS & GROSS RECEIPTS TAX			RATE ADJUSTMENT FACTOR PER KWH								
	DEMAND	ENERGY	DEMAND	ENERGY	TOTAL	DEMAND	ENERGY	TOTAL						
1	-	(a) 192,546.29	(b)	-	(c) 759,181.29	(d)	759,181.29	(e)	-	(f)	0.021682	(g)	0.021682	(h)

AUBURN MUNICIPAL ELECTRIC UTILITY
 DETERMINATION OF RATE ADJUSTMENT FOR THE
 THREE MONTHS OF
 OCTOBER, NOVEMBER AND DECEMBER 2011

ESTIMATED POWER PURCHASES AND COSTS FROM AEP

LINE NO.		OCTOBER 2011	NOVEMBER 2011	DECEMBER 2011	TOTAL	ESTIMATED 3-MONTH AVERAGE
	<u>PURCHASE</u>					
1	DEMAND (KW) (a)	2,566	2,483	2,566	7,615	2,538
2	ENERGY (KWH) (b)	36,182,757	33,934,029	34,927,150	105,043,936	35,014,645
	<u>COST</u>					
3	Capacity Rate (c)	116.15	116.15	116.15		
4	Fixed Energy Rate (d)	44.310	44.310	44.310		
	<u>COST</u>					
5	Capacity Cost (e)	\$ 298,047.40	\$ 288,432.97	\$ 298,047.40	884,527.78	294,843.00
6	Fixed Energy Cost (f)	1,603,257.96	1,503,616.82	1,547,622.02	4,654,496.80	1,551,499.00
7	Net Estimated PJM Settlement (g)	141,092.79	134,046.16	124,115.95	399,254.90	133,085.00
8	Total Amount (h)	<u>\$ 2,042,398.16</u>	<u>\$ 1,926,095.96</u>	<u>\$ 1,969,785.37</u>	<u>\$ 5,938,279.48</u>	<u>\$ 1,979,427.00</u>
9	2009 Test Year Average Cost for Initial Tracker (i)					<u>\$ 1,452,141.12</u>
10	Increase (j)				<u>36.31%</u>	<u>\$ 527,285.88</u>
11	Increase per KWH (k)					<u>\$ 0.015401</u>

AUBURN MUNICIPAL ELECTRIC UTILITY
RECONCILIATION OF VARIANCES FOR THE
THREE MONTHS OF
APRIL, MAY AND JUNE 2011

<u>LINE NO.</u>		<u>DEMAND RELATED</u>	<u>ENERGY RELATED</u>
1	ACTUAL PURCHASED POWER ENERGY COST ADJUSTMENT (a)	0.000000	0.0182740
2	PLUS TRACKING FACTOR EFFECTIVE PRIOR TO (b)	<u>0.000000</u>	<u>0.000000</u>
3	TOTAL RATE ADJUSTMENT (c)	0.000000	0.0182740
4	ACTUAL AVERAGE BILLING UNITS (d)	<u>2,249</u>	<u>35,974,500</u>
5	ACTUAL INCREMENTAL CHANGE IN PURCHASED POWER COST (e)	<u>0.000000</u>	<u>\$ 657,398.01</u>

AUBURN MUNICIPAL ELECTRIC UTILITY

RECONCILIATION OF VARIANCES FOR THE
THREE MONTHS OF
APRIL, MAY AND JUNE 2011

<u>LINE NO.</u>	<u>ACTUAL KW PURCHASED</u>	<u>ACTUAL KWH PURCHASED</u>	<u>INCREMENTAL CHANGE IN PURCHASED POWER COST</u>		
			<u>DEMAND</u>	<u>ENERGY</u>	<u>TOTAL</u>
1	2,249.00 (a)	35,974,500 (b)	- (c)	657,398.01 (d)	657,398.01 (e)

AUBURN MUNICIPAL ELECTRIC UTILITY
 RECONCILIATION OF VARIANCES FOR THE
 THREE MONTHS OF
 APRIL, MAY AND JUNE 2011

LINE NO.	ACTUAL AVERAGE KWH SALES	DEMAND ADJUSTMENT FACTOR PER KWH	ENERGY ADJUSTMENT FACTOR PER KWH	INCREMENTAL KW DEMAND COST BILLED BY UTILITY	INCREMENTAL KWH ENERGY COST BILLED BY UTILITY	LESS PREVIOUS VARIANCE	
						DEMAND	ENERGY
1	33,900,817 (a)	- (b)	0.0125310 (c)	- (d)	418,863.97 (1) (e)	- (f)	(55,290.20) (g)

(1) See Attachment B for detail.

AUBURN MUNICIPAL ELECTRIC UTILITY
 RECONCILIATION OF VARIANCES FOR THE
 THREE MONTHS OF
 APRIL, MAY AND JUNE 2011

LINE NO.	NET INCREMENTAL COST BILLED BY UTILITY			VARIANCE		
	DEMAND	ENERGY	TOTAL	DEMAND	ENERGY	TOTAL
1	- (a)	474,154.17 (b)	474,154.17 (c)	- (d)	183,243.84 (e)	183,243.84 (f)

AUBURN MUNICIPAL ELECTRIC UTILITY

RECONCILIATION OF RATE ADJUSTMENT FOR THE
THREE MONTHS OF
APRIL, MAY AND JUNE 2011

ACTUAL POWER PURCHASES AND COSTS FROM AEP

LINE NO.		APRIL 2011	MAY 2011	JUNE 2011	TOTAL	3-MONTH AVERAGE
	<u>PURCHASE</u>					
1	DEMAND (KW)	2,212.08	2,285.82	2,483.22	6,981.12	2,249.00
2	ENERGY (KWH)	35,901,000	36,048,000	35,862,000	107,811,000	35,974,500
	<u>COST</u>					
3	Capacity Rate (c)	\$ 182.85000	\$ 182.85000	\$ 116.15000		
4	Fixed Energy Rate (d)	44.310	44.310	44.310		
	<u>COST</u>					
5	Capacity Cost (e)	\$ 404,478.83	\$ 417,961.46	\$ 288,426.00	1,110,866.29	370,289.00
6	Fixed Energy Cost (f)	1,590,773.31	1,597,286.88	1,589,045.22	4,777,105.41	1,592,368.00
7	Net PJM Settlement (g)	43,874.50	189,036.39	207,700.97	440,611.86	146,871.00
8	Total Billed (h)	<u>\$ 2,039,126.64</u>	<u>\$ 2,204,284.73</u>	<u>\$ 2,085,172.19</u>	<u>\$ 6,328,583.56</u>	<u>\$ 2,109,528.00</u>
9	2009 Test Year Average Cost for Tracker (i)					<u>1,452,141.12</u>
10	Increase (j)				<u>45.27%</u>	<u>\$ 657,386.88</u>
11	Factor (k)					<u>0.018274</u>

AUBURN MUNICIPAL ELECTRIC UTILITY
RECONCILIATION OF VARIANCES FOR THE
THREE MONTHS OF
APRIL, MAY AND JUNE 2011

ACTUAL AVERAGE KWH SALES

<u>LINE NO.</u>	<u>APRIL</u>	<u>MAY</u>	<u>JUNE</u>	<u>TOTAL</u>	<u>AVERAGE</u>
1	36,852,486 (a)	34,291,350 (b)	30,558,614 (c)	101,702,450 (d)	33,900,817 (e)

AUBURN MUNICIPAL ELECTRIC UTILITY

DETERMINATION OF RATE ADJUSTMENT FOR THE
THREE MONTHS OF
OCTOBER, NOVEMBER AND DECEMBER 2011

ESTIMATED UNITS TO BE PURCHASED AND SOLD

<u>LINE NO.</u>		<u>OCTOBER</u>	<u>NOVEMBER</u>	<u>DECEMBER</u>	<u>TOTAL</u>	<u>AVERAGE</u>
1	Units Purchased (a)	<u>36,182,757</u>	<u>33,934,029</u>	<u>34,927,150</u>	<u>105,043,936</u>	<u>35,014,645</u>
2	Line Loss (b)	<u>2.22%</u>	<u>2.22%</u>	<u>2.22%</u>		
3	Units Sold (c)	<u>35,379,500</u>	<u>33,180,694</u>	<u>34,151,767</u>	<u>102,711,961</u>	<u>34,237,320</u>

AUBURN MUNICIPAL ELECTRIC UTILITY

DETERMINATION OF RATE ADJUSTMENT FOR THE
 THREE MONTHS OF
 OCTOBER, NOVEMBER AND DECEMBER 2011

**CALCULATION OF INCREMENTAL ENERGY COST
 BILLED BY AUBURN**

<u>MONTHS</u>	<u>KWH</u> <u>SALES</u>	(a)	<u>FACTOR</u>	(b)	<u>DOLLAR</u> <u>AMOUNT</u>	(c)
2011						
APRIL	36,852,486		0.0125310		\$ 461,799.00	
MAY	34,291,350		0.0125310		429,705.00	
JUNE	30,558,614		0.0125310		382,930.00	
Total	<u>101,702,450</u>				<u>\$ 1,274,434.00</u>	
Average	<u>33,900,817</u>				<u>\$ 424,811.33</u>	
Utility Receipts Tax					<u>\$ 0.986</u>	
Monthly Amount without Utility Receipts					<u>\$ 418,863.97</u>	

AUBURN MUNICIPAL ELECTRIC UTILITY

DETERMINATION OF RATE ADJUSTMENT FOR THE
 THREE MONTHS OF
 OCTOBER, NOVEMBER AND DECEMBER 2011

Impact of Tracker

	<u>Average Usage</u> (a)	<u>Current Tracker</u> (b)	<u>Proposed Tracker</u> (c)	<u>Difference</u> (d)
		0.023909 (e)	0.021682 (f)	(0.002227)
Residential	2,000	\$ 47.82	\$ 43.36	\$ (4.45)
Commercial	8,500	203.23	184.30	(18.93)
Industrial (Small)	88,300	2,111.16	1,914.52	(196.64)
Industrial (Large)	15,025,000	359,232.73	325,772.05	(33,460.68)

AUBURN MUNICIPAL ELECTRIC UTILITY
DETERMINATION OF RATE ADJUSTMENT FOR THE
ACTUAL COST FOR JANUARY 2010 THROUGH JUNE 2011

(Note: New Rates in Effect during This Time)

Billing Date			Capacity	Fixed Energy	PJM Settlement	PJM Settlement			Cost per	
Month	KWH (a)	KW (b)	Charge	Charge	Charge	Credit	Total Bill (g)	KWH (h)	Increase	
January 2010	38,320,000	2,456.29	\$ 257,460.96	\$ 1,542,380.00	\$ 1,550,489.00	\$ (1,691,406.02)	\$ 1,658,923.94	0.04329		
February 2010	29,460,000	2,218.59	232,545.38	1,191,951.60	1,375,040.89	(1,200,810.23)	1,598,727.64	0.05427	25.35%	
March 2010	28,467,000	2,456.29	257,460.96	1,151,774.82	1,250,439.51	(985,610.53)	1,674,064.76	0.05881	8.36%	
April 2010	30,304,000	2,377.06	249,155.77	1,226,099.84	1,108,559.72	(996,221.76)	1,587,593.57	0.05239	-10.91%	
May 2010	29,812,000	2,456.29	257,460.96	1,206,193.52	1,272,082.02	(1,040,162.14)	1,695,574.36	0.05688	8.56%	
June 2010	30,304,000	1,878.56	327,413.60	1,226,099.84	1,649,707.98	(1,255,383.39)	1,947,838.03	0.06428	13.01%	
July 2010	30,387,000	1,941.18	338,327.38	1,229,458.02	1,917,635.31	(1,423,443.37)	2,061,977.34	0.06786	5.57%	
August 2010	32,896,000	1,941.18	338,327.38	1,330,972.16	1,932,739.28	(1,491,111.91)	2,110,926.91	0.06417	-5.43%	
September 2010	34,077,000	1,878.56	327,413.60	1,378,755.42	1,189,476.65	(1,143,971.84)	1,751,673.83	0.05140	-19.89%	
October 2010	33,405,000	1,941.18	338,327.38	1,351,566.30	1,154,528.10	(1,062,106.81)	1,782,314.97	0.05335	3.80%	
November 2010	31,441,000	1,878.56	327,413.60	1,272,102.86	1,202,655.33	(1,069,907.71)	1,732,264.08	0.05510	3.26%	
December 2010	31,280,000	1,941.18	338,327.38	1,265,588.80	1,636,490.12	(1,325,452.13)	1,914,954.17	0.06122	11.12%	
January 2011	35,133,000	1,941.18	338,327.38	1,556,743.23	1,744,878.19	(1,475,029.16)	2,164,919.64	0.06162	0.65%	
February 2011	33,588,000	2,064.61	377,522.95	1,488,284.28	1,415,584.00	(1,233,815.89)	2,047,575.34	0.06096	-1.07%	
March 2011	35,943,000	2,285.82	417,961.46	1,592,634.33	1,537,955.66	(1,328,521.56)	2,220,029.89	0.06177	1.32%	
April 2011	35,901,000	2,212.08	404,478.83	1,590,773.31	1,411,169.94	(1,367,295.44)	2,039,126.64	0.05680	-8.04%	
May 2011	36,048,000	2,285.82	417,961.46	1,597,286.88	1,727,256.52	(1,538,220.13)	2,204,284.73	0.06115	7.66%	
June 2011	35,862,000	2,483.22	288,426.00	1,589,045.22	1,810,248.69	(1,602,547.72)	2,085,172.19	0.05814	-4.91%	
Total	592,628,000	38,637.61	\$ 5,834,312.43	\$24,787,710.43	\$26,886,936.91	\$(23,231,017.74)	\$ 34,277,942.03		42.67%	

AUBURN MUNICIPAL ELECTRIC UTILITY

TRACKER HISTORY

	<u>Tracker</u>	<u>Change</u>	<u>Estimated on June 27, 2010</u>	<u>Difference</u>	<u>Percentage</u>
1st Quarter 2010	0.010707	Estimated			
2nd Quarter 2010	0.010707	Estimated			
3rd Quarter 2010	0.018982	77.29%			
4th Quarter 2010	0.013650	-28.09%	0.02672	0.013070	95.75%
1st Quarter 2011	0.011699	-14.29%	0.02494	0.013236	113.14%
2nd Quarter 2011	0.012531	7.11%	0.02250	0.009972	79.58%
3rd Quarter 2011	0.023909	90.80%	0.02282	(0.001089)	-4.55%
4th Quarter 2011	0.021682	-9.31%	0.02282	0.001138	5.25%