

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: DEC 27 2012

ORDER OF THE COMMISSION

**Presiding Officers:**

**Carolene Mays, Commissioner**

**Gregory R. Ellis, Administrative Law Judge**

On September 28, 2012, Petitioner Indiana Michigan Power Company (“I&M“, “Company“ or “Petitioner“) filed its Verified Petition (“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.

I&M’s also prefiled the direct testimony and exhibits of David M. Roush, Director of Regulated Pricing and Analysis in support of its Petition. In addition, the affidavits of Mr. Roush and Glenn A. Pushis, Vice President and General Manager of SDI’s Flat Roll Division, were submitted attesting to the confidential, proprietary, competitively sensitive, and trade secret nature of the designated confidential information. Filed with the Petition were I&M’s prepared testimony and a public version of its exhibits with the claimed confidential information redacted.

On October 9, 2012, SDI filed its *Petition to Intervene*, which was subsequently granted by docket entry on October 19, 2012. On November 5, 2012, the Indiana Office of Utility Consumer Counselor (“OUCC“) prefiled the testimony of Eric M. Hand, Utility Analyst in the Electric Division. The Commission’s November 8, 2012 docket entry granted I&M’s request for protection of confidential information, finding the information on a preliminary basis to be confidential and adopting certain procedural safeguards pending a final determination of confidentiality. I&M filed its confidential information under seal on November 13, 2012. On November 13, 2012, Petitioner also filed its rebuttal testimony and Request for Administrative Notice of the Commission’s previous decisions regarding current SDI contract and amendments, which request was subsequently granted at the evidentiary hearing without objection. The Commission issued a docket entry on November 14, 2012 ordering additional information, to which I&M and SDI responded on November 16, 2012. On November 16, 2012, SDI filed its *Motion for Protection of Confidential and Proprietary Information*. The Commission issued a

second docket entry on November 16, 2012 ordering additional information, to which I&M responded on November 19, 2012.

Pursuant to notice duly given and provided as required by law, proof of which was incorporated into the record, 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. I&M, the OUCC and SDI participated in the hearing. At the outset of the hearing, the Presiding Officers granted SDI's request for protection of confidential information, finding the information on a preliminary basis to be confidential and thereafter SDI's confidential information was admitted to the record under seal. The testimony and exhibits of the Petitioner, the OUCC and SDI were admitted into the record without objection. No members of the general public appeared or sought to testify at the hearing.

Based upon the applicable law and evidence the Commission now finds:

1. **Notice and Jurisdiction.** Due, legal and timely notice of the public hearing in this Cause was given and published as required by law. Petitioner is a public utility as defined in Ind. Code § 8-1-2-1(a) and is subject to the jurisdiction of the Commission in the manner and to the extent provided by the laws of the State of Indiana. This Commission has jurisdiction over I&M and the subject matter of this proceeding.

2. **Petitioner's Characteristics.** I&M is a corporation organized and existing under the laws of the State of Indiana, with its principal offices at One Summit Square, Fort Wayne, Indiana. I&M is a wholly-owned subsidiary of American Electric Power Company, Inc. Petitioner is engaged in rendering electric service and owns, operates, manages and controls plant and equipment within the States of Indiana and Michigan that are in service and used and useful in the generation, transmission, distribution and furnishing of such service to the public. In Indiana, I&M provides retail electric service to customers in twenty-four counties, including DeKalb County where SDI operates, among other facilities, a manufacturing facility consisting of a steel mill and auxiliary facilities.

3. **Relief Requested.** Petitioner seeks Commission approval of a Contract for electric service between SDI and I&M. The updated Contract modifies the Fifth Amendment to the Contract for Electric Service dated June 1, 1994, between SDI and I&M, and is intended provide the complete arrangement. Petitioner and Intervener also seek determinations 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.

4. **Background.** Pursuant to the Commission's Order dated October 5, 1994, in Cause No. 40010 ("40010 Order"), the Commission approved a contract for electric service between I&M and SDI. The Commission subsequently approved a First Amendment to that contract dated October 6, 1997, a Second Amendment dated December 7, 1998, a Third Amendment dated December 7, 1998, a Fourth Amendment dated September 27, 2005, and a Fifth Amendment dated March 26, 2008 and found that the designated confidential information in the amendments constitutes trade secrets and exempted such information from public disclosure. *See Petition of Indiana Michigan Power Company*, Cause No. 41345 (IURC

1/27/1999), *Petition of Indiana Michigan Power Company*, Cause No. 42928 (IURC 12/14/05), and *Petition of Indiana Michigan Power Company*, Cause No. 43401 (IURC 03/26/2008). Subsequent to the 40010 Order and the other orders noted above, SDI constructed, expanded, and continues to operate, among other facilities, a manufacturing facility consisting of a steel mill and auxiliary facilities (“SDI Plant”) located near the Town of Butler, in DeKalb County, Indiana. The SDI Plant’s electricity usage and the impact on the Indiana economy of this load are described in the 40010 Order. The 40010 Order indicated that at the time the contract was approved, SDI was “I&M’s largest customer, more than two times larger than I&M’s current largest retail customer and larger than some of I&M’s tariff classes.” Based on the evidence presented in this Cause, SDI is now more than four times larger than any other I&M retail customer and larger than some tariff classes.

**5. Petitioner’s Evidence.** David M. Roush, Director of Regulated Pricing and Analysis for American Electric Power Service Corporation, provided testimony and sponsored Confidential Exhibits DMR-1, DMR-2 and DMR-3. Mr. Roush described the modifications contained in the Contract and the purpose thereof. He discussed the benefits that result from the modifications and explained why the modifications should be approved. Through his exhibits, Mr. Roush presented a redlined contract that identified the changes that had been made to the existing contract and presented a fixed cost analysis that showed the rates and terms of the Contract will generate revenues to cover the variable costs of serving the SDI Plant while contributing to the recovery of the Company’s fixed costs.

Mr. Roush explained I&M’s current electric service arrangement with SDI (also referred to herein as the “Prior Contract”). Mr. Roush testified that the Contract extends many of the terms and conditions of the Prior Contract, as amended, for an additional period under interruption criteria and rates negotiated at arm’s length by I&M and SDI. He stated that the Contract is a composite agreement which incorporates all previous amendments and some updates. He explained that most updates were made to reflect current circumstances, such as the availability of information from PJM Interconnection, LLC and the expiration of provisions that no longer apply. Mr. Roush further stated that this composite agreement was developed for administrative and clarity purposes, but is effectively no different than an amendment to the Prior Contract.

Mr. Roush testified that the Company and SDI request an effective date for the Contract of January 1, 2013 for consumption to be billed in early February 2013. Mr. Roush also testified that I&M is able to provide the electric service requirements of the SDI Plant under the Contract without adversely affecting the provision of service to other retail customers. He indicated that approval of the Contract, as modified, will benefit the parties to the agreement, as well as all of I&M’s other customers, and is in the public interest for a number of reasons including, but not limited to, encouraging and maintaining the economic development of the State of Indiana.

Mr. Roush explained that the revenues the Company will receive under the Contract will continue to cover the full variable costs of serving SDI based upon the proposed rates and costs from Cause No. 44075, plus provide a contribution to the recovery of I&M’s fixed costs, as shown in Petitioner’s Confidential Exhibit DMR-3. Mr. Roush testified that the Contract is fully cost justified on an incremental cost-of-service basis and reflects the total incremental cost

incurred by I&M in serving SDI. He explained that under these circumstances, I&M's other retail customers will benefit from the approval of the modifications to the Contract through the contribution to fixed costs and cannot be adversely affected because the rates will exceed the total variable cost of serving SDI. He added that I&M's customers will also benefit from the continued economic opportunity provided by SDI in northeast Indiana.

Mr. Roush also testified that I&M, joined by SDI, requests that the unredacted Contract in Confidential Exhibit DMR-1 and Confidential Exhibit DMR-2 along with the unredacted fixed cost analysis of Confidential Exhibit DMR-3 be treated as confidential, proprietary, competitively sensitive, and trade secret, and, therefore, exempt from disclosure under Ind. Code § 8-1-2-29 and Ind. Code ch. 5-14-3. He noted that such treatment would be consistent with past Commission findings with respect to the prior contract. Mr. Roush indicated the documents submitted under seal contain information regarding the pricing, interruptibility, and term, negotiated at arm's length between I&M and SDI. Knowledge of these provisions would influence I&M's discussions with other existing and potential customers and thereby could have the effect of limiting future benefits to I&M, its other retail customers, and, potentially, the State. Such information would also provide an unfair advantage to potential energy resource competitors. Additionally, he stated SDI sells its products in a competitive steel market. Because energy costs are a major component of a steel maker's production costs, knowledge of pricing information and SDI's operational capabilities would benefit SDI's competitors, thereby potentially affecting the competitiveness and profitability of the SDI Plant. The nature of this confidential information is such that it derives actual and potential independent economic value from being neither generally known to, nor readily ascertainable by, persons who could obtain economic value from its disclosure or use. Public disclosure of the Contract or fixed cost analysis would be useful to current and potential competitors of both I&M and SDI and, if this confidential information would fall into the possession of current or prospective competitors of I&M or SDI, such disclosure would have a substantial and detrimental effect on I&M and SDI.

Mr. Roush testified the documents are the subject of efforts by Petitioner to maintain their secrecy and are not available or ascertainable by competitors through normal or proper means. I&M's files containing the proprietary and confidential information are maintained separately from I&M's general records and access to those files is restricted. Access to the confidential information is restricted to employees, officers and representatives of I&M who have a need to know about such information due to their job and management responsibilities. Outside I&M, the information is only provided to certain persons who have a legitimate need to review the information in order to participate in this Cause and who have furthermore signed a confidentiality agreement.

**6. OUCC's Evidence.** Mr. Hand testified that he reviewed I&M's filing in this matter, including I&M's direct testimony, the executed Contract and the confidential fixed cost analysis. Mr. Hand further testified that he had participated in a technical conference between the OUCC and I&M representatives to discuss questions and potential concerns.

Mr. Hand testified that the proposed Contract is a consolidation of the current contract and amendments into an updated agreement. The duration of the proposed Contract is 2013 through 2014. Mr. Hand noted that while prior contracts had longer terms, specific provisions as

to frequency, duration and notification of called interruptions remain the same. Mr. Hand concluded that the overall proposed Contract is similar to prior contracts. Mr. Hand stated that the Contract revenue will cover the variable cost of serving SDI and will make a significant contribution to I&M's fixed costs.

Mr. Hand testified that he does not oppose the Contract discount. Mr. Hand noted that while the monetary discount is a large dollar amount, it is driven by SDI's status as a very large usage customer. According to Mr. Hand, on a percentage basis of total billing, the discount appears reasonable and the Contract is less advantageous to SDI than continuing the prior contract terms. He added that from a value perspective, there is value to I&M to having a large customer with large interruptible capacity that has demonstrated that it has the capability and willingness to comply promptly and takes its responsibility seriously.

Mr. Hand's testimony raised two concerns related to the Contract. First, Mr. Hand noted the Contract is silent as to whether SDI will participate in funding DSM initiatives in accordance with the Commission's order in Cause No. 43959. Mr. Hand indicated that neither I&M nor SDI has sought an exclusion from such DSM provisions. He stated that a clarifying administrative notice indicating required participation may be appropriate, especially since SDI is one of the largest industrial customers on the I&M system. Mr. Hand testified that excluding I&M from paying these costs would effectively allow SDI to opt out of DSM payments, contrary to the Commission's order in Cause No. 42693 Phase II, at least with respect to Indiana's five statewide "Core" DSM programs.

Mr. Hand's second concern pertained to interruptible power ("IP") special contracts and IP tariffs. Mr. Hand stated that utilities need to have both the decision criteria and authority to return IP customers to standard tariff rates if or when such customers fail to comply when interruptions are called. He testified that according to I&M's discovery responses, SDI has been an active IP participant and fully compliant for 2009 through 2011. Mr. Hand stated that while the Contract does have a sizable "Noncompliance Rate", which would financially discourage instances of non-compliance, the Contract does not have a cancellation provision for repetitive non-compliance.

Mr. Hand concluded that the Contract between I&M and SDI is in the best interests of the public.

7. **Petitioner's Rebuttal.** Mr. Roush provided rebuttal testimony in response to the concerns raised by OUC witness Hand. With regard to the first concern, Mr. Roush explained that the modified Contract governs the provision of service to SDI and expressly identifies which rate adjustment mechanisms are applicable to SDI. He showed that the Contract presented for review seeks to maintain a previously approved contract structure. I&M and SDI are not seeking to exclude a rider that was included in the Prior Contract. Mr. Roush added that the Contract has been structured in this manner since 1999 and the Contract provisions were an integral part of SDI subsequently expanding its operations in the Company's service territory. Mr. Roush explained that the Contract negotiations between SDI and the Company are a delicate balancing of the needs of SDI relative to the needs of the Company and its other customers. He noted a key component of that balancing is the special contract discount, which the OUC does not

oppose. He indicated that the special contract discount and thus the contribution of SDI to the Company's fixed costs were negotiated within the framework of the existing Contract which did not include the applicability of I&M's Demand-Side Management/Energy Efficiency Program Cost Rider ("DSM Rider") to SDI. He stated that in response to an OUCC Data Request, I&M explained that there are no provisions in the Contract whereby SDI will participate in funding the DSM initiatives. He explained that if the DSM Rider were to be applied to SDI, it would be reasonable to expect that SDI would have sought an offsetting adjustment of equal value in some other financial aspect of the Contract. He testified that in such a circumstance, the net outcome for I&M's other customers would be the same, a higher DSM Rider contribution offset by a lower contribution to other fixed costs. Finally, Mr. Roush testified that based upon current DSM Rider rates, the amount in question is less than \$1,000 per month. He said the continued exclusion of the DSM Rider is justified given the contribution to fixed costs shown in Confidential Exhibit DMR-3 which is the fixed cost analysis included with his direct testimony. Mr. Roush also testified that the Contract, as modified over time, was crafted from the beginning to incorporate demand-side management through the inclusion of provisions regarding interruption of service, economic price signals, balanced usage and load factor. He explained that all of these features of the Contract enhance the utilization of I&M's existing facilities and manage the need for new generation in a cost-effective manner. He stated specifically that the interruptible provisions of the Contract are a demand-side resource that I&M incorporates in its resource plan and furthers the regulatory goal of integrating both supply-side and demand-side resource options in a reasonable, least-cost manner. For these reasons, Mr. Roush concluded that it is reasonable to continue to recognize the unique nature of SDI and the Contract and not apply the DSM Rider to SDI.

Mr. Roush's testimony indicated that he disagreed with the OUCC's second concern that there is a need to add a contract cancellation provision for repeated non-compliance with interruption requests to the Contract. He explained that the Contract with SDI has never had such a provision and there is a lengthy history of almost 17 years of responsive behavior by SDI in compliance with interruption requests. He also testified that the Contract already contains a sizable financial disincentive for non-compliance. Depending upon the type of non-compliance, repeated non-compliance could result in charges greater than the firm tariff rate, thus potentially providing greater protection to I&M's other customers than a cancellation provision. Mr. Roush concluded that in light of these factors, introducing a cancellation provision for repeated non-compliance is not necessary at this time.

Mr. Roush summarized his recommendations by explaining that from the beginning of its operations, SDI has been served via a Commission-approved contract due to its unique characteristics. He stated that SDI is I&M's largest customer, approximately four (4) times larger than any other I&M retail customer and larger than some I&M tariff classes, and provides both operational and planning flexibility through the interruptible provisions of the Contract. Mr. Roush testified that the Contract provides a contribution towards I&M fixed costs which benefits all other I&M customers. He concluded that approval by the Commission of the Contract, as filed, for the provision of service from January 1, 2013 through the end of 2014 is fully cost justified, consistent with sound regulatory policy and in the public interest.

**8. Commission Discussion and Findings.**

**A. The Contract.** Ind. Code § 8-1-2-24 provides in pertinent part that:

Nothing in this chapter shall be taken to prohibit a public utility from entering into any reasonable arrangement with its customers or consumers for the division or distribution of its surplus profits, or providing for a sliding scale of charges or other financial device that may be practicable and advantageous to the parties interested. No such arrangement or device shall be lawful until it shall be found by the commission, after investigation, to be reasonable and just and not inconsistent with the purpose of this chapter.

Ind. Code § 8-1-2-25 provides as follows:

The commission shall ascertain, determine and order such rates, charges and regulations as may be necessary to give effect to such arrangement, but the right and power to make such other and further changes in rates, charges and regulations as the commission may ascertain and determine to be necessary and reasonable, and the right to revoke its approval and amend or rescind all orders relative thereto, is reserved and vested in the commission, notwithstanding any such arrangement and mutual agreement.

Therefore, customer-specific contracts, including tailored-rate contracts such as the Prior Contract, as previously amended, and the Contract presented for review in this proceeding, are lawful if the Commission finds their provisions to be reasonable and just, practicable and advantageous to the parties, and not inconsistent with the purposes of the Public Service Commission Act. Where, as here, the service provided to one customer is distinguishable from the service provided to other customers, then it is permissible to serve that one customer pursuant to a different set of rates, terms and conditions for service.

The Commission has previously recognized that it is appropriate to offer special rates to attract new large volume customers to Indiana if the rates are properly designed. *e.g.*, 40010 Order, at 10 (citations omitted). We have repeatedly found that the prior SDI contract and amendments were necessary and appropriately designed and satisfies all of the requirements for approval of a special contract. 40010 Order, at 10 (citations omitted); *see also* *Petition of Indiana Michigan Power Company*, Cause No. 41345 (IURC 1/27/1999), *Petition of Indiana Michigan Power Company*, Cause No. 42928 (IURC 12/14/05), and *Petition of Indiana Michigan Power Company*, Cause No. 43401 (IURC 03/26/2008).

We find that the Contract submitted for Commission review, as shown by the evidence, satisfies all of the above legal requirements. The evidence demonstrates, and we find, that the rates set forth in the Contract provide for the recovery of all variable costs to serve the SDI Plant plus a contribution to the recovery of I&M's fixed costs. The evidence demonstrates and we find that the Contract is the result of arm's length negotiations. The evidence also establishes and we find that I&M's other retail customers will not be harmed by our approval of the Contract. Petitioner and its retail electric customers will benefit from the contribution to I&M's fixed costs

brought about by revenues from SDI, while SDI will benefit from a competitively-priced supply of electric power that will permit it to compete in the global marketplace for steel. The State of Indiana as a whole and northeast Indiana in particular, will continue to benefit from the jobs provided by SDI. Therefore, we find the Contract is fully cost justified on an incremental cost-of service basis and reflects the total incremental costs incurred by I&M in serving SDI. Evidence further demonstrates, and we find, that the Contract is the result of arm's length negotiations to achieve rates that will meet the needs of SDI, while at the same time allowing I&M to recover its total incremental cost of service.

The OUCC does not oppose the contract discount and agrees that it appears reasonable and concludes it is less advantageous to SDI than continuing the Prior Contract terms. Public's Exhibit EMH, at 3. The OUCC recognizes there is value to the utility to have a large customer with large interruptible capacity that has demonstrated it has the capability and willingness to comply promptly and takes its responsibility seriously, as experience has shown is the case with SDI. *Id.* Mr. Hand, the OUCC's witness, indicated that the Contract is in the best interests of the public but raised two concerns. *Id.* at 4. As discussed below, the record shows that neither concern warrants the rejection or required modification of the Contract.

The first concern raised by the OUCC is that the contract is silent as to whether SDI will participate in funding DSM initiatives. Neither I&M nor SDI has sought an exclusion from such DSM provisions. A review of Article 9 (Rates) and Article 11 (Determination of Monthly Bill) of the Contract shows that the rates set forth in the Contract are not subject to the DSM Rider. The record reflects that the special contract discount (which the OUCC does not oppose) and thus the contribution of SDI to the Company's fixed costs were negotiated within the framework of the existing contract which did not include the applicability of I&M's DSM Rider to SDI.

In I&M's DSM case, Cause No. 43959, the Commission found that provisions regarding DSM program costs in special contracts should be considered on a case-by-case basis, stating:

With respect to whether future special contracts should be permitted to include terms which would preclude the special contract customer from sharing in commercial and industrial DSM program costs, we find that this issue should be addressed on a case-by-case basis in the context of the special contract at the time when it is presented for approval by the Commission. However, I&M is on notice that we look upon these types of clauses with some disfavor and their inclusion will require sufficient justification of the reasonableness of any such clause. Cause No. 43959 Order at page 16 (IURC 4/27/2011).

The Commission directed SDI in its November 14, 2012 docket entry questions to provide information on the efforts that it had undertaken regarding energy efficiency and conservation. Its confidential response detailed specific projects it has undertaken and provided confirmation of its view toward energy efficiency. Further, as noted above, the evidence reflects that the arm's length negotiated Contract price includes consideration of SDI's standing in I&M's DSM portfolio. Therefore, we find that in the facts specific to the this proceeding, the terms of the SDI Contract which define SDI's responsibility with respect to sharing in

commercial and industrial DSM program costs, are reasonable and not inconsistent with the public interest or our directive in Cause No. 43959.

The other concern noted by the OUCC is that while the contract does have a sizable non-compliance rate, which would financially discourage instances of non-compliance, the contract does not have a cancellation provision for repetitive non-compliance with interruption requests. The record indicates that previous contracts have never had such a provision. The record shows that this Customer has a history of almost 17 years of responsive behavior in compliance with interruption requests. The Contract contains financial disincentive for non-compliance whereby if SDI fails to interrupt load as requested by I&M, I&M shall bill the uninterrupted demand at the Noncompliance Rate. Mr. Roush explained that depending upon the type of non-compliance, repeated non-compliance could result in charges greater than the firm tariff rate, thus potentially providing greater charges to I&M's other customers than a cancellation provision. In light of these factors, we find that I&M has reasonably considered the issue of non-compliance. Therefore, the Commission will not require a cancellation provision for repeated non-compliance at this time.

The Commission notes that the SDI Contract includes adjustments for changes in fuel cost only. I&M's response to the Commission's November 14, 2012 docket entry noted that "potential near-term future fixed costs were considered by I&M as part of the negotiation and factored in to the increases in Energy Charges for 2013 and 2014 under the contract." The Commission is administratively aware that I&M has in place and/or under proposal rate adjustment mechanisms that would adjust customers' rates for incremental investments, effectively near-term future fixed costs. To the extent these incremental investments are being recovered from SDI pursuant to the proposed contract, it would not be proper to seek recovery of the same incremental investments from other jurisdictional ratepayers. Accordingly, we find that I&M should provide in any incremental investment rate adjustment mechanism proceeding, submitted or pending during the term of the proposed contract, evidence sufficient for the Commission to confirm that investment being recovered from SDI is not being recovered from other jurisdictional ratepayers.

For all these reasons, we find and conclude that the rates and charges and terms and conditions contemplated by the Contract are just and reasonable, that the Contract is practicable and advantageous to the parties, and is not inconsistent with the purposes of the Public Service Commission Act. We further find that the Contract is in the public interest and should therefore be approved.

**B. Confidential Treatment.** I&M and SDI each sought 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. These requests were supported by the affidavit and direct testimony of David M. Roush and the affidavits of Glenn Pushis. By the Commission's November 8, 2012 docket entry and by ruling during the evidentiary hearing, the Presiding Officers granted both I&M's and SDI's requests, finding the designated confidential information to be preliminarily confidential after which such information was submitted under seal. After reviewing the designated confidential information, we find all such information qualifies as confidential trade secret information pursuant to Ind. Code § 5-14-3-4

and Ind. Code § 24-2-3-2. This information has independent economic value from not being generally known or readily ascertainable by proper means. I&M and SDI take reasonable steps to maintain the secrecy of the information and disclosure of such information would cause harm to I&M and SDI. Therefore, we affirm the preliminary ruling and find this information should be exempted from the public access requirements contained in Ind. Code ch. 5-14-3 and Ind. Code § 8-1-2-29, and held confidential and protected from public disclosure by this Commission.

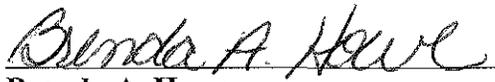
**IT IS THEREFORE ORDERED BY THE INDIANA UTILITY REGULATORY COMMISSION that:**

1. The Contract shall be and hereby is in all respects approved.
2. The Contract shall be and hereby is effective as of the date set forth therein; specifically, the Contract shall be and hereby is effective as of January 1, 2013.
3. The material submitted to the Commission under seal shall be and hereby is declared to contain trade secret information as defined in Ind. Code § 24-2-3-2 and therefore is exempted from the public access requirements contained in Ind. Code ch. 5-14-3 and Ind. Code § 8-1-2-29.
4. I&M shall provide in any incremental investment rate adjustment mechanism proceeding, filed or pending during the term of the proposed contract, evidence sufficient for the Commission to confirm that investment being recovered from SDI is not being recovered from other jurisdictional ratepayers
5. This Order shall be effective on and after the date of its approval.

**ATTERHOLT, BENNETT, LANDIS, MAYS AND ZIEGNER CONCUR:**

**APPROVED: DEC 27 2012**

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

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