ORIGINAL
MARCH 22, 2007

STATE OF INDIANA

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: March 16, 2007

RE: Utility Articles for Next Conference

The following Final Articles A, I, 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 March 22, 2007.

JLW/ld

ORIGINAL
MARCH 22, 2007

"A" Finals

The following miscellaneous item(s) will be eligible for final consideration at the next Commission Conference and based upon review by staff members of the Commission, I recommend approval.

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

ORIGINAL
MARCH 22, 2007

"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 Order No. 36835-S3 approved December 13, 1989, have been met and I recommend approval.

Item No.	Utility Name	Rate Schedule	$/kWh Change	$/kWh Resultant	Filing No.
1.	Anderson	RS	0.003708	0.015117	98
		GS 1 phase	0.002813	0.015881	
		3 phase	0.002863	0.017002	
		SP	(0.70)	2.37	/kW
			0.000151	0.005394	
		LP	(0.64)	2.60	/kVA
			0.000006	0.005003	
		LP Off Peak	(0.610703)	0.780000	/kVA
			(0.000831)	0.004988	
		CL	(0.000142)	0.012686	
		SL	(0.000457)	0.010265	
		OL	(0.004905)	0.007539	
2.	Crawfordsville	R	0.002312	0.014021	98
		GP	0.001286	0.012793	
		PP	(1.081376)	4.830214	/kVA
			(0.000017)	0.000431	
		OL	(0.001986)	0.003670	
		SL	(0.002000)	0.003976	
		TS	(0.001355)	0.016230	
3.	Frankfort	A	0.004514	0.015325	98
		B	0.002888	0.015267	
		C	0.002223	0.011437	
		PPL	(0.272856)	2.377190	/kVA
			(0.000062)	0.004900	
		FLAT RATES	(0.003565)	0.004853	
4.	Lawrenceburg	City Res.	0.007920	0.017564	98
		Rural Res.	0.007920	0.017564	
		City Comm.	0.009124	0.020165	
		Rural Comm.	0.009124	0.020165	
		City Power	0.011210	0.020905	
		Primary Power	0.006026	0.014425	

Continued...

ORIGINAL
MARCH 22, 2007

Item No.	Utility Name	Rate Schedule	$/kWh Change	$/kWh Resultant	Filing No.
5.	Lebanon	RS	0.002109	0.007722	98
		CS (Single)	0.001529	0.007605	
		CS (Three)	0.003449	0.008759	
		MS	0.002170	0.010240	
		PPL	(0.543038)	1.160533	/kVA
			(0.000217)	0.001879	
		SGP	0.001506	0.007613	
		OL & SL	(0.002735)	0.002918	
6.	Peru	RS	0.001145	0.012776	98
		GSA-1	0.000134	0.013552	
		PS	0.002967	0.012833	
		MSL-1	(0.000920)	0.005094	
		TL	(0.005110)	0.008365	
7.	Tipton	A	0.002313	0.009618	98
		B	0.002132	0.010833	
		C	(0.003981)	0.003931	
		D	0.000040	0.007405	

ORIGINAL
MARCH 22, 2007

"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 this filing in Commission Order No. 40095 have been met and I recommend approval.

ITEM	UTILITY NAME	RATE SCHEDULE	CHANGE $/kWh	RESULTANT $/kWh	FILING #
1.	Auburn Municipal	All	0.000233	0.003170	47

ORIGINAL
MARCH 22, 2007

Please indicate your consideration and action of 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

ORIGINAL
MARCH 22, 2007

"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. (d/b/a Vectren North)

The Utility proposes to initiate the Sales Reconciliation Component (SRC) of the Energy Efficiency Rider, consistent with the Commission's Order in Cause Nos. 42943 & 43046.

This Order provided for the adoption of an Energy Efficiency Program devoted to reducing the gas usage of Vectren North[1] customers served under the Residential and General Service rate schedules. This case included the implementation of an Energy Efficiency Rider ("EER") to Vectren North's Gas Tariffs applicable to the Residential and General Service rate classes. The EER consists of two components, an Energy Efficiency Funding Component ("EEFC") and the SRC. The EEFC recovers certain costs resulting from the implementation of the Energy Efficiency programs. The SRC provides Vectren North with an opportunity to recover its fixed costs even if customer usage declines, allowing the utility to encourage conservation without having its own cost recovery impaired.

The Utility's current volumetric rate design recovers costs based on customer usage volumes, which means as volumes decrease, so does the amount of Vectren North's cost recovery. The SRC of the EER breaks the linkage between volumes sold and cost recovery. The SRC recovers the differences for the applicable rate schedules between Actual Margins (monthly margins prior to the EEFC and SRC adjustments for customers served at the time of the calculation) and Commission adjusted margins (monthly margins as approved in the Utility's last general rate case, adjusted to reflect the margin impact from any change in the number of customers from the level reflected in the last rate case for the like month of the test year).

Pursuant to the Order in Cause Nos. 42943 & 43046, effective April 1st of each year, Vectren North shall establish and collect (or refund) the SRC rates required to recover (or refund) 85% of the accumulated deferred margin differences over the subsequent 12 month period. Once established, the SRC rates remain in effect for 12 months, subject to adjustment each year for a successive 12 month period. The annual SRC update shall also include a reconciliation to ensure the accumulated deferred margin differences are not over or under recovered as a result of variances between estimated and actual data. The following table illustrates the addition of the SRC which was previously set at $0.00000/therm for rates 210 and 220/225.

Rate Schedule	(A) Energy Efficiency Funding Component	(B) Proposed Sales Reconciliation Component	(A) + (B) Energy Efficiency Rider
210	$0.00567/therm	$0.00155/therm	$0.00722/therm
220/225	$0.00567/therm	$0.00012/therm	$0.00579/therm

The following pages of Vectren North's tariff affected by this filing are:

- Sheet No. 2, page 1 of 3 – Tariff Sheet Index
- Sheet No. 38 , pages 1 and 2 of 2– Appendix I – Energy Efficiency Rider

[1] The program also applies to customers of Southern Indiana Gas & Electric Company d/b/a Vectren Energy Delivery of Indiana, Inc. ("Vectren South")

2. Northern Indiana Public Service Company (Electric)

NIPSCO is requesting a revision to Rate 836 – Rate For Electric Service Interruptible Industrial Power Service For Air Separation Processes. The rate includes the calculation of an Interruptible Electric Price Index (IEPI) Adjustment. The IEPI states 1) the Customer's Base Charge shall be increased or decreased based on changes in the IEPI, to be determined separately each calendar quarter and 2) the Base Charge, as adjusted for the IEPI, shall not be less than the sum of the Base Cost of Fuel, Fuel Cost Charge, and Variable Operating and Maintenance Cost.

Until now, the IEPI was an index based, in part, on a calculation of similar rate offerings of eight Midwestern utilities, including Commonwealth Edison Company (outside of Chicago) and Illinois Power Company, both in Illinois. Due to recent regulatory activity in Illinois, NIPSCO proposes to exclude the two Illinois utilities from the IEPI index of utilities. The rate design and structures now employed by these two utilities are no longer representative of NIPSCO's Rate 836. Specifically:

> The applicable Commonwealth Edison interruptible tariff is no longer offered to customers and a comparable firm tariff does not exist. Commonwealth Edison is now considered an Independent Distribution Company and cannot offer special contracts.
>
> The applicable Illinois Power interruptible tariff does not exist and the applicable firm tariff rate is greater than $0.09 per kWh, which is a 179 % increase since the previous IEPI filing and is significantly higher per kWh than NIPSCO's firm rate 833.

The tariff sheets affected by this filing are:

> First Revised Sheet No. 16.1C – Rate 836, No. 4 of 9 sheets
>
> Seventy-Second Revised Sheet No. 16.1H – Rate 836, Attachment A, No. 9 of 9 sheets

3. Westfield Gas Corporation (d/b/a Citizens Gas of Westfield)

The Utility proposes to establish the following tariff additions: 1) School Transportation Service; 2) School Pooling Service; and 3) Balancing Provisions – Appendix D. These additions will make transportation service available to any public school corporation (K through 12) facility or multiple public school corporations acting as a group. Summary billing will also be provided to allow each school corporation to receive one bill for all facilities under this new rate.

Customers under this rate will purchase gas supply and pipeline capacity from a supplier other than the Utility. The proposed rate schedule requires:

a. The School Transportation Customer to become a member of a Supplier Pool with an approved 3rd Party Supplier;

Continued. . .

b. The customer to enter into a Gas Delivery Service Agreement with the Utility that designates its selected 3rd Party Supplier from a list of approved 3rd Party Suppliers that have signed a 3rd Party Supplier Application with the Utility.

Rates and Charges

Customer Charge:	$5.25 per meter per month
Delivery Charge:	
First 120 therms per month	$0.2826 per therm
Next 380 therms per month	$0.1901 per therm
Over 500 therms per month	$0.1775 per therm

The above rates and charges are identical to the Utility's current Commercial Service when the base cost of gas is subtracted.

The following tariff sheets have been created by this filing:

- School Transportation Service - Original Page 1 of 4 through Original Page 4 of 4
- School Pooling Service – Original Page 1 of 5 through Original Page 5 of 5
- Appendix D Balancing Provisions – Original Page 1 of 1
- Definitions – Original Page 1 of 3 through Original Page 3 of 3

Jerry L. Webb
Director of Water/Sewer Division