

November 17, 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 increase in its schedules of rates for electricity sold in the amount of .004312 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 January 2012 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.



Iman 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 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:

\$0.025994 per KWH per month (Positive Factor)

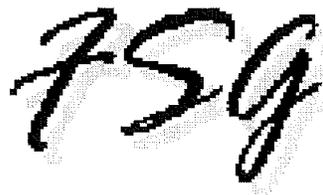
November 17, 2011

January, February and March 2012

**AUBURN MUNICIPAL
ELECTRIC UTILITY**
Auburn, Indiana

**2012
1st Qtr. Wholesale Power Tracker**

November 17, 2011

A handwritten signature in black ink, appearing to read 'FSG', is centered on the page. The letters are stylized and cursive.

Financial

Solutions

Group,

Inc.

AUBURN MUNICIPAL ELECTRIC UTILITY

DETERMINATION OF RATE ADJUSTMENT FOR THE
 THREE MONTHS OF
 JANUARY, FEBRUARY AND MARCH 2012

<u>LINE NO.</u>		<u>DEMAND RELATED</u>	<u>ENERGY RELATED</u>
1	INCREMENTAL CHANGE IN BASE RATE PURCHASED POWER COST (a)	0.000000	0.0193500
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>0.019350</u>
4	ESTIMATED CHANGE IN PURCHASED POWER COST ADJUSTED FOR LOSSES & UTILITY RECEIPTS TAX (d)	0.000000	0.020332
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	0.020332
7	ESTIMATED AVERAGE BILLING UNITS (g)	<u>0</u>	<u>36,138,714</u>
8	ESTIMATED INCREMENTAL CHANGE IN PURCHASED POWER COST (h)	<u>0.000000</u>	<u>734,783.17</u>

AUBURN MUNICIPAL ELECTRIC UTILITY

DETERMINATION OF RATE ADJUSTMENT FOR THE
THREE MONTHS OF
JANUARY, FEBRUARY AND MARCH 2012

<u>D KW</u> <u>SED</u>	<u>ESTIMATED KWH</u> <u>PURCHASED</u>	<u>INCREMENTAL CHANGE IN PURCHASED POWER COST</u> <u>ADJUSTED FOR LINE LOSS & UTILITY RECEIPTS</u>		
		<u>DEMAND</u>	<u>ENERGY</u>	<u>TOTAL</u>
11.00 (a)	37,431,333 (b)	- (c)	734,783.17 (d)	734,783.17 (e)

AUBURN MUNICIPAL ELECTRIC UTILITY

DETERMINATION OF RATE ADJUSTMENT FOR THE
 THREE MONTHS OF
 JANUARY, FEBRUARY AND MARCH 2012

<u>WITH</u> <u>REC.</u> <u>BY</u>	<u>TOTAL CHANGE IN PURCHASED POWER COST</u> <u>ADJ. FOR LINE LOSS & GROSS RECEIPTS TAX</u>			<u>RATE ADJUSTMENT FACTOR PER KWH</u>		
	<u>DEMAND</u>	<u>ENERGY</u>	<u>TOTAL</u>	<u>DEMAND</u>	<u>ENERGY</u>	<u>TOTAL</u>
14.31 (b)	- (c)	972,997.48 (d)	972,997.48 (e)	- (f)	0.025994 (g)	0.025994 (h)

AUBURN MUNICIPAL ELECTRIC UTILITY

**DETERMINATION OF RATE ADJUSTMENT FOR THE
 THREE MONTHS OF
 JANUARY, FEBRUARY AND MARCH 2012**

ESTIMATED POWER PURCHASES AND COSTS FROM AEP

<u>LINE NO.</u>		<u>JANUARY 2012</u>	<u>FEBRUARY 2012</u>	<u>MARCH 2012</u>	<u>TOTAL</u>	<u>ESTIMATED 3-MONTH AVERAGE</u>
	<u>PURCHASE</u>					
1	DEMAND (KW) (a)	2,566.056	2,400.504	2,566.06	7,533	2,511
2	ENERGY (KWH) (b)	36,914,807	34,478,220	37,023,115	108,416,142	36,138,714
	<u>COST</u>					
3	Capacity Rate (c)	116.15	116.15	116.15		
4	Fixed Energy Rate (d)	51.710	51.710	51.710		
	<u>COST</u>					
5	Capacity Cost (e)	\$ 298,047.40	\$ 278,818.54	\$ 298,047.40	874,913.35	291,638.00
6	Fixed Energy Cost (f)	1,908,864.67	1,782,868.76	1,914,465.28	5,606,198.70	1,868,733.00
7	Net Estimated PJM Settlement (g)	-	-	-	-	-
8	Total Amount (h)	<u>\$ 2,206,912.07</u>	<u>\$ 2,061,687.30</u>	<u>\$ 2,212,512.68</u>	<u>\$ 6,481,112.05</u>	<u>\$ 2,160,371.00</u>
9	2009 Test Year Average Cost for Initial Tracker (i)					<u>\$ 1,452,141.12</u>
10	Increase (j)				<u>48.77%</u>	<u>\$ 708,229.88</u>
11	Increase per KWH (k)					<u>\$ 0.019350</u>

Note: Due to the large increase in the Fixed Energy Rate and the decrease expected in the Capacity Rate, the City has chosen not to project a Settlement Cost at this time.

AUBURN MUNICIPAL ELECTRIC UTILITY

RECONCILIATION OF VARIANCES FOR THE
THREE MONTHS OF
JULY, AUGUST AND SEPTEMBER 2011

<u>LINE NO.</u>		<u>DEMAND RELATED</u>	<u>ENERGY RELATED</u>
1	ACTUAL PURCHASED POWER ENERGY COST ADJUSTMENT (a)	0.000000	0.0209060
2	PLUS TRACKING FACTOR EFFECTIVE PRIOR TO (b)	<u>0.000000</u>	<u>0.000000</u>
3	TOTAL RATE ADJUSTMENT (c)	0.000000	0.0209060
4	ACTUAL AVERAGE BILLING UNITS (d)	<u>2,566</u>	<u>37,129,500</u>
5	ACTUAL INCREMENTAL CHANGE IN PURCHASED POWER COST (e)	<u>0.000000</u>	<u>\$ 776,229.33</u>

AUBURN MUNICIPAL ELECTRIC UTILITY

RECONCILIATION OF VARIANCES FOR THE
THREE MONTHS OF
JULY, AUGUST AND SEPTEMBER 2011

<u>JULY KW</u> <u>THASED</u>	ACTUAL KWH <u>PURCHASED</u>	<u>INCREMENTAL CHANGE IN PURCHASED POWER COST</u>		
		<u>DEMAND</u>	<u>ENERGY</u>	<u>TOTAL</u>
2,566.00 (a)	37,129,500 (b)	- (c)	776,229.33 (d)	776,229.33 (e)

AUBURN MUNICIPAL ELECTRIC UTILITY

RECONCILIATION OF VARIANCES FOR THE
 THREE MONTHS OF
 JULY, AUGUST AND SEPTEMBER 2011

<u>DEMAND ADJUSTMENT FACTOR PER KWH</u>	<u>ENERGY ADJUSTMENT FACTOR PER KWH</u>	<u>INCREMENTAL KW DEMAND COST BILLED BY UTILITY</u>	<u>INCREMENTAL KWH ENERGY COST BILLED BY UTILITY</u>	<u>LESS PREVIOUS VARIANCE</u>	
				<u>DEMAND</u>	<u>ENERGY</u>
- (b)	0.0239090 (c)	- (d)	862,665.20 (1) (e)	- (f)	313,141.38 (g)

AUBURN MUNICIPAL ELECTRIC UTILITY

RECONCILIATION OF VARIANCES FOR THE
THREE MONTHS OF
JULY, AUGUST AND SEPTEMBER 2011

LINE NO.	<u>NET INCREMENTAL COST BILLED BY UTILITY</u>			<u>VARIANCE</u>		
	<u>DEMAND</u>	<u>ENERGY</u>	<u>TOTAL</u>	<u>DEMAND</u>	<u>ENERGY</u>	<u>TOTAL</u>
1	- (a)	549,523.82 (b)	549,523.82 (c)	- (d)	226,705.51 (e)	226,705.51 (f)

AUBURN MUNICIPAL ELECTRIC UTILITY

RECONCILIATION OF RATE ADJUSTMENT FOR THE
THREE MONTHS OF
JULY, AUGUST AND SEPTEMBER 2011

ACTUAL POWER PURCHASES AND COSTS FROM AEP

LINE NO.		JULY 2011	AUGUST 2011	SEPTEMBER 2011	TOTAL	3-MONTH AVERAGE
	<u>PURCHASE</u>					
1	DEMAND (KW)	2,566.06	2,566.06	2,483.28	7,615.39	2,566.00
2	ENERGY (KWH)	36,468,000	37,791,000	38,034,000	112,293,000	37,129,500
	<u>COST</u>					
3	Capacity Rate (c)	\$ 116.16000	\$ 116.16000	\$ 116.16000		
4	Fixed Energy Rate (d)	44.310	44.310	44.310		
	<u>COST</u>					
5	Capacity Cost (e)	\$ 298,073.06	\$ 298,073.06	\$ 288,457.80	884,603.93	294,868.00
6	Fixed Energy Cost (f)	1,615,897.08	1,674,519.21	1,685,286.54	4,975,702.83	1,658,568.00
7	Net PJM Settlement (g)	333,389.11	390,111.01	101,258.78	824,758.90	274,920.00
8	Total Billed (h)	<u>\$ 2,247,359.25</u>	<u>\$ 2,362,703.28</u>	<u>\$ 2,075,003.12</u>	<u>\$ 6,685,065.66</u>	<u>\$ 2,228,356.00</u>
9	2009 Test Year Average Cost for Tracker (i)					<u>\$ 1,452,141.12</u>
10	Increase (j)				<u>53.45%</u>	<u>\$ 776,214.88</u>
11	Factor (k)					<u>0.020906</u>

AUBURN MUNICIPAL ELECTRIC UTILITY
RECONCILIATION OF VARIANCES FOR THE
THREE MONTHS OF
JULY, AUGUST AND SEPTEMBER 2011
ACTUAL AVERAGE KWH SALES

<u>LINE</u> <u>NO.</u>	<u>JULY</u>	<u>AUGUST</u>	<u>SEPTEMBER</u>	<u>TOTAL</u>	<u>AVERAGE</u>
1	36,246,408 (a)	33,820,551 (b)	39,713,528 (c)	109,780,487 (d)	36,593,496 (e)

AUBURN MUNICIPAL ELECTRIC UTILITY

DETERMINATION OF RATE ADJUSTMENT FOR THE
THREE MONTHS OF
JANUARY, FEBRUARY AND MARCH 2012

ESTIMATED UNITS TO BE PURCHASED AND SOLD

<u>LINE NO.</u>		<u>JANUARY</u>	<u>FEBRUARY</u>	<u>MARCH</u>	<u>TOTAL</u>	<u>AVERAGE</u>
1	Units Purchased (a)	<u>37,242,000</u>	<u>36,189,000</u>	<u>38,863,000</u>	<u>112,294,000</u>	<u>37,431,333</u>
2	Line Loss (b)	<u>2.22%</u>	<u>2.22%</u>	<u>2.22%</u>		
3	Units Sold (c)	<u><u>36,415,228</u></u>	<u><u>35,385,604</u></u>	<u><u>38,000,241</u></u>	<u><u>109,801,073</u></u>	<u><u>36,600,358</u></u>

AUBURN MUNICIPAL ELECTRIC UTILITY

DETERMINATION OF RATE ADJUSTMENT FOR THE
THREE MONTHS OF
JANUARY, FEBRUARY AND MARCH 2012

**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						
JULY	36,246,408		0.0239090		\$ 866,615.00	
AUGUST	33,820,551		0.0239090		808,616.00	
SEPTEMBER	<u>39,713,528</u>		0.0239090		<u>949,511.00</u>	
Total	<u>109,780,487</u>				<u>\$ 2,624,742.00</u>	
Average	<u><u>36,593,496</u></u>				<u>\$ 874,914.00</u>	
Utility Receipts Tax					<u>\$ 0.986</u>	
Monthly Amount without Utility Receipts					<u><u>\$ 862,665.20</u></u>	

AUBURN MUNICIPAL ELECTRIC UTILITY

DETERMINATION OF RATE ADJUSTMENT FOR THE
THREE MONTHS OF
JANUARY, FEBRUARY AND MARCH 2012

Impact of Tracker

	<u>Average Usage</u> (a)	<u>Current Tracker</u> (b)	<u>Proposed Tracker</u> (c)	<u>Difference</u> (d)
		0.021682 (e)	0.025994 (f)	0.004312
Residential	2,000	\$ 43.36	\$ 51.99	\$ 8.62
Commercial	8,500	184.30	220.95	36.65
Industrial (Small)	88,300	1,914.52	2,295.27	380.75
Industrial (Large)	15,025,000	325,772.05	390,559.85	64,787.80

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)

	KW (b)	Capacity Charge	Fixed Energy Charge	PJM Settlement Charge	PJM Settlement Credit	Total Bill (g)	Cost per KWH (h)	Increase
0	2,456.29	\$ 257,460.96	\$ 1,542,380.00	\$ 1,550,489.00	\$ (1,691,406.02)	\$ 1,658,923.94	0.04329	
0	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%
0	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%
0	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%
0	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%
0	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%
0	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%
0	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%
0	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%
0	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%
0	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%
0	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%
0	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%
0	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%
0	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%
0	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%
0	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%
0	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%
0	2,566.06	298,073.06	1,615,897.08	2,242,578.13	(1,909,189.02)	2,247,359.25	0.06163	5.99%
0	2,566.06	298,073.06	1,674,519.21	1,941,172.83	(1,551,061.82)	2,362,703.28	0.06252	1.45%
0	2,483.28	288,457.80	1,685,286.54	1,473,745.13	(1,372,486.35)	2,075,003.12	0.05456	-12.74%
0	46,253.00	\$ 6,718,916.35	\$ 29,763,413.26	\$ 32,544,433.00	\$ (28,063,754.93)	\$ 40,963,007.68		26.02%

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%
1st Quarter 2012	0.025994	19.89%	-	(0.025994)	-100.00%

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 following Wholesale Power Factor Tracker change for January 1 – March 31, 2012. The City of Auburn, Indiana under and pursuant to the Public Service Commission Act, as amended, and the Indiana Utility Regulatory Commission's Order in Cause No 40095 and Cause No 43638, hereby files with the Commission for its approval and average decrease in its schedule of rates for the Wholesale Power Factor for electricity sold in the amount of .004312 per kilowatt hours (KWH) for a new rate of .025994 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 January 1, 2012 billing.

Objections should be submitted to: The Indiana Utility Regulatory Commission, 101 W Washington Street, Suite 1500 East, Indianapolis IN 46204 and/or Office of Utility Consumer Counselor, 115 W Washington Street, Suite 1500 South, Indianapolis IN 46204.

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