

MEMORANDUM

TO: Commissioners Hardy, Hadley, Landis, Server and Ziegner
FROM: Jerry L. Webb, Director of Gas/Water/Sewer Division
DATE: January 5, 2006
RE: Utility Articles for Next Conference

The following Final Articles A, C, E, I, and M and Preliminary Articles A are submitted to each of you to acquaint you with the tariffs eligible for action or acceptance on or after January 11, 2006.

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"A" Final

The following new miscellaneous items will be eligible for final consideration at the next Commission Conference and based upon a review of them by staff members of the Commission, I recommend approval.

1. Indiana Michigan Power Company, d/b/a American Electric Power

The Utility has submitted for Commission review a request for approval of fiscal Year 6, third quarter, net merger savings reduction rider factors pursuant to the Commission's April 26, 1999 Order in Cause No. 41210 relating to the merger of American Electric Power Company, Inc. and Central and South West Corporation (Order). These factors reflect the fiscal Year 6 required rate reduction adjusted for the fiscal Year 5 reconciliation of actual versus projected kWh sales.

The Settlement Agreement in Cause No. 41210 specified that the annual bill reduction amounts would be allocated to rate classes based upon total revenues, excluding fuel cost adjustment, and credited to customers' bills through the application of a per kilowatt-hour (kWh) factor specific to each rate class. The Agreement also stated that each individual year's bill reduction would apply for a twelve-month period except for an adjustment during each third quarter to reconcile actual kWh sales and projected kWh sales for the prior year.

As also described in AEP's testimony in Cause No. 41210, prior to the beginning of each fiscal year following consummation of the merger, AEP will make a 30-day filing to establish the net merger savings reduction rider factors to effect that fiscal year's customer bill reduction. Prior to the third quarter of each fiscal year (except the first fiscal year), a 30-day filing will be made to establish the adjustment to the riders, as required by the Agreement, to reconcile actual kWh sales and projected kWh sales for the prior fiscal year. The adjusted rider factors will be in effect for the seventh through the ninth billing months of each fiscal year (except the first fiscal year) after which the factors will return to the unadjusted levels. The Company will also make a separate 30-day filing, at the request of Staff, prior to the conclusion of the third quarter reconciliation period, that returns factors to the current fiscal year unadjusted levels following the reconciliation period. This process will be repeated annually through the reconciliation of the eighth fiscal year. The last reconciled reduction will continue to apply in years following the end of the eighth fiscal year until AEP's Indiana base rates are changed.

Attachment A to the Utility's filing provided the calculations of the proposed AEP/CSW net merger savings reduction rider factors.

The tariff sheets affected by this filing for the third quarter of fiscal Year 6 are:

- Seventeenth Revised Sheet No. 19
- Seventeenth Revised Sheet No. 19.1
- Sixteenth Revised Sheet No. 21
- Seventeenth Revised Sheet No. 22
- Seventeenth Revised Sheet No. 23.1
- Eleventh Revised Sheet No. 31.

2. Marshall County Rural Electric Membership Corporation

The utility has filed for approval of a new tariff, Schedule LP-7-OP-1. Marshall County REMC has developed a hybrid type off-peak rate for an elementary school that will be locating on their system and will begin operations in the fall of 2006.

Marshall County does not have to pay its wholesale supplier for any demand that occurs outside the "peak" periods of 11am to 7pm Monday through Friday. The utility has determined that most schools that are served by REMCs' have peak demands in the morning prior to 11am and that summer demands are lower thereby contributing less to the system demand. Since the typical load patterns of a school do not contribute as much to the peak demand that establishes the power cost for the REMC, an off-peak rate is being proposed.

In developing the new rate, the utility used the allocation factors from the Cost of Service Study as filed in 2003 in Cause No. 42497. The new rate will be available to customers that assume their load will be primarily off the power supplier peak and to those willing to pay the fees associated with the extension of service including special metering requirements. If over a three month period more than 30% of the customer's peak demand is coincident with the power supplier's peak demand, then the customer will no longer be eligible to receive service under off-peak rate LP-7-OP-1. Instead, the customer would receive service under the normal large power rate schedule, LP-7.

Marshall County REMC provided cost support for the new rate.

Monthly Rate

Customer Charge	\$80.00 per month
Facilities Charge	determined by cost to extend service
Demand Charge	\$3.85 per kW
	(applicable for all billing kW)
Energy Charge	\$0.0352 per kWh

The tariff sheet affected by this filing is:

Schedule LP-7-OP-1
(3 pages)

3. Morgan County Rural Water Corporation

The utility is proposing to increase the Membership Fee from \$100 to \$200 and change it from non-refundable but transferable to refundable but not transferable, increase the Connection Charge for a 5/8 inch meter from \$800 to \$1,060, increase the Reconnection Charge from \$40 to \$48, and increase the Reconnection Surcharge from \$25 to \$29. The reason for these increases is due to increased costs associated with providing these services. Cost support has been provided.

Description	Current Charge	Proposed Charge
Membership Fee	\$100	\$200
Connection Charge	\$800	\$1,060
Reconnection Charge	\$40	\$48
Reconnection Surcharge	\$25	\$29

The tariff page affected by this filing is page 2 of 3.

4. PSI Energy

The Utility has filed for approval of a change in its Standard Contract Rider No. 6.3, Optional High Efficiency Residential Service. The revision provides for the consolidation of the single family, multi-family and mobile homes availability requirements. It revises the SEER ratings of the systems to be installed to 14.0 or higher. The revision also expands the number of installation technician choices PSI customers can use to include North American Technical Excellence heat pump certified technicians, in addition to the Refrigeration Service Engineers Society certified technicians.

The tariff sheet affected by this filing is Sheet No. 6.3 (two pages).

5. PSI Energy

The Utility has filed for approval of a change in its Standard Contract Rider No. 63, Emission Allowance Adjustment, in accordance with Commission Order in Cause No. 42359, dated May 18, 2004. This Order reaffirmed PSI's authorization to recover SO₂ and NO_x emission allowance costs via the Standard Contract Rider No. 63.

The proposed emission allowance charge factor is \$0.001794 per kilowatt-hour and is applicable to all retail electric rate schedules. The proposed factor will be effective upon Commission approval. This factor includes the emission allowance cost variance of \$2,240,914 from June 2005 through August 2005.

The tariff sheet affected by this filing is:

Sheet No. 63.

"C" Finals

In order to maintain parity and be in compliance with the Commission's Final Order in Cause No. 39369 issued June 2, 1993, the following local exchange carriers have filed intrastate access parity tariffs mirroring their respective interstate equivalent. The requirements prescribed for this filing in Commission Order No. 39369 have been carried out and I recommend approval.

Federal Communications Commission

<u>Item</u>	<u>Local Exchange Carrier</u>	<u>Transmittal Number</u>	<u>File Date</u>	<u>Effective Date</u>
1.	IBT d/b/a AT&T Indiana	1524	12-14-05	12-15-05
2.	Frontier Comms of Thorntown	92	12-16-05	12-31-05
3.	Communications Corp of Ind.	1095	10-27-05	10-31-05

“E” Finals

Revisions to the wholesale water cost tracking factor have been reviewed by staff members of the Commission and found to be in compliance with the orders of the Commission. The requirements prescribed for these filings in 170 IAC 6-5 have been met and approval is recommended.

<u>Item</u>	<u>Utility</u>	<u>\$/1,000 gallons Change</u>	<u>\$/1,000 gallons Resultant</u>
1.	Ellettsville Municipal Water Utility	\$0.19	\$0.47

The tariff page affected by this filing is:

Page 4 of 4 (Appendix A).

2.	Southern Monroe Water Corporation	\$0.19	\$1.18
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The tariff page affected by this filing is:

Page 4 of 4 (Appendix A).

"I" Final

A revision to the tracking costs from the Indiana Municipal Power Agency members has been reviewed by staff members of the Commission and found to be in compliance with the orders of the Commission. The requirements prescribed for these filings in Commission Order No. 36835-S1 approved January 11, 1983, and/or Order No. 36835-S2 approved May 2, 1984, and 36835-S3 approved December 13, 1989, have been met and I recommend approval.

Item	Utility	Rate Schedule	Change (\$/kWh)	Resultant (\$/kWh)	Filing #
1.	Columbia City	R	(0.001036)	0.009573	48
		RH	0.003469	0.014097	
		GS	0.001570	0.010385	
		GS-H	0.004556	0.013234	
		M	0.004767	0.018420	
		GS-L	0.003631	0.012852	
		GS-I	0.003665	0.013490	

“M” Final

A revision to the power cost tracker for electric utilities has been reviewed by staff members of the Commission and found to be in compliance with the orders of the Commission. The requirements prescribed for these filings in Commission Order No. 40095 have been met and I recommend approval.

<u>Item</u>	<u>Utility</u>	<u>Rate Schedule</u>	<u>Change \$/kWh</u>	<u>Resultant \$/kWh</u>	<u>Filing #</u>
1.	Auburn Municipal	All	(0.001043)	0.001000	42

Please indicate your consideration and action of all the preceding items on the appropriate lines provided below.

Jerry L. Webb
Director of Gas/Water/Sewer Division

I approve of all items as presented above:

I approve of all items as presented above except:

Not participating in the following items:

I, _____ , Disapprove Items

No.

I, _____ , Wish to Defer Items

No.

I hereby certify that the above is a true and correct copy of the action on the articles.

Paula Barnett, Acting Executive Secretary

“A” Preliminary

The following new miscellaneous items have been reviewed by staff members of the Commission and we recommend accepting them for filing.

1. Indiana Gas Company, Inc.

The utility is proposing to establish a new rate schedule (“Rate 235 – School Transportation Service” – Tariff Sheet No. 14) to make transportation service available to any Non-Residential Customer that is an educational institution for which transportation service is not presently available. The proposed rate schedule:

- a. Requires a lower annual usage threshold than is presently required for Transportation service under other rate schedules;
- b. Includes a \$25 increase in the customer facilities charge (Group 2 meter from \$36 to \$61 and Group 3 meter from \$75 to \$100), as compared to the general sales rate schedule currently available to school customers of this size.
- c. Includes distribution charges identical to those currently applicable to these school customers under the general sales rate schedule.
- d. Removes the Gas Cost Charge.
- e. Requires the customer to enter into a contract for at least one year that specifies the hourly and daily maximum gas requirements of the customer.
- f. Requires nomination and balancing provisions.

Cost support has been provided

The tariff sheets affected by this filing are:

Sheet No. 2 – Tariff Sheet Index

Sheet No. 14 – Page 1 and 2 have been created for Rate 235.

Sheet No. 34 – Appendix E, Nomination and Balancing Provisions
Rate 235 has been added to “Applicability”.

Sheet No. 36 – Appendix G, Universal Service Fund Rider
The Universal Service Fund (USF) Rider for Rate 235 is consistent with the USF Rider currently applicable to these school customers under Rate 220. (Sheet No. 36 as shown reflects the 2006 USF Rider by Rate Schedule which was approved by the Commission on December 14, 2005.)

Sheet No. 37 – Appendix H, Pipeline Safety Adjustment
The Pipeline Safety Adjustment (PSA) for Rate 235 is consistent with the PSA currently applicable to these school customers under Rate 220.

Sheet No. 61 – General Terms and Conditions Applicable to Gas Service Rule 24, Curtailment Procedures
Rate 235 has been added to “Definitions” and “Gas Supply Curtailment Sequence”.

2. North Lawrence Water Authority

The utility is proposing to add a Minimum Charge per Month for a 6 inch meter, increase the Connection Charge, increase the Reconnect Fee, add a charge for a Visit to Customer Premise (in order to disconnect a past due account, but payment arrangements are made and service is left on), and increase the Meter Test Charge. The reason for the increases is to make these services cost supported. Cost support has been provided.

Description	Current Charge	Proposed Charge
Minimum Charge per Month – 6 inch meter	N/A	\$496.05
Connection Charge	\$450	\$650 (short side) and \$1,050 (long side)
Reconnect Fee	\$10	\$25 (during regular business hours) and \$37.50 (after regular business hours)
Visit to Customer Premise	N/A	\$20
Meter Test (after free initial test, additional tests within 36 months)	\$8	\$18

The tariff pages affected by this filing are pages 1, 2, and 3 of 3 (page numbers not listed on current tariff).

3. Southern Indiana Gas and Electric Company

The utility is proposing to establish a new rate schedule (“Rate 135 – School Transportation Service” – Tariff Sheet No. 14) to make transportation service available to any Non-Residential Customer that is an educational institution for which transportation service is not presently available. The proposed rate schedule:

- a. Requires a lower annual usage threshold than is presently required for Transportation service under other rate schedules;
- b. Includes a \$25 increase in the customer facilities charge (Group 2 meter from \$34 to \$59 and Group 3 meter from \$70 to \$95), as compared to the general sales rate schedule currently available to school customers of this size.
- c. Includes distribution charges identical to those currently applicable to these school customers under the general sales rate schedule.
- d. Removes the Gas Cost Charge.
- e. Requires the customer to enter into a contract for at least one year that specifies the hourly and daily maximum gas requirements of the customer.
- f. Requires nomination and balancing provisions.

The tariff sheets affected by this filing are:

Sheet No. 2 – Tariff Sheet Index

Sheet No. 14 – Page 1 and 2 have been created for Rate 135

Sheet No. 34 – Appendix E, Nomination and Balancing Provisions
Rate 235 has been added to “Applicability”.

Sheet No. 36 – Appendix G, Universal Service Fund Rider

The Universal Service Fund (USF) Rider for Rate 135 is consistent with the USF Rider currently applicable to these school customers under Rate 120. (Sheet No. 36 as shown reflects the 2006 USF Rider by Rate Schedule which was approved by the Commission on December 14, 2005.)

Sheet No. 37 – Appendix H, Pipeline Safety Adjustment

The Pipeline Safety Adjustment (PSA) for Rate 135 is consistent with the PSA currently applicable to these school customers under Rate 120.

Sheet No. 61 – General Terms and Conditions Applicable to Gas Service
Rule 24, Curtailment Procedures

Rate 135 has been added to the Gas Supply Curtailment Sequence.

Jerry L. Webb
Director of Gas/Water/Sewer Division