

ORIGINAL

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION





IN THE MATTER OF THE JOINT)
PETITION OF DUKE ENERGY INDIANA,)
INC. AND INDIANA MICHIGAN POWER) CAUSE NO. 43764
COMPANY FOR APPROVAL PURSUANT)
TO IND. CODE § 8-1-2-84 OF THE SALE)
AND TRANSFER OF A MINOR AMOUNT) APPROVED:
OF ASSETS) OCT 21 2009

BY THE COMMISSION:

James D. Atterholt, Commissioner
David E. Veleta, Administrative Law Judge

On August 21, 2009, Duke Energy Indiana, Inc. ("Duke Energy Indiana") and Indiana Michigan Power Company ("I&M") filed their Verified Joint Petition with the Indiana Utility Regulatory Commission ("Commission") for approval of the sale and transfer of assets from I&M to Duke Energy Indiana (I&M and Duke Energy Indiana, both "Joint Petitioners").

On September 24, 2009, the Presiding Officers issued a docket entry requesting that Joint Petitioners provide a response to a question, to which the Joint Petitioners answered on September 25, 2009.

Pursuant to notice duly published as required by law, proof of which was incorporated into the record by reference and placed in the official files of the Commission, a public hearing was held in this Cause at 9:30 a.m., on September 28, 2009, in Suite 222, National City Center, 101 West Washington Street, Indianapolis, Indiana. The Joint Petitioners and the Office of Utility Consumer Counselor ("OUCC") were present and participated in the Evidentiary Hearing. The testimony and exhibits of the Joint Petitioners were admitted into the record. The OUCC did not submit testimony in this Cause. No members of the general public appeared or sought to testify at the hearing.

Based upon applicable law and evidence presented herein, the Commission now finds as follows:

1. **Notice and Jurisdiction.** Due, legal, and timely notice of the Evidentiary Hearing in this Cause was given and published by the Commission as required by law. Proofs of publication of legal notices made by I&M were offered and admitted into evidence at the Evidentiary Hearing. I&M and Duke Energy Indiana are each a public utility within the meaning of the Public Service Commission Act, as amended. Therefore, the Commission has jurisdiction over Joint Petitioners and the subject matter of this Cause.

2. **Joint Petitioners' Characteristics and Business.** I&M is a public utility organized and existing under the laws of the State of Indiana with its principal office in Fort Wayne, Indiana. I&M is engaged in the business of selling retail electric service to the public

within its certificated territory in Indiana and owns, operates, manages, and controls, among other things, plants and equipment within the state of Indiana used and useful for the production, transmission, delivery and furnishing of electric service to the public. In Indiana, I&M provides retail electric service to approximately 457,000 customers in 24 counties in northern and east-central Indiana.

Duke Energy Indiana is a public utility organized and existing under the laws of the State of Indiana, and has its principal office in Plainfield, Indiana. Duke Energy Indiana is engaged in rendering electric utility service in the State of Indiana and owns, operates, manages, and controls, among other things, plants and equipment within the State of Indiana used and useful for the production, transmission, delivery, and furnishing of electric service to the public. Duke Energy Indiana directly supplies electric energy to over 780,000 customers located in 69 counties in the central, north central, and southern parts of Indiana.

3. Relief Requested and Evidence Presented. Through mutual agreement, I&M and Duke Energy Indiana seek the Commission's approval for the sale and transfer by I&M of a minor amount of assets to Duke Energy Indiana pursuant to Ind. Code § 8-1-2-84.

The Joint Petitioners presented the testimony of William W. Hix, Senior Regulatory Consultant for I&M and Stan D. Coleman, Jr., Manager Radio/Microwave for Duke Energy Business Services LLC. Mr. Hix testified that I&M owns three communication towers and appurtenances ("minor assets") in Montgomery, Parke, and Sullivan Counties, Indiana. Duke Energy Indiana currently leases space on those communication towers for equipment used in its internal corporate communications. Mr. Hix explained that I&M no longer has need for these three towers and was considering removing them. Mr. Hix testified that the Joint Petitioners engaged in negotiations and as a result thereof, I&M agreed to sell the three towers and their appurtenances to Duke Energy Indiana for \$25,000 each. Mr. Hix explained that at two of the tower sites, a small parcel of land will be transferred to Duke Energy Indiana. At the third parcel, the land will not be transferred to Duke Energy Indiana, but rather the right to use that small parcel will be licensed to Duke Energy Indiana along with an access easement thereto. Mr. Coleman testified that this minor asset sale and transfer allows I&M to avoid the cost of dismantling and removing the towers and allows Duke Energy Indiana the continued benefit of using the towers for its internal corporate communications. Mr. Coleman added that the transaction also avoids obtaining new Federal Communication Commission permits for replacement towers that would have been erected by Duke Energy Indiana.

Mr. Hix also testified that I&M will appropriately remove the book value of the assets from its accounting books and end further depreciation accruals thereon. As a result, the asset values and accumulated depreciation therefore will not be taken into consideration in any subsequent base retail rate case. He added that from a ratemaking perspective, the impact of this proposed asset sale and transfer for Duke Energy Indiana and I&M is de minimus.

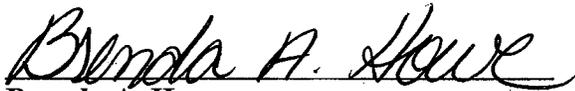
4. Commission Findings. Based on the evidence presented, the Commission finds that the price and terms of the proposed sale and transfer of minor assets from I&M to Duke Energy Indiana are reasonable and therefore the transaction should be approved.

IT IS THEREFORE ORDERED BY THE INDIANA UTILITY REGULATORY COMMISSION that:

1. Indiana Michigan Power Company's sale and transfer to Duke Energy Indiana, Inc., of the minor assets shall be and hereby is approved.
2. Duke Energy Indiana's purchase of the minor assets shall be and hereby is approved.
3. This Order shall be effective on and after the date of its approval.

HARDY, GOLC, LANDIS AND ZIEGNER CONCUR; ATTERHOLT ABSENT:
APPROVED: OCT 21 2009

I hereby certify that the above is a true and correct copy of the Order as approved.



Brenda A. Howe
Secretary to the Commission