STATE of INDIANA

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FEBRUARY 28, 2007

INDIANA UTILITY REGULATORY COMMISSION
302 W. WASHINGTON STREET, SUITE E-306
INDIANAPOLIS, INDIANA 46204-2764

http://www.state.in.us/iurc/
Office: (317) 232-2701
Facsimile: (317) 232-6758

MEMORANDUM

TO: Commissioners Hardy, Golc, Landis, Server and Ziegner

FROM: Jerry L. Webb, Director of Water/Sewer Division

DATE: February 23, 2007

RE: Utility Articles for Next Conference

The following Final Articles A, D, G, 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 February 28, 2007.

JLW/ld

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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

Indiana Michigan Power Company (I&M) is seeking approval, under the Commission's 30-day filing procedure and the provisions of Tariff Contract Service Interruptible Power (CS-IRP), an amendment (Second Amendment) to the Tariff CS-IRP Contract between BOC Group, Inc. (BOC) and I&M. The contract was approved by the Commission on January 24, 1996. Use of the Commission's 30-day filing procedure for this contract amendment is appropriate based on the Commission's Order issued August 23, 1995, in Cause No. 40201.

The Second Amendment supplants the provisions of the Capacity Reservation and Designation of Firm Service portions of the contract to reflect the additional capacity needs of BOC. The changes to the Contract provided by the Second Amendment were agreed to by mutual consent of the parties.

The Amendment negotiations were at "arm's length" resulting in the Amendment being executed by I&M and BOC on December 29, 2006. The principal aspects of the amendment provide as follows:

1. BOC has requested a change in the Capacity Reservation and the Designation of Firm Service established in the original Contract as well as a provision regarding demands that exceed the Capacity Reservation.

2. All other rates, terms and conditions, obligations and responsibilities set forth in the original contract remain unchanged.

Indiana Michigan Power and BOC have also requested that the Commission treat specific terms of the Amendment as confidential and protect them from disclosure. Accordingly, an unredacted amendment was filed under seal with the requisite affidavit along with a redacted copy of the Amendment.

A review of the affidavit and supporting material indicates that the provisions concerning requests for confidentiality specified in the Commission's Order in Cause No. 40201, Tariff CS-IRP, and the Docket Entry of September 8, 1995, have been complied with and the material sought to be treated as confidential is being so treated consistent with I.C. 8-1-2-29 and I.C. 5-et seq.

The Amendment submitted for approval is entitled Second Amendment to the Contract for Opportunity Sales Interruptible Electric Service Between Indiana Michigan Power Company and BOC Group, Inc. Dated November 20, 1995, consisting of a cover and three pages in redacted form and a cover and three pages in unredacted form.

2. Lafayette Municipal Water Utility

The utility is requesting the Commission's approval to charge the cost of furnishing Public Fire Protection Service directly to the ratepayers in accordance to IC 8-1-2-103(d). Currently, the utility is billing the City of Lafayette $370.00 per hydrant, annually.

IC 8-1-2-103(d) states in part that:

"If the governing body of any municipality within the service area of the utility adopts an ordinance providing that costs shall be recovered under this subsection, the charges for the production, storage, transmission, sale and delivery, or furnishing of water for public fire protection purposes shall be included in the basic rates of all customers of the utility within the municipality. The change in the recovery of current revenue authorized by the ordinance shall be reflected in a new schedule of rates to be filed with commission at least thirty (30) days before the time the new schedule of rates is to take effect. The new schedule of rates shall:

(1) eliminate fire protection charges billed directly to governmental units, other than charges for the construction cost for new hydrants installed on and after the date specified in the ordinance; and
(2) increase the rates charged each customer of the utility, based on equivalent meter size, by an amount equal to:
    a. the revenues lost from the elimination of such fire protection charges; divided by
    b. the current number of equivalent five-eighths (5/8) inch meters.

This change in the recovery of public fire protection costs shall not be considered to be a general increase in basic rates and charges of the utility and is not subject to the notice and hearing requirements applicable to general rate proceedings. The commission shall approve the new schedule of rates that are to be effective on a date specified in the ordinance."

The City of Lafayette adopted Ordinance No. 2006-38 to authorize this change under IC 8-1.5-4-14 to comply with the above statutory requirement.

The customers' rates were calculated based on the meter ratios and the equivalent number of connections derived from the American Water Works Association (AWWA) Manual. The Commission has accepted the AWWA factors in similar requests. The following table depicts the proposed rates:

Meter Size	Proposed Monthly Charge
5/8"	$ 1.33
1"	$ 3.33
1 1/2"	$ 6.66
2"	$ 10.66
3"	$ 19.99
4"	$ 33.31
6"	$ 66.63
8"	$ 106.60
10"	$ 153.24

The amount of annual fire protection revenue to be transferred from hydrant rentals currently paid by the City of Lafayette to surcharges to be paid by customers of the utility is $497,650.00.

The tariff page affected by this filing is page 2 of 4.

3. New Castle Municipal Waterworks

The utility is proposing to increase its Connection Charge, Reconnection Charge, Bad Check Charge, and eliminate its Disconnection Charge. The reason for these changes is increased labor and material costs. The Disconnection Charge has been incorporated into the new Reconnection Charge. In addition, the utility has proposed to modify tariff wording to reflect these changes as well as a Deferred Payment change for clarity. The current and proposed charges and wording can be found below. Cost support has been provided.

Tariff Charge	Current	Proposed
Connection Charge (5/8 inch and 3/4 inch meter)	$300.00	$825.00
Reconnection Charge	$ 15.00	$ 25.00
Bad Check Charge	$ 15.00	$ 30.00
Disconnection Charge	$ 10.00	Eliminate

TARIFF WORDING

CONNECTION CHARGE:

CURRENT

"For connections requiring one inch meter sizes or larger, the connection charge shall be actual time and expense charges incurred, but in no event will the charge be less than $825."

PROPOSED

"For connections requiring one inch meter sizes or larger, the connection charge shall be actual time and expense charges incurred, *including the cost of labor, materials, and equipment,* but in no event will the charge be less than $825."

RECONNECTION CHARGE:

CURRENT

"A user fee shall be charged for the reconnection of service. The charge to the individual customer for reconnection of water service shall be $25. The charge will not be applied if the reconnection is made on the same day as the disconnection"

PROPOSED

"A user fee shall be charged for the reconnection of service. The charge to the individual customer for reconnection of water service shall be $25."

COLLECTION OF DEFERRED PAYMENTS:

CURRENT

"All bills for water services not paid within fifteen (15) days from the date thereof, as stated in such bills, shall be subject to a collection or deferred payment charge of 10% on the first $3.00 and 3% on the excess over $3.00."

PROPOSED

"All bills for water services not paid within *two (2) business* days *of the due date* thereof, as stated in such bills, shall be subject to a collection or deferred payment charge of 10% on the first $3.00 and 3% on the excess over $3.00. *The due date is fifteen (15) days after the billing date*."

The tariff pages affected by this filing are pages 2 and 3 of 3.

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"D" Final

A revision to the Purchased 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. 34614 have been met and I recommend approval.

Item	Utility	Rate Schedule	Change $/kWh	Resultant $/kWh
1.	Kingsford Heights	All	(.006988)	0.013020

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"G" Final

Revisions to the Fuel Cost Adjustment 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 Commission Order No. 35687 have been met and I recommend approval.

Item	Utility	Change	Filing Number
1.	Straughn	Increase	111-07-03
2.	Jackson County	No Change	28-2007-02

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"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.

Item	Utility	Rate Schedule	Change $/Kwh	Resultant $/Kwh	Filing #
1.	Mishawaka Municipal	Residential	0.011408	0.015298	47
		Commercial	0.011509	0.015784	
		Commercial Power	0.011107	0.014278	
		Comm. Elec. Heat	0.012610	0.018921	
		Municipal	0.012274	0.015183	

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

Jerry L. Webb
Director of 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.

_____

Brenda A. Howe
Secretary to the Commission

"A" Preliminary

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

1. Citizens Gas & Coke Utility

Pursuant to the Commission's amended policy governing the interest rate for gas customer deposits, Title 170 Indiana Administrative Code Section 5-1-15(f)(2), the Utility proposes changes to its Terms and Conditions for interest on customer deposits.

The following page of Citizens Gas' Terms and Conditions affected by this change is:

- Original Page No. 15

2. Citizens Gas & Coke Utility

The Utility proposes changes to daily gas nominations for 3rd Party Suppliers of Supplier Groups and Supplier Pools and End-Use Customers acting as their own Supply Agent. Currently, the Utility requires the above entities to provide daily gas supply nominations in equal amounts on all pipelines connected to Citizens' distribution system. With the Commission's recent approval of Heartland Gas Pipeline and Heartland's initiation of service on December 1, 2006, it is necessary for the Utility to change this nomination language. The proposed changes will require suppliers to provide 50% of their daily gas supply nominations on the Panhandle Eastern Pipe Line and the remaining 50% of their daily gas supply nominations on the Texas Gas Transmission Pipeline and/or Heartland Gas Pipeline (in any combination).

The following pages of Citizens Gas' Terms and Conditions affected by this change are:

- Original Page No. 29
- Gas Rate No. D3 - General Non-Heating Delivery Service, Original Page No. 103I
- Gas Rate No. D4 - General Heating Delivery Service, Original Page No. 104I
- Gas Rate No. D5 - Large Volume Delivery Service, Original Page No. 105J

3. Kokomo Gas & Fuel Company

The utility proposes establishing a new School Aggregation Pool Service to make aggregation service available to public school corporations and secondary educational institutions acting individually or as a group.

Customers under this service will lock in a fixed commodity rate for a period of three to twelve months. This fixed rate will be based on the weighted average NYMEX natural gas 12-month strip, the weighted average NYMEX Basis Swap for Panhandle Pipeline, and a monthly administrative charge of $100 distributed equally amongst pool accounts.

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School Aggregation Pool Service customers will continue to be subject to a delivery charge, but the commodity cost of gas portion will be credited back to the customer.

Due to operational transition issues, the company is unable to offer a true transportation rate to all schools, but has committed to making its best effort to implement true transportation as soon as possible.

Cost support was provided.

The tariff sheets affected by this filing are:

- G-13 Sheet No. 51, pages 1 through 3
- APPENDAGE A

Jerry L. Webb
Director of Water/Sewer Division