

RECEIVED ON: MARCH 1, 2010  
IURC 30-DAY FILING NO.: 2669  
Indiana Utility Regulatory Commission



801 E. 86th Avenue  
Merrillville, IN 46410

February 26, 2010

VIA ELECTRONIC FILING

Ms. Brenda Howe, Secretary  
Indiana Utility Regulatory Commission  
101 W. Washington Street, Suite 1500 East  
Indianapolis, Indiana 46204

RE: 30—Day Filing for Cogen Rate

Dear Ms. Howe:

Northern Indiana Public Service Company (Company) tenders for filing its Twenty-Fourth Revised Page 2 of its Rate Schedule for Purchases from Cogeneration and Small Power Production Facilities. This filing is made in compliance with the Orders of the Commission in Cause Numbers 37494 and 37908, and 170 IAC 4-4.1-1 and 170 IAC 1-6-5.

This filing is needed in order to update the cogeneration energy and capacity rates. The Commission has already approved or accepted the procedure for the change, and the filing is an allowable request under 170 IAC 1-6-3(6).

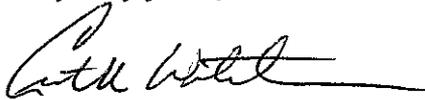
The revisions included on Page 2 of the Rate Schedule relate to the avoided energy payments as well as an updated capacity payment. The energy payments as filed are based on the Company's 2010 forecasts and fuel cost utilizing a 1 MW decrement, start-up costs and economy energy transaction in the PROMOD IV model. Summaries of the PROMOD output and the calculations of the Unadjusted Capacity Component are also enclosed. The capacity payment has been calculated using the December 31, 2009 capital structure.

Customers affected by this filing have been notified as required under Section 6 of the Commission's 30-Day Filing Rule. The Company has published notice of the filing in the Northwest Indiana Times on February 11, 2010. The Company has also posted the notice on its website and in its Local Business Office, located at 840 Broadway in Gary, Indiana. A copy of the newspaper publication is attached, as well as screen prints from NIPSCO's website.

Please return a file-marked copy of the enclosed tariff sheet upon Commission approval.

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Very truly yours,



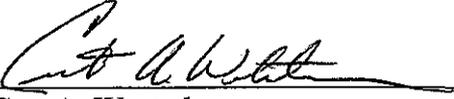
Curt A. Westerhausen  
Director, Rates and Contracts  
Northern Indiana Public Service Company  
801 E. 86<sup>th</sup> Avenue  
Merrillville, Indiana 46410  
Phone: (219) 647-5650  
Email: [cawesterhausen@nisource.com](mailto:cawesterhausen@nisource.com)

Enclosures

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**Verification**

I affirm under penalties for perjury that the foregoing representations are true to the best of my knowledge and belief;

Signed:   
Curt A. Westerhausen

Date: 2/26/10

**NORTHERN INDIANA PUBLIC SERVICE COMPANY**

**RATE SCHEDULE FOR PURCHASES FROM COGENERATION  
AND SMALL POWER PRODUCTION FACILITIES**

Twenty Fourth Revised  
Page 2 of 5

**PURCHASE RATES (Continued)**

2010 Rate Per KWH

Summer Period (May - Sept.)	
On-Peak (1)	3.806 cents
Off-Peak (2) (5)	2.181 cents
Winter Period (Oct. - Apr.)	
On-Peak (3)	3.781 cents
Off-Peak (4) (5)	2.844 cents

- (1) Monday through Saturday 8 a.m. to 11 p.m.
- (2) Monday through Saturday 11 p.m. to midnight and midnight to 8 a.m. and all day Sunday.
- (3) Monday through Friday 8 a.m. to 11 p.m.
- (4) Monday through Friday 11 p.m. to midnight and midnight to 8 a.m. and all day Saturday and Sunday.
- (5) The twenty-four (24) hours of New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day will be included in the Off-Peak period.

B. For those qualifying facilities for whom metering not capable of recognizing different rating periods is installed:

	<u>2010 Rate Per KWH</u>
Summer Period	3.050 cents
Winter Period	3.264 cents

Energy metered during any billing period more than half of which is in any month of May to September, inclusive, shall be calculated under the summer rate schedule. Energy credited during other periods of the year shall be calculated under the winter rate schedule.

2010 Capacity Component

\$ 6.58 per KW per month.

The monthly capacity component shall be adjusted by the following factor:

$$F = \frac{E_p}{(K)(T_p)}$$

Where F = Capacity component adjustment factor.

E<sub>p</sub> = Kilowatt-hours delivered to the Company during the On-Peak  
period defined as:

Issued Date

Effective Date

NORTHERN INDIANA PUBLIC SERVICE COMPANY

SUMMARY OF AVOIDED ENERGY COSTS  
 YEAR 2010

<u>Period</u>	Avoided Cost Without Start-Up & Econ. (mils/kWh)	Avoided Cost With Start-Up & Econ. (mils/kWh)	Avoided Cost Adjusted For Losses (mils/kWh)
<u>Summer</u>			
Peak Period	37.05	37.05	38.06
Off-Peak Period	21.23	21.23	21.81
Average	29.70	29.70	30.50
<u>Winter</u>			
Peak Period	36.81	36.81	37.81
Off-Peak Period	27.69	27.69	28.44
Average	31.77	31.77	32.64
Annual Average	30.90	30.90	31.74

The avoided costs have been adjusted for losses of 1/2 of: **5.44%**  
 The above costs are based on estimated **YEAR 2010** utilizing **YEAR 2010** fuel budget.

**YEAR 2010**  
**1 MW AVOIDED COST CASE**  
**AVOIDED COST RATES**

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Period	\$/Mwh
<i>Summer :</i>	
On-Peak	37.05
Off-Peak	21.23
Summer Average	29.70
<i>Winter :</i>	
On-Peak	36.81
Off-Peak	27.69
Winter Average	31.77
Annual Average	30.90

Source : Promod avoided cost case AC101MW

NORTHERN INDIANA PUBLIC SERVICE COMPANY

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Calculation of Unadjusted Monthly Capacity Payment Per KW  
December 2009 Capital Structure - End of Year Cost

t Year	D (Col. 1)	A (Col. 2)	B (Col. 3)	A/B (Col. 4)	E (Col. 5)	D*V*A/B*E (Col. 6)	O*F (Col. 7)	C (Col. 8)
1	1.38133	0.076548	0.908286	0.084277037	1.000000	71.01294	5.85 \$	6.58

PV of carrying costs = D = 1.38133  
 Investment = V = \$ 610  
 Life of Plant = n = 30  
 Plant Cost Inflation = ip = 0.02008  
 O & M Inflation = io = 0.02008  
 After tax Rate of Return = r = 0.104637428  
 O & M in first year = O = \$ 6.33  
 Average Annual Losses = l = 5.44%  
 Year of Contract = t = 1 to 25

Column 2 = A = 1 -  $\frac{(1+ip)}{(1+r)}$   
 Column 3 = B = 1 -  $\frac{(1+ip)}{(1+r)}^n$   
 Column 3 = B = 1 - (1 + ip) (t - 1)

C = Unadjusted Monthly Capacity Payment per KW

F =  $\frac{(1+ip)}{(1+r)}$  \* (1 + io) (t - 1)

$$= \frac{(1/12) * ((D * V (A/B) * E) + (O * F))}{1 - (1/2)}$$

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#### NOTICE OF 30-DAY FILING NIPSCO HEREBY PRO

**Notice of 30-Day Filing** NIPSCO hereby provides notice of a filing that will be made on or after February 26, 2010 at the Indiana Utility Regulatory Commission (IURC) seeking to update NIPSCO's energy and capacity rate schedule for purchases from cogeneration and small power production facilities. Affected customers include qualifying facilities with contracts to sell electric energy and capacity to NIPSCO, may experience changes in rates as a result of the filing. IURC approval of the filing may be granted as soon as April 1, 2010. Written objections to the filing should be submitted to either: Ms. Brenda Howe, Secretary Indiana Utility Regulatory Commission 101 West Washington St., Suite 1500 E Indianapolis, IN 46204 E-mail: [bhowe@urc.in.gov](mailto:bhowe@urc.in.gov) Or, Indiana Office of Utility Consumer Counselor 115 W. Washington St., Suite 1500 South Indianapolis, Indiana 46204 Phone: 1-888-441-2494 Toll Free Fax: (317) 232-5923 E-mail: [uccinfo@oucc.IN.gov](mailto:uccinfo@oucc.IN.gov) 2/11 -

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Commission  
101 West Washington St.  
Suite 1500 E  
Indianapolis, IN 46204  
E-mail: bhowe@iurc.in.gov

Or,

Indiana Office of Utility Consumer  
Counselor  
115 W. Washington St.  
Suite 1500 South  
Indianapolis, Indiana 46204  
Phone: 1-888-441-2494 Toll Free  
Fax: (317) 232-5923  
E-mail: ucclinfo@oucc.IN.gov  
2/11 20278734

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## About NIPSCO

Related Links

### 30-Day Filings

 **April 1, 2010** - NIPSCO hereby provides notice of a filing that will be made on or after February 26, 2010 at the Indiana Utility Regulatory Commission (IURC) seeking to update NIPSCO's energy and capacity rate schedule for purchases from cogeneration and small power production facilities.

 **August 1, 2009** - Notice is hereby given that Northern Indiana Public Service Company ("NIPSCO") will submit a revised tariff to the Indiana Utility Regulatory Commission ("Commission") seeking approval of a decrease in the Efficiency Rider previously approved by the Commission in Cause No. 43051.

 **February 26, 2009** - NIPSCO hereby provides notice of a filing that will be made on or after March 2, 2009 at the Indiana Utility Regulatory Commission (IURC) seeking to update NIPSCO's energy and capacity rate schedule for purchases from cogeneration and small power production facilities.

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