

ORIGINAL

*[Handwritten signatures and initials: JLG, SA]*

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

IN THE MATTER OF THE PETITION OF )  
WABASH VALLEY POWER ASSOCIATION, INC. )  
FOR AUTHORITY TO EXECUTE NOTES AS )  
EVIDENCE OF INDEBTEDNESS UP TO \$64 )  
MILLION PAYABLE AT PERIODS OF MORE )  
THAN TWELVE MONTHS FOR THE PURPOSE )  
OF FUNDING THE CONSTRUCTION OF )  
TRANSMISSION AND DISTRIBUTION )  
FACILITIES AND CAPITAL EXPENDITURES )  
FOR GENERATION RELATED FACILITIES AND )  
TO ENCUMBER ITS PROPERTY TO SECURE )  
THE INDEBTEDNESS )

CAUSE NO. 43820

APPROVED: JAN 27 2010

**BY THE COMMISSION:**

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

On October 26, 2009, Wabash Valley Power Association, Inc. ("Petitioner" or "Wabash Valley") filed its Verified Petition with the Indiana Utility Regulatory Commission ("Commission") in this Cause requesting authority to execute notes as evidence of indebtedness up to \$64 million payable at periods of more than twelve (12) months for the purpose of funding the construction of transmission and distribution facilities, capital expenditures for generation related facilities and to encumber its property to secure the indebtedness.

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 10:00 a.m., on January 4, 2010, in Suite 224, National City Center, 101 West Washington Street, Indianapolis, Indiana. At the hearing, the Petitioner presented the testimony of its witnesses, M. Keith Thompson, Nisha A. Harke and Gary R. Stein. The Indiana Office of Utility Consumer Counselor ("OUCC") appeared and presented the testimony of Duane Jasheway, a utility analyst in the Electrical Division of the OUCC's energy group. The testimony and exhibits of both Petitioner and OUCC were admitted into the record. No members of the general public appeared or sought to testify at the hearing.

Based upon the applicable law and evidence presented at hearing, the Commission now finds:

1. **Commission and Jurisdiction.** The Petitioner is a public utility within the meaning of the Public Service Commission Act, as amended, Ind. Code § 8-1-2-1 *et. seq.* and pursuant to Ind. Code §§ 8-1-2-78, 8-1-2-79, and 8-1-2-84(f), the Commission is required to approve a public utility's issuance of evidence of indebtedness payable at periods of more than

twelve (12) months, and to approve encumbrance of a public utility's property. Accordingly, the Commission has jurisdiction over Petitioner and the subject matter of this proceeding.

2. **Petitioners' Characteristics and Business.** Petitioner is a corporation organized and existing pursuant to the Indiana Non-Profit Corporations Act and pursuant to Order of this Commission issued on January 13, 1978, in Cause No. 35091, and has been granted a Certificate of Public Convenience and Necessity to operate as a public utility. Petitioner serves as a power supplier to electrical cooperative distribution members and Petitioner owns and operates generation, transmission and related facilities.

All Petitioner's distribution cooperative members are corporations organized and existing under and pursuant to the Rural Electric Members Corporations Act, Ind. Code § 8-1-13-1 *et. seq.*, except for Midwest Energy Cooperative, which is organized under the laws of the State of Michigan; Paulding-Putnam Electric Cooperative, Inc., which is organized under the laws of the State of Ohio; and MJM Electric Cooperative, Corn Belt Energy Corp., and EnerStar Power Corp., which are organized under the laws of the State of Illinois; and Citizens Electric Corporation which is organized under the laws of the State of Missouri.

3. **Relief Requested.** Petitioner requests that the Commission grant authority to execute notes as evidence of indebtedness up to \$64 million, payable at periods of more than twelve (12) months, for the purpose of funding the construction of transmission and distribution facilities, capital expenditures for generation related facilities, and to encumber its property to secure the indebtedness.

4. **Wabash Valley's Direct Testimony.** Mr. Thompson, Vice President of Power Production at Wabash Valley, testified that Wabash Valley has three major generation related areas that will require capital dollars under this petition: 1) major inspection of the General Electric 7FA combustion turbine ("GE 7FA CT") at Wabash River Repowering; 2) repair to the electric generator connected to the GE 7FA CT; and 3) replacement of the syngas cooler at SG Solutions ("SGS").

Mr. Thompson testified that Wabash Valley estimates the 2009 and 2010 capital budget for the generation-related projects to be approximately \$50.3 million, for which Wabash Valley is seeking financing approval for all or part of such costs.

Mr. Thompson testified regarding the major inspection and capital projects at Wabash River Repowering. He testified that Wabash Valley owns Wabash River Repowering, a combined cycle generating facility utilizing a GE 7FA CT, and that the facility is operated and maintained under contract by Duke Energy Indiana ("DEI"). He testified that during 2009, Wabash Valley approved a capital budget of \$7.324 million for the facility; the projects included adding variable frequency drives to the heat recovery steam generator's boiler feed pump A, a micro filter water system, filter press to manage wastewater pond solids, replacing the instrument air compressors and air dryers, reconfiguring the wastewater/stormwater ponds and constructing a new decant structure in preparation of Wabash Valley's new National Pollutant Discharge Elimination System ("NPDES") permit, replacement of the neutralization tanks system, various valve rebuilds and other smaller balance of plant projects.

Mr. Thompson stated that due to the length of service that the GE 7FA CT has been operating, a major inspection is necessary and planned for the fall of 2010, which entails opening the compressor, combustion, and turbine sections of the GE 7FA CT. He further testified that Wabash Valley discussed the major inspection outage options with DEI to further refine the major inspection outage equipment recommendations and scope and has developed a plan that Wabash Valley believe provides the highest equipment reliability and lowest overall refurbishment costs for the company, with the anticipated capital budget for the major inspection estimated to be just over \$16 million. Mr. Thompson stated that while Wabash Valley believes this engineering estimate to be reasonable given discussions with both General Electric and DEI, however the condition of the machine will not be evident until the inspection is actually performed.

Mr. Thompson also testified that Wabash Valley will initiate the repair of a hot spot on the electric generator stator attached to the GE 7FA CT and will pull the rotor for repair in 2010. He stated that during a routine generator inspection in the 2006 fall outage, a hot spot was identified, and repairs were made to tighten the loose shims and were completed in January 2007. He testified that the repair to the hot spot did not permanently correct the issue, and the stator has since operated with elevated temperatures, and Wabash Valley proactively purchased the bars necessary to repair the stator prior to closing on the purchase of Wabash River Repowering in January 2008. He stated that operating with this known equipment issue has an operational risk, and Wabash Valley is now planning to schedule the repair of the generator stator, with repairs estimated to be \$6.6 million, of which they have already procured \$1.3 million for the stator bars themselves.

Mr. Thompson testified as to the replacement of the Syngas Cooler at SGS, stating that Wabash Valley owns 50% of and controls SGS, and SGS owns the Gasification Plant located adjacent to Wabash River Repowering. He stated that the Gasification Plant produces syngas used to fuel the Wabash River Repowering combustion turbine and steam to power the steam turbine. He testified that a major component of the Gasification Plant is the Syngas Cooler, also known as the E-150, and that the purpose of the E-150 is to reduce the temperature of the syngas, with saturated steam as a by-product. Mr. Thompson testified that the E-150 replacement is estimated at \$15.2 million and was previously approved by the Wabash Valley board to increase the overall reliability of SGS and is represented in an engineering drawing as Exhibit MKT-2. He stated that Wabash Valley anticipates the E-150 replacement will improve reliability by the equivalent of 27 operation days and reduce the ongoing operations and maintenance costs by \$1.2 million annually.

Further, Mr. Thompson testified that the Syngas Cooler replacement was not the only option analyzed, as Conoco Phillips, the owner of the E-Gas technology, presented four different syngas cooler replacement options. He testified that the preferred option entails replacing the existing E-150 in like kind, and was significantly less expensive than the other options due to both the structure steel to support the other options and the fact that SGS will continue to utilize the existing syngas cooler steam drum and risers/downcomers.

With respect to the capital projects related to Gibson Station Unit #5, Mr. Thompson testified that Wabash Valley owns a 25% interest in the unit, with the remainder owned by DEI

and Indiana Municipal Power Agency (“IMPA”). DEI operates the plant on behalf of the owners. He testified that during 2009, the owners decided to complete a variety of capital projects at Gibson Station Unit #5 at a cost to Wabash Valley of \$1.142 million. Additionally, he testified that Gibson Station will be converting the entire station to a dry ash handling facility and will be closing and capping each of the three east ash pond cells over the next nine years. He testified that over the next few years, there will also be a focus on turbine generator, controls, pulverizers and environmental related projects. He stated the anticipated capital projects requested herein are for Wabash Valley’s 25% ownership share of Gibson Station Unit #5 and equal \$1.8 million in 2010 which may be adjusted as the owners may need to substitute other projects as priorities change during the coming year.

With respect to Holland Energy, Mr. Thompson testified that during the first nine months of operations, Wabash Valley and Hoosier Energy have developed a top ten list of projects and activities geared to increase the reliability of the 2x2x1 combined cycle facility going forward. He stated that for 2009 through 2010, they have prioritized a total of \$3.077 million for capital projects for Holland Energy, of which \$1.548 million would be the responsibility of Wabash Valley, with the largest project being a redesign of the high pressure attemperators on top of each Heat Recovery Steam Generator to better control steam temperatures and thus reduce thermal stressing within the superheater/reheater sections.

With respect to Lawrence Station, Mr. Thompson testified that Wabash Valley owns two of the six combustion turbines, with Hoosier Energy owning the other four. He testified that the station is operated under a joint ownership agreement with Hoosier Energy, with Wabash Valley being responsible for 33% of any capital related projects. He further testified that during 2009, there were no planned capital projects at Lawrence Station, but during 2010, Wabash Valley and Hoosier Energy plan to complete GE Service Bulletin Number 220 on two LM6000s, requiring the replacement of the inlet gearbox assembly, and Wabash Valley’s share of these two repairs is \$166,500. He stated that GE reports that several LM6000 gas turbines have experienced spline wear on the inlet gear box horizontal shaft.

Finally, Mr. Thompson testified that the projects presented within his testimony are beneficial to Wabash Valley. He testified that the capital projects described in his testimony are all necessary to achieve the reliability of each asset. Mr. Thompson testified that not all of the projects described in his testimony had been approved at the time of filing.<sup>1</sup>

Ms. Nisha A. Harke, Manager of Finance and Rates for Wabash Valley testified that while the projects listed in Exhibit NAH-1 are the specific projects presently budgeted for by Wabash Valley, other projects to serve the electric needs of the members may arise which could take priority over these listed projects. Further, she testified that Joint Transmission System (“JTS”) assignments can also impact Wabash Valley’s capital budget, so Wabash Valley is seeking approval for financing up to \$64 million for capital projects including, without limitation, those listed on Exhibit NAH-1.

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<sup>1</sup> In prefiled supplemental testimony, Ms. Nisha A. Harke testified on behalf of Wabash Valley stating that at its November 4, 2009 board meeting, the Wabash Valley Board of Directors authorized up to \$73.2 million in financing for the capital projects for the 2010 budget, which encompassed the balance of the \$64 million requested in this cause.

Ms. Harke testified that Wabash Valley is seeking financing approval for various types of projects including, but not limited to, the following: transmission and distribution related projects (including substations and transmission lines), Gibson Station Unit No. 5 improvements, Wabash River Unit No. 1 improvements, SGS E-150 boiler purchase, and capital improvements at the Holland Energy, Lawrence and Vermillion generating facilities. She further testified that the Wabash Valley Board of Directors approved the \$60 million of financing for the capital projects on April 7, 2009. Ms. Harke later pre-filed supplemental testimony that on November 4, 2009, the Board of Directors authorized up to \$73.2 million in financing for the capital projects for the 2010 Budget, which encompasses the balance of the \$64 million requested in this cause.

Ms. Harke testified as to the various projects Wabash Valley seeks to finance, stating that the estimated total cost of the improvements and replacements to Gibson Station Unit No. 5 will be approximately \$2,942,000 for Wabash Valley's twenty-five (25%) share. Additionally, she testified that there will be \$30,421,000 in costs related to the Wabash River Unit No. 1, \$15,210,000 related to the replacement of the E150 Boiler at SGS and \$1,751,000 in capital improvements at the Holland Energy, Lawrence and Vermillion generating stations. Further, Ms. Harke testified that the costs of construction of each of the transmission line and substation projects for which Wabash Valley seeks approval for necessary financing total \$16,294,000.

Mr. Harke also testified that Wabash Valley proposes to finance up to 100% of the estimated capital costs up to \$64 million related to these capital projects through competitive lenders such as the National Rural Utility Cooperative Finance Corporation ("CFC"), CoBank, or Private Placement lenders. She stated that Wabash Valley is seeking approval to finance up to \$64 million for the projects, although the projects total approximately \$66.6 million. She explained that the difference of \$2.6 million will be financed through cash from operations. She testified that Wabash Valley intends to sign one or more promissory notes to finance these projects for up to 20 years at an estimated interest rate of 6.98%, and the financing facility will most likely be a multi-draw facility and each note will have a different interest rate based on the prevailing rate with the lending institution at the time of draw. Further Ms. Harke explained that in addition to obtaining a competitive interest rate from CFC and CoBank, Wabash Valley, as a member of CFC and CoBank, will receive patronage capital; consequently, after return of patronage capital and other interest rate discounts that may be available to Wabash Valley, the effective interest rate will be less than the stated interest rates on the promissory notes. Ms. Harke stated that Wabash Valley is not seeking borrowing approval for any other costs. At the Evidentiary Hearing, Mr. Harke testified that when she spoke with Mr. Jasheway of the OUCC on December 9, 2009, the estimated interest rate for a 20-year fixed rate note was approximately 6.0% but that as of the date of the hearing, the estimated interest rate for a 20-year fixed rate note was approximately 6.5%.

Further, Ms. Harke testified that the estimated interest expense and principal payments result in annual debt service payments for all of the notes related to this capital project of approximately \$6.0 million based on an interest rate for 20 years of approximately 6.98% and an aggregate loan amount of \$64,000,000. Further, she stated that the funds requested in this petition are expected to be used in 2010. She noted that the loans will be secured by property owned by Wabash Valley, under Wabash Valley's Mortgage Indenture of Trust. Ms. Harke testified that Wabash Valley's current rates will generate adequate revenues to repay the debt

service obligations. Wabash Valley's Mortgage Indenture of Trust requires a TIER of 1.0 or better and a Debt Service Coverage Ratio of 1.15 or better. She noted that while the minimum financial covenants of the Mortgage Indenture of Trust could still be met, Wabash Valley board has the authority to increase rates during the course of the year. She stated that Wabash Valley became regulated by the Federal Energy Regulatory Commission ("FERC") on July 1, 2004, and under that structure, Wabash Valley can recover all costs needed to meet the Board approved margin and that Wabash Valley also has the ability, through the FERC formulary rate, to recover fuel costs and the energy cost component of power purchases prior to the 12 month recovery period if the Board should choose to accelerate recovery of these costs.

In addition, Ms. Harke testified as to the authorization requirements necessary for financing these capital projects, explaining that any capital projects financed using long-term debt by Wabash Valley need to meet the requirements of the Mortgage Indenture of Trust, and any notes issued will require the authorization from the Trustee under the Indenture of Trust and approval by the lender. She stated that Wabash Valley would like to draw on the proposed financing as soon as possible since it has already experienced some cash outlays for these projects. She testified that assuming Wabash Valley receives the required approvals in a timely manner, it is estimated the loan proceeds would be drawn down beginning in the 1st quarter of 2010.

Mr. Gary R. Stein, Manager of Engineering at Wabash Valley, testified that with respect to the Martinsville 69kV Line, EnerStar Electric Cooperative ("EnerStar") has asked Wabash Valley to provide a 69kV source for their proposed Martinsville Substation. He stated that the new substation will increase reliability for EnerStar's largest consumer, as well as improving voltage levels for seasonal consumers. Further, he stated that the \$1,380,000 estimated costs for this project covers material, construction, Ameren "tap" costs, and right-of-way procurement for the 7.5- mile line. With respect to the Colfax Substation and 69kV Line, Mr. Stein testified that Newton County REMC ("Newton REMC") is a very low-density system served by four (4) 12 kV metering points and no substations, and a large dairy complex is proposing to locate near an existing metering point. He stated that the 8 MW load requires a new 69/12kV source, and the \$2,330,000 estimated cost for this project covers a 69/12kV, 1012/14Mva substation, and approximately seven (7) miles of 69kV line. With respect to the Milroy Substation, Mr. Stein testified that Northern Indiana Public Service Company ("NIPSCO") currently provides 12kV service to White County REMC through their sole-use Milroy Substation, and White County REMC has asked Wabash Valley to purchase the substation from NIPSCO, increase the transformer capacity, and modify the structure to provide two (2) 12kV exits. He stated that \$615,000 has been budgeted for this project. With respect to the Corn Belt 69kV Switches, Mr. Stein testified that Corn Belt Energy has asked Wabash Valley to replace the 69kV switches serving their Holder and Sutter Substations and that the switches have been in service for many years without periodic operations. He stated that Ameren has an interest in incorporating both switches in their SCADA system, and \$120,000 has been budgeted to cover both installations. Finally, with respect to the TETC - Springboro 69kV Line, Mr. Stein testified that Tipmont REMC's Lafayette, Battleground, and TETC Substations are served from a radial 69kV line, and Tipmont REMC has limited "back up" capabilities through 12kV load transfers. He stated that Tipmont REMC has asked Wabash Valley to construct approximately nine (9) miles of 69kV from TETC to Wabash Valley's Springboro 138/69kV Substation, and Wabash Valley has

budgeted \$4,000,000 for labor and materials, right-of-way clearing, and a new 69kV breaker at Springboro.

In addition, Mr. Stein testified with respect to the Warsaw North Substation (69/12kV, 10/12/14Mva) and associated 69kV line, stating that they were placed in service in June 2009. He stated that the new Wabash Valley-owned sole-use substation will enable Kosciusko REMC to alleviate heavy loading on their Airport Substation, as well as providing increased reliability through load transfers between the REMC's Airport and Northwest Substations. He stated that the substation and 69kV line costs were approximately \$1,190,000. With respect to the Anson North Substation (69/12kV, 12/16/20Mva) and associated 69kV line, Mr. Stein testified that they were placed in service in March 2009. He stated that the new Wabash Valley-owned sole-use substation will better enable Boone REMC to serve the Anson Development near I-65 and SR 443 in Boone County, Indiana. He explained that the substation and 1.5-mile line cost was \$2,200,000.

Mr. Stein further testified with respect to the Herbert Monroe 138kV line, stating it was placed in service in May 2009, and the 138kV line serves Paulding-Putnam's Herbert K. Monroe Substation. He stated that the new substation will better enable the REMC to serve new load in the area, reduce their dependence on American Electric Power's ("AEP") 34.5kV system, and increase reliability through 12kV load "transfers." He further stated that the cost for the new substation and line was approximately \$307,000. With respect to Wabash Alloy's Substation and 69kV Line, Mr. Stein testified that Wabash County REMC, a member of Wabash Valley, has asked Wabash Valley to provide the Alloys Substation and associated 69kV line. He explained that the new JTS substation will enable the REMC to retire an old substation and to provide "back up" for their Wabash West Substation. He stated that Wabash Valley has budgeted \$1,100,000 for the 69/12kV, 10/12/14Mva substation, and \$245,000 for approximately 0.5 miles of 69kV line for a total cost of \$1,345,000.

Finally, with respect to JTS miscellaneous projects, Mr. Stein testified that the Transmission and Local Facilities Ownership, Operation and Maintenance Agreement by and among Wabash Valley, PSI Energy, Inc. (now DEI), and IMPA, dated November 5, 1985 (the "T&LF Agreement"), provides for the ownership and upgrade responsibilities of the JTS partners. He explained that DEI provides Wabash Valley with an annual budget and forecast of facility upgrades and/or modifications associated with Wabash Valley owned facilities. He stated that the total projected cost for these JTS projects during 2009-2010 is projected to be \$5,558,000.

Mr. Stein noted that while the specific projects to which he testified have presently been budgeted for by Wabash Valley, other projects may arise which could take priority over these listed projects. He explained that the prioritization of transmission and distribution projects is driven by member system demand, the timing requirements for serving load additions, and the feasibility of alternate solutions. He stated that it may be necessary to add new projects, while delaying others.

5. **OUC's Testimony.** Mr. Duane P. Jasheway, a Utility Analyst in the Electric Division provided testimony on behalf of the OUC. He testified that Wabash Valley is

requesting authority to issue up to \$64 Million in long-term debt to primarily fund: 1) Major inspection of GE 7FA combustion turbine, 2) Repair to the electric generator stator (bar restack) on the Wabash River combustion turbine, and 3) Replacement of the syngas cooler at SGS.

Mr. Jasheway stated that Wabash Valley currently enjoys a good financial position, and Standard and Poor's has recently raised Wabash Valley's credit rating from "BBB" to "A-" status with a stable outlook. He explained that the upgrade reflects improved debt coverage ratios resulting from a planned increase in equity levels and timely rate adjustments.

In addition, Mr. Jasheway testified that the proposed 6.98% fixed annual interest rate seemed high. He stated that for the purposes of comparison, he reviewed a recent Value Line publication, and according to Value Line, the 25 to 30 year "A" rated utility bonds should be around 5.52% while the same 'BBB' rated bonds should be around 6.24%. He stated that since Wabash Valley has achieved the "A-" credit rating, its interest rate would presumably be somewhere between these two levels. He explained that considering this and the large number of financing authorities that Wabash Valley listed as available resources in their testimony, it is foreseeable that the final interest rate should be lower than the 6.98%. He further testified that he expressed his concerns regarding Wabash Valley's proposed rate of 6.98% during informal discussions, stating that the interest rate seemed high based on his analysis. However, he stated that Witness Harke conveyed that, as of December 9, Wabash Valley's expected interest rate is now much closer to 6% which is directly in line with his analysis and more reasonable.

Mr. Jasheway stated that his testimony does not address the viability or reasonableness of the individual projects that Wabash Valley is proposing to finance with this new debt. He stated that his testimony is limited to financial analysis of Petitioner's requested finance authority. He stated that he has concerns that some of the requested funds could be used for projects other than what is described in Petitioner's testimony. He stated that Petitioner's testimony in this Cause contains some wording that would allow the Petitioner to use these funds in a different capacity. In particular, he noted that Witness Thompson proclaims, "This list of projects for Wabash River Repowering may be adjusted as Wabash Valley may need to substitute other projects as priorities change during the coming year." Mr. Jasheway explained that while the OUCC can appreciate that the electric utility business contains inherent volatility, the OUCC believes it to be in the best interest of the public that the requested funds be used for the projects as represented, and should this not be the case, that the Commission and the OUCC be aware of how this requested funding is ultimately utilized by Wabash Valley.

Mr. Jasheway testified that the OUCC does not object to the proposed financing in this Cause. He stated that after the execution of any borrowings done pursuant to the authority granted in the Cause, Petitioner should file a report with the Commission (with a copy to the OUCC) documenting the terms of the agreement, including the term of the loan, the interest rate, and the collateral pledged to secure the loan. He stated that OUCC recommends that Petitioner provide written notification to the Commission and the OUCC within thirty days after any project funded by these requested borrowings is completed, and that these submissions should reference this IURC Cause No. 43820, and at a minimum, include the following: A description of the actual project with sufficient detail to be reviewed and understood by Commission and OUCC technical staff; the actual cost of the project; and description of any deviations in the

scope or in the financial nature of the project from that originally presented by Petitioner in this Cause.

6. **Commission Discussion and Findings.** In this proceeding Petitioner requested authorization to execute notes as evidence of indebtedness up to \$64 million payable in periods of more than twelve (12) months for the purpose of funding the specific projects identified in its testimony. Wabash Valley also initially indicated that it intends to sign one or more Promissory Notes to finance these projects for up to twenty (20) years at an estimated interest rate of up to 6.98%.

Mr. Jasheway expressed concern that Petitioner's estimated interest rate of 6.98% seemed high and that he would expect a similarly rated entity to secure financing in a range of approximately 5.52% to 6.24%. However, Ms. Harke testified that Wabash Valley will receive patronage capital and possibly other interest rate discounts as a member of CFC and CoBank and that the effective interest rate will be less than the stated interest rates on the promissory notes. Accordingly, based on the evidence presented in this Cause, and the additional explanation of the forecasted interest rates provided by Ms. Harke at the Evidentiary Hearing, we find that Petitioner's requested financing at a stated interest rate of up to 6.98% is in the public interest and should be approved.

As a condition of our approval in this Cause, we find that Wabash Valley shall, upon finalization of the loan agreement, file a report with the Commission in this Cause that documents the terms of the agreement, including the term of the loan; the final effective interest rate and a comparison to the rate not selected; and the collateral pledged to secure the loan. Wabash Valley should also provide written notification to the Commission and the OUCC within thirty (30) days of completion of the projects funded by our approval in this matter. The notification shall include a final project description; the final cost of the project; and a description of any changes in scope or cost of the project.

7. **Confidentiality.** On October 26, 2009, Petitioner filed an Application for the Commission to find certain information filed in this cause as confidential, and an Affidavit in support thereof seeking protection of certain financial and trade secret information ("Confidential Information"). The Presiding Officers in this case through Docket Entry determined that the confidential information should be held as confidential by the Commission on a preliminary basis. In compliance with that Docket Entry, the confidential information was submitted to this Commission under seal. The Commission now finds that the confidential information constitutes confidential financial and trade secret information and should continue to be treated by the Commission as confidential, and not subject to public disclosure in accordance with Ind. Code § 5-14-3-4(a).

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

1. Wabash Valley Power Association, Inc. is authorized to execute notes as evidence of indebtedness up to \$64 million payable at periods of more than twelve (12) months at an

interest rate of up to 6.98% for the purpose of the construction of certain transmission and distribution facilities and capital expenditures for generation related facilities and to encumber its property to secure the indebtedness.

2. Wabash Valley shall, upon finalization of the loan agreement, file a report with the Commission in this Cause that documents the terms of the agreement, including the term of the loan; the final effective interest rate and a comparison to the rate not selected; and the collateral pledged to secure the loan. Wabash Valley should also provide written notification to the Commission and the OUCC within thirty (30) days of completion of the projects funded by our approval in this matter. The notification shall include a final project description; the final cost of the project; and a description of any changes in scope or cost of the project.

3. The Confidential Information filed under seal by Wabash Valley constitutes confidential financial and trade secret information and shall continue to be treated by the Commission as confidential and not subject to public disclosure.

4. This Order shall be effective on and after the date of its approval.

**HARDY, ATTERHOLT, GOLC, LANDIS AND ZIEGNER CONCUR:**

APPROVED: JAN 27 2010

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

  
Brenda A. Howe  
Secretary to the Commission