

ORIGINAL

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF INDIANA MICHIGAN POWER)
COMPANY FOR APPROVAL OF THE)
CONTRACT FOR ELECTRIC SERVICE WITH)
STEEL DYNAMICS, INC., AND REQUEST)
UNDER 170 IAC 1-1.1-4 FOR COMMISSION)
DETERMINATION THAT DESIGNATED)
CONFIDENTIAL INFORMATION BE EXEMPT)
FROM DISCLOSURE)

CAUSE NO. 44256

APPROVED:

MAR 14 2013

ORDER ON RECONSIDERATION

Presiding Officers:

Carolene Mays, Commissioner

Gregory R. Ellis, Administrative Law Judge

On September 28, 2012, Petitioner Indiana Michigan Power Company ("I&M" or "Petitioner") filed its Verified Petition and Request for Expedited Consideration seeking approval of the Contract for Electric Service ("Contract") between Steel Dynamics, Inc. ("SDI") and I&M. I&M also requested a determination that designated confidential information involved in this proceeding be exempt from public disclosure under Ind. Code § 8-1-2-29 and Ind. Code ch. 5-14-3. An evidentiary hearing was held on November 20, 2012, at 10:00 a.m., in Room 222 of the PNC Center, 101 W. Washington Street, Indianapolis, Indiana. On December 27, 2012, the Indiana Utility Regulatory Commission ("Commission") entered its final Order in this Cause which approved the Contract, granted confidential treatment of certain information and directed I&M to provide, in future incremental investment rate adjustment mechanism proceedings, sufficient evidence for the Commission to confirm that incremental investment being recovered from SDI is not being recovered from other jurisdictional ratepayers.

On January 15, 2013, I&M filed its Verified Petition for Reconsideration and/or Rehearing ("Motion"). The Motion takes issue with the Commission's December 27, 2012 Order in that it directed I&M to provide evidence in any future rate proceeding, filed or pending during the term of the Contract, confirming that investment being recovered from SDI is not being recovered from its other jurisdictional ratepayers. I&M specifically requests that ambiguities be eliminated from the Order or the directive be vacated.

1. **Notice and Jurisdiction.** The bases for Commission jurisdiction over the parties and subject matter of this proceeding were set out in our December 27, 2012 Order, which bases are hereby incorporated into this Order on Reconsideration. Petitioner is subject to the jurisdiction of the Commission in the manner and to the extent provided by the laws of the State of Indiana. Therefore, the Commission has jurisdiction over I&M and the subject matter of this proceeding.

2. **Commission Discussion and Findings.** I&M asserted in its Motion that the Commission appears to misunderstand the ratemaking treatment previously approved and in effect for the Contract in that it is a special contract from which the revenues are fully credited to the cost

of serving I&M's customers through the general ratemaking process. I&M asserted that the directive ignored substantial un-impeached evidence and its premise is moot or immaterial and safeguarded by other ratemaking mechanisms.

170 IAC 1-1.1-22(e) allows a party to file a petition for rehearing and reconsideration within twenty days after the entry of a final order. 170 IAC 1-1.1-22(e)(3) lists the possible actions the Commission may take in deciding a petition for rehearing and reconsideration, including upholding our original order, modifying our original order based on the existing record without further hearing, reopening the evidentiary record, or reversing our original order. In its Motion, I&M does not seek to reopen the record in this Cause or to introduce new evidence. Rather, I&M has asked us to reconsider the evidence of record, our findings and ultimately the directive. The Commission has already considered the evidence of record in reaching its findings and issuing the Order. We note the Commission's Order, including the directive, did not change or add any new conditions to the Contract that was approved in the Order. Further, the directive should not be construed to imply that the Commission intends to alter the terms of the special contract in future incremental investment rate adjustment mechanism proceedings. The directive is simply a forward looking requirement of I&M to provide evidence to the Commission in future proceedings, in which revenue requirements associated with incremental investment by I&M are allocated to other jurisdictional customers, to confirm sound ratemaking methodology is being applied. We note that while historical treatment of special contract revenue is informative, the changing regulatory landscape as related to material incremental investment cost recovery, which may occur in proceedings other than a base rate case, creates a reasonable need for the forward looking directive. Accordingly, the Commission finds that I&M's Motion should be denied.

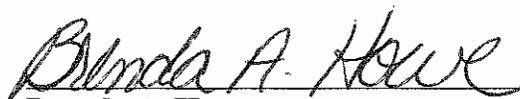
IT IS THEREFORE ORDERED BY THE INDIANA UTILITY REGULATORY COMMISSION that:

1. Indiana Michigan Power Company's Verified Petition for Rehearing and/or Reconsideration is hereby denied.
2. This Order shall be effective on and after the date of its approval.

ATTERHOLT, BENNETT, LANDIS, MAYS AND ZIEGNER CONCUR:

APPROVED: MAR 14 2013

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



**Brenda A. Howe
Secretary to the Commission**