

Indiana Michigan Power
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Fort Wayne, IN 46801
IndianaMichiganPower.com



A unit of American Electric Power.

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

March 14, 2012

Dear Secretary:

Pursuant to 170 IAC 1-6, I&M submits this thirty-day filing requesting amendments to I&M's Rider D.R.S.1 (Demand Response Service - Emergency). In support of this thirty-day filing, I&M represents that on April 27, 2011 in Cause No. 43566 PJM1, the Commission approved I&M's Rider D.R.S.1. Included in the approval of Rider D.R.S.1, was the methodology to be used in determining the Curtailment Demand Credit. The Curtailment Demand Credit is based on PJM Interconnection, L.L.C. (PJM) prices that change annually on June 1st of each year. I&M requests to amend this rider to reflect the Curtailment Demand Credit based on the new PJM prices effective June 1, 2012.

Additionally, I&M is proposing an amendment pertaining to the calculation of the customer's peak load contribution (PLC). The current rider language specifies that the PLC will be based on the average of the customer's load during PJM's five (5) highest peak loads. The proposed modification provides that times other than the PJM peak times can be utilized in the PLC calculation if the customer's load conditions at these times do not provide a reasonable representation of normal load, such as a customer maintenance shut down.

PJM is a FERC-approved regional transmission organization (RTO), which AEP and I&M joined to fulfill its regulatory obligation to join an RTO. PJM is a long-established organization that manages the transmission grid for numerous companies in the eastern United States and fulfills the functions defined in FERC Order 2000. The AEP System-East Zone integrated its operations with PJM and began participating in the PJM energy market on October 1, 2004. The PJM pricing information utilized in the calculation of the Curtailment Demand Credit is included in Attachment A.

The proposed modifications to Rider D.R.S.1 will properly indicate the new Curtailment Demand Credit to be effective June 1, 2012 and the new contract termination dates that are shown in the rider. Additionally, the proposed PLC calculation modification will benefit those customers that may have experienced an abnormal load condition during the PJM peak hours.

March 14, 2012
Page 2

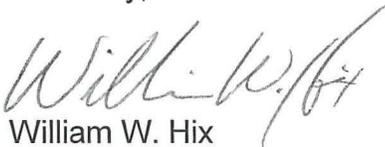
In support of this 30-Day filing, I&M is submitting the following information:

1. Original and three copies of Indiana Michigan Power Company's Rider D.R.S.1 (Demand Response Service - Emergency), Tariff Sheets FIRST REVISED SHEET NO. 46.2, FIRST REVISED SHEET NO. 46.3, AND FIRST REVISED SHEET NO. 46.4.
2. Supporting PJM documentation, Attachment A, 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 filing please contact me at (260) 408-3503 or wwhix@aep.com.

Sincerely,


William W. Hix
Principal Regulatory Consultant

Enclosures

cc: Brad Borum-IURC
David Stippler-OUCC

RIDER D.R.S.1
(Demand Response Service - Emergency)

(Cont'd from Sheet No. 46.1)

(b) If the customer fails to fully comply with a request for curtailment under the provisions of this Rider or does not reduce load by the full GLD, a non-compliance charge shall apply. For this purpose, Actual Load Drop (ALD) is defined as the difference between the customer's CBL and their actual hourly load. If the ALD is less than the GLD, the Event Non-Compliance Demand shall be equal to the average difference between the GLD and the ALD occurring during the hours of the curtailment event. Otherwise, the Event Non-Compliance Demand shall be zero (0).

(2) Firm Service Level (FSL) Method

- (a) Firm Service Level Peak Load Contribution (PLC) – The customer's PLC will be calculated each year as the average of its load during PJM's five (5) highest peak loads during the twelve month period ended October 31 of the previous year. In cases where the normal calculation does not provide a reasonable representation of normal load conditions, the Company and the customer may develop an alternative PLC calculation that more accurately reflects the customer's normal consumption pattern.
- (b) Available Curtailable Demand (ACD) - The customer must designate an ACD, defined as the difference between the PLC and the Firm Service Level (FSL). The FSL is the demand to which the customer agrees to reduce load to or below for each hour during a curtailment event.
- (c) If the customer fails to fully comply with a request for curtailment under the provisions of this Rider, then the Non-Compliance Charge shall apply. If a customer is operating at or below their designated FSL during an event, it will be understood that they have no DRS capacity available with which to comply and will not be charged a non-compliance penalty. If the metered demand during the curtailment event is above the FSL, the Event Non-Compliance Demand shall be equal to the average difference between the customer's metered demand and the FSL during the hours of the curtailment event. Otherwise the Event Non-Compliance Demand shall be zero (0).

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Curtailed Energy.

The Curtailed Energy shall be determined for each curtailment event hour, defined as the difference between the customer's CBL for that hour and the customer's metered load for that hour.

Curtailment Credits.

The **Curtailment Energy Credit** shall be 90% of the AEP East Load Zone hourly Real-Time Locational Marginal Price (LMP) established by PJM (including congestion and marginal losses) for each curtailment event hour.

The **Curtailment Demand Credit** shall be calculated in \$ per kW-month as the greater of (a) the four-year average RPM Clearing price for the applicable locational delivery area, calculated using the preceding delivery year, the delivery year and the subsequent two (2) delivery years and (b) 35% of the applicable PJM Reliability Pricing Model (RPM) Net Cost of New Entry (Net CONE) for the delivery year.

(Cont'd on Sheet No. 46.3)

ISSUED BY
PAUL CHODAK III
PRESIDENT
FORT WAYNE, INDIANA

EFFECTIVE FOR ELECTRIC SERVICE RENDERED
ON AND AFTER JUNE 1, 2012

ISSUED UNDER AUTHORITY OF THE
INDIANA UTILITY REGULATORY COMMISSION
CONFERENCE DATED
30-DAY FILING NO.

RIDER D.R.S.1
 (Demand Response Service - Emergency)

(Cont'd from Sheet No. 46.2)

The Curtailment Demand Credit for the June 1, 2012 through May 31, 2013 delivery year is as follows:

<u>Delivery Year</u>	<u>RPM Clearing Price</u> \$/MW-day (a)	<u>2012/2013 Net Cone</u> \$/MW-day	<u>35% of Net Cone</u> \$/MW-day (b)	<u>Greater of (a) and (b)</u> \$/MW-day	<u>Curtailment Demand Credit*</u> \$/kW-month
June 1, 2011 to May 31, 2012	\$110.00				
June 1, 2012 to May 31, 2013	\$16.46				
June 1, 2013 to May 31, 2014	\$27.73				
June 1, 2014 to May 31, 2015	\$125.99				
Four-Year Average	\$70.05	\$276.09	\$96.63	\$96.63	\$2.939

* Curtailment Demand Credit in \$/kW-month calculated as \$/MW-day times 365 divided by 12,000.

Monthly Demand Credit.

The Monthly Demand Credit shall be applicable to each month the customer is served under this Rider, regardless of whether or not there are any curtailment events during the month.

1. Guaranteed Load Drop Method – The Monthly Demand Credit shall be equal to the product of the GLD and the Curtailment Demand Credit.
2. Firm Service Level (FSL) Method – The Monthly Demand Credit shall be equal to the product of the ACD and the Curtailment Demand Credit.

Monthly Event Credit.

An Event Credit shall be calculated for each event hour equal to the product of the Curtailed Energy for that hour and the Curtailment Energy Credit for that hour. The Monthly Event Credit shall be the sum of the hourly Event Credits for all events occurring in the calendar month, but shall not exceed the portion of the customer's monthly bill that is computed on a per KWH basis under the applicable Standard Rider for the same billing month. The customer shall not receive Event Credit for any curtailment events to the extent that the customer's DRS capacity is already reduced due to a planned or unplanned outage as a result of vacation, renovation, repair, refurbishment, force majeure, strike, economic conditions, or any situation other than the customer's normal operating conditions. Event Credits will not be withheld if the customer's DRS capacity is already reduced as a result of customer actions taken in anticipation of a curtailment.

Annual Non-Compliance Charge.

Charges for non-compliance will be based on the customer's Non-Compliance Demand which reflects any failure by the customer to fully comply with requests for curtailment under the provisions of this Rider during the months of June through September. The Annual Non-Compliance Charge will be computed

(Cont'd on Sheet No. 46.4)

ISSUED BY
 PAUL CHODAK III
 PRESIDENT
 FORT WAYNE, INDIANA

EFFECTIVE FOR ELECTRIC SERVICE RENDERED
 ON AND AFTER JUNE 1, 2012

ISSUED UNDER AUTHORITY OF THE
 INDIANA UTILITY REGULATORY COMMISSION
 CONFERENCE DATED
 30-DAY FILING NO.

I.U.R.C. NO. 15
INDIANA MICHIGAN POWER COMPANY
STATE OF INDIANA

FIRST REVISED SHEET NO. 46.4
CANCELS ORIGINAL SHEET NO. 46.4

RIDER D.R.S.1
(Demand Response Service - Emergency)

(Cont'd from Sheet No. 46.3)

at the completion of the September delivery month. The Annual Non-Compliance Charge shall be equal to the average Non-Compliance Demand times the Curtailment Demand Credit times 12.

In the event that the Annual Non-Compliance Charge is greater than zero, such charge shall be assessed as a uniform offset to the Customer Credits for remaining months of the delivery year, September through May. In no event shall the Annual Non-Compliance Demand Charge exceed the sum of the Customer Credits, excluding the Annual Non-Compliance Charge, for the delivery year.

Customer Credit.

The net amount of the Monthly Demand Credit, Monthly Energy Event Credit and Annual Non-Compliance Charge will be provided to the customer by check within 60 days after the end of the delivery month. A customer may request the aggregation of individual customer account credits into a single credit.

Term.

Contracts under this Rider shall be made for an initial period of four (4) delivery years and shall remain in effect until either party provides three (3) years' written notice prior to March 1 of its intention to discontinue service under the terms of this Rider for the fourth delivery year beginning after the notice is provided. Written notice deadlines through March 1, 2015 are as follows:

<u>Written Notice Deadline</u>	<u>Effective Date of End of Service under Rider</u>
March 1, 2013	June 1, 2016
March 1, 2014	June 1, 2017
March 1, 2015	June 1, 2018
March 1, 2016	June 1, 2019

Special Terms and Conditions.

Customer specific information, including, but not limited to DRS contract capacity, shall remain confidential.

If a new peak demand is set by the customer in the hour following a curtailment event due to the customer resuming the level of activity prior to the curtailment, the customer may request, in writing, that the customer's billing demand be adjusted to disregard that new peak. The Company will promptly evaluate all such requests and approve reasonable requests. In specific circumstances and subject to reasonable conditions, the Company may approve requests in advance.

ISSUED BY
PAUL CHODAK III
PRESIDENT
FORT WAYNE, INDIANA

EFFECTIVE FOR ELECTRIC SERVICE RENDERED
ON AND AFTER JUNE 1, 2012

ISSUED UNDER AUTHORITY OF THE
INDIANA UTILITY REGULATORY COMMISSION
CONFERENCE DATED
30-DAY FILING NO.

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2014/2015 RPM Base Residual Auction Results

2014/2015 Base Residual Auction Results Discussion

Table 1 contains a summary of the RTO clearing prices resulting from the 2014/2015 RPM Base Residual Auction in comparison to those from 2007/2008 through 2013/2014 RPM Base Residual Auctions.

Table 1 –RPM Base Residual Auction Resource Clearing Price Results in the RTO

Auction Results	RTO							
	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012*	2012/2013	2013/2014**	2014/2015***
Resource Clearing Price	\$40.80	\$111.92	\$102.04	\$174.29	\$110.00	\$16.46	\$27.73	\$125.99
Cleared UCAP (MW)	129,409.2	129,597.6	132,231.8	132,190.4	132,221.5	136,143.5	152,743.3	149,974.7
Reserve Margin	19.2%	17.5%	17.8%	16.5%	18.1%	20.9%	20.2%	19.6%

*2011/2012 BRA was conducted without Duquesne zone load.

**2013/2014 BRA includes ATSI zone load

***2014/2015 BRA includes Duke zone

The cleared UCAP is the amount of unforced capacity that was procured in the auction to meet the RTO demand for capacity. The 2014/2015 Reliability Pricing Model (RPM) Base Residual Auction cleared 149,974.7 MW of unforced capacity in the RTO representing a 20.6% reserve margin. When the Fixed Resource Requirement (FRR) load is considered the actual reserve margin for the entire RTO is 19.6%. The Reserve Margin presented in Table 1 represents the percentage of installed capacity cleared in excess of the RTO load (including load served under the Fixed Resource Requirement alternative).

The 2014/2015 Base Residual Auction results reflect very strong participation by demand resources, meaningful participation from energy efficiency resources, and growing development of renewable resources. Additionally, 1100.6 MW of new generation resources and 473.2 MW of uprates to existing resources were offered into the 2014/2015 Base Residual Auction.

Demand Resource Participation

The total quantity of demand resources offered into the 2014/2015 BRA, 15,545.6 MW (UCAP), represented an increase of 20% over the demand resources that offered into the 2013/2014 BRA. Of the 15,545.6 MW of total demand response that offered in this auction, 14,118.4 MW cleared and will be awarded capacity payments. The cleared demand response is 4,836.5 MW greater than that which cleared in the 2013/2014 BRA representing a 52.1% increase. Of this increase, 1,365.7 MW cleared in the MAAC LDA and 3,470.8 MW cleared outside of the MAAC LDA.



2013/2014 RPM Base Residual Auction Planning Period Parameters

Table 5 – Net CONE for PJM RTO and LDAs

	2012/2013 BRA				2013/2014 BRA				DELTA	
	CONE	E&AS Offset	Net CONE	Net CONE	CONE	E&AS Offset	Net CONE	Net CONE	Net CONE	Net CONE
	ICAP Terms (\$/MW-Year)	ICAP Terms (\$/MW-Year)	ICAP Terms (\$/MW-Year)	UCAP Terms (\$/MW-Day)	ICAP Terms (\$/MW-Year)	ICAP Terms (\$/MW-Year)	ICAP Terms (\$/MW-Year)	UCAP Terms (\$/MW-Day)	UCAP Terms (\$/MW-Day)	UCAP Terms (%)
RTO	112,868	18,585	94,283	276.09	122,236	13,495	108,741	317.95	41.86	15.2%
MAAC	112,868	52,616	60,252	176.44	122,236	44,531	77,705	227.20	50.76	28.8%
EMAAC	122,040	49,474	72,566	212.50	132,169	42,885	89,284	261.06	48.56	22.9%
SWMAAC	112,868	52,616	60,252	176.44	122,236	44,531	77,705	227.20	50.76	28.8%
PS	122,040	49,474	72,566	212.50	132,169	42,885	89,284	261.06	48.56	22.9%
PS NORTH	122,040	49,474	72,566	212.50	132,169	42,885	89,284	261.06	48.56	22.9%
DPL SOUTH	122,040	49,474	72,566	212.50	132,169	42,885	89,284	261.06	48.56	22.9%
PEPCO	--	--	--	--	122,236	44,531	77,705	227.20	--	--

STATE OF INDIANA
INDIANA UTILITY REGULATORY COMMISSION

VERIFIED STATEMENT OF PUBLICATION

William W. Hix, being duly sworn upon oath, deposes and says that:

1. I am a Principal Regulatory Consultant 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 an updated Rider D.R.S.1 (Demand Response Service-Emergency) to reflect the Curtailment Demand Credit rate applicable to service from June 1, 2012 through May 31, 2013 as required under 170 IAC 1-6-6.

3. Notification of the thirty-day filing updating Rider D.R.S.1 (Demand Response Service-Emergency) 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: 3-13-2012


William W. Hix
Principal Regulatory Consultant
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 13 day of March 2012.


Regiana M. Sistevaris, Notary Public

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

Public Notice- Legal Individual - 9906

LEGAL NOTICE
 STATE OF INDIANA
 INDIANA UTILITY REGULATORY COMMISSION

Indiana Michigan Power Company (I&M), an Indiana corporation, gives notice that on or before March 15, 2012, it will submit for approval under the Indiana Utility Regulatory Commission's thirty-day filing process an updated Rider D.R.S.1 (Demand Response Service-Emergency) to reflect the Curtailment Demand Credit rate applicable to service from June 1, 2012 through May 31, 2013. The referenced filing will consist of I&M's updates to Rider D.R.S.1 (Demand Response Service-Emergency) curtailment demand credit as determined by changes in PJM RPM (Reliability Pricing Model) clearing price and Net Cone price as set forth in Rider D.R.S.1. In addition, I&M will submit proposed language clarification pertaining to the calculation of the customer's peak load contribution (PLC). Customers potentially affected by this filing include all customers registered for service under Rider D.R.S.1 located in the I&M service territory. Those customers may be affected by changes in the Curtailment Demand Credit rate. A decision on the updated Rider D.R.S.1 filing is expected from the Indiana Utility Regulatory Commission on or before May 2, 2012.

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
 PNC Center
 101 West Washington Street
 Suite 1500 East
 Indianapolis, Indiana 46204

Indiana Office of Utility
 Consumer Counselor
 PNC Center
 115 W. Washington Street
 Suite 1500 South
 Indianapolis, Indiana 46204
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