

Received On: April 12, 2013
IURC 30-DAY Filing No.: 3153
Indiana Utility Regulatory Commission

Indiana Michigan Power
P.O. Box 60
Fort Wayne, IN 46801
IndianaMichiganPower.com



A unit of American Electric Power

Secretary of the Commission
Indiana Utility Regulatory Commission
PNC Center
101 West Washington Street, Suite 1500 East
Indianapolis, Indiana 46204

April 8, 2013

Dear Secretary:

Pursuant to 170 IAC 1-6, I&M submits this thirty-day filing requesting amendments to I&M's Rider D.R.S.1 (Demand Response Service - Emergency). In support of this thirty-day filing, I&M represents that on April 27, 2011 in Cause No. 43566 PJM1, the Commission approved I&M's Rider D.R.S.1. Included in the approval of Rider D.R.S.1, was the methodology to be used in determining the Curtailment Demand Credit. The Curtailment Demand Credit is based on PJM Interconnection, L.L.C. (PJM) prices that change annually on June 1st of each year. I&M requests to amend this rider to reflect the Curtailment Demand Credit based on the new PJM prices effective June 1, 2013.

PJM is a FERC-approved regional transmission organization (RTO), which AEP and I&M joined to fulfill its regulatory obligation to join an RTO. PJM is a long-established organization that manages the transmission grid for numerous companies in the eastern United States and fulfills the functions defined in FERC Order 2000. The AEP System-East Zone integrated its operations with PJM and began participating in the PJM energy market on October 1, 2004. The PJM pricing information utilized in the calculation of the Curtailment Demand Credit is included in Attachment A.

The proposed modifications to Rider D.R.S.1 will properly indicate the new Curtailment Demand Credit to be effective June 1, 2013 and the new contract termination dates that are shown in the rider

In support of this 30-Day filing, I&M is submitting the following information:

1. Original and three copies of Indiana Michigan Power Company's Rider D.R.S.1 (Demand Response Service - Emergency), Tariff Sheets FIRST REVISED SHEET NO. 29.3, and FIRST REVISED SHEET NO. 29.4.
2. Supporting PJM documentation, Attachment A, and
3. Verified Statement of Publication.

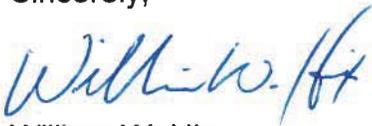
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April 8, 2013
Page 2

Upon completion of your review, please return to us one set of the stamped approved tariff sheets.

If you have any questions regarding I&M's filing please contact me at (260) 408-3503 or wwhix@aep.com.

Sincerely,



William W. Hix
Principal Regulatory Consultant

Enclosures

cc: Brad Borum-IURC
David Stippler-OUCC

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RIDER D.R.S.1
(Demand Response Service – Emergency)
 (Cont'd from Sheet No. 29.2)

Curtailement Credits.

The **Curtailement Energy Credit** shall be 90% of the AEP East Load Zone hourly Real-Time Locational Marginal Price (LMP) established by PJM (including congestion and marginal losses) for each curtailement event hour.

The **Curtailement Demand Credit** shall be calculated in \$ per kW-month as the greater of (a) the four-year average RPM Clearing price for the applicable locational delivery area, calculated using the preceding delivery year, the delivery year and the subsequent two (2) delivery years and (b) 35% of the applicable PJM Reliability Pricing Model (RPM) Net Cost of New Entry (Net CONE) for the delivery year.

The Curtailement Demand Credit for the June 1, 2012 through May 31, 2013 delivery year is as follows:

<u>Delivery Year</u>	<u>RPM Clearing Price*</u> \$/MW-day (a)	<u>2013/2014 Net CONE</u> \$/MW-day	<u>35% of Net CONE</u> \$/MW-day (b)	<u>Greater of (a) and (b)</u> \$/MW-day	<u>Curtailement Demand Credit**</u> \$/kW-month
June 1, 2012 to May 31, 2013	\$16.46				
June 1, 2013 to May 31, 2014	\$27.73				
June 1, 2014 to May 31, 2015	\$125.47				
June 1, 2015 to May 31, 2016	<u>\$118.54</u>				
Four-Year Average	\$72.05	\$317.95	\$111.28	\$111.28	\$3.385

* Starting with Planning Year 2014/2015, the PJM Limited DR Resource Clearing Price will replace the RPM Annual Resource Clearing Price.

** Curtailement Demand Credit in \$/kW-month calculated as \$/MW-day times 365 divided by 12,000.

Monthly Demand Credit.

The Monthly Demand Credit shall be applicable to each month the customer is served under this Rider, regardless of whether or not there are any curtailement events during the month.

1. Guaranteed Load Drop Method – The Monthly Demand Credit shall be equal to the product of the GLD and the Curtailement Demand Credit.
2. Firm Service Level (FSL) Method – The Monthly Demand Credit shall be equal to the product of the ACD and the Curtailement Demand Credit.

Monthly Event Credit.

An Event Credit shall be calculated for each event hour equal to the product of the Curtailed Energy for that hour and the Curtailement Energy Credit for that hour. The Monthly Event Credit shall be the sum of the hourly Event Credits for all events occurring in the calendar month, but shall not exceed the portion of the customer's monthly bill that is computed on a per KWH basis under the applicable Standard Rider for the same billing month. The customer shall not receive Event Credit for any curtailement events to the extent

(Cont'd on Sheet No. 29.4)

ISSUED BY
PAUL CHODAK III
PRESIDENT
FORT WAYNE, INDIANA

EFFECTIVE FOR ELECTRIC SERVICE RENDERED
ON AND AFTER JUNE 1, 2013

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INDIANA UTILITY REGULATORY COMMISSION
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RIDER D.R.S.1
(Demand Response Service – Emergency)
(Cont'd from Sheet No. 29.3)

that the customer's DRS capacity is already reduced due to a planned or unplanned outage as a result of vacation, renovation, repair, refurbishment, force majeure, strike, economic conditions, or any situation other than the customer's normal operating conditions. Event Credits will not be withheld if the customer's DRS capacity is already reduced as a result of customer actions taken in anticipation of a curtailment.

Annual Non-Compliance Charge.

Charges for non-compliance will be based on the customer's Non-Compliance Demand which reflects any failure by the customer to fully comply with requests for curtailment under the provisions of this Rider during the months of June through September. The Annual Non-Compliance Charge will be computed at the completion of the September delivery month. The Annual Non-Compliance Charge shall be equal to the average Non-Compliance Demand times the Curtailment Demand Credit times 12.

In the event that the Annual Non-Compliance Charge is greater than zero, such charge shall be assessed as a uniform offset to the Customer Credits for remaining months of the delivery year, September through May. In no event shall the Annual Non-Compliance Demand Charge exceed the sum of the Customer Credits, excluding the Annual Non-Compliance Charge, for the delivery year.

Customer Credit.

The net amount of the Monthly Demand Credit, Monthly Energy Event Credit and Annual Non-Compliance Charge will be provided to the customer by check within 60 days after the end of the delivery month. A customer may request the aggregation of individual customer account credits into a single credit.

Term.

Contracts under this Rider shall be made for an initial period of four (4) delivery years and shall remain in effect until either party provides three (3) years' written notice prior to March 1 of its intention to discontinue service under the terms of this Rider for the fourth delivery year beginning after the notice is provided. Written notice deadlines through March 1, 2015 are as follows:

<u>Written Notice Deadline</u>	<u>Effective Date of End of Service under Rider</u>
March 1, 2014	June 1, 2017
March 1, 2015	June 1, 2018
March 1, 2016	June 1, 2019
March 1, 2017	June 1, 2020

Special Terms and Conditions.

Customer specific information, including, but not limited to DRS contract capacity, shall remain confidential.

If a new peak demand is set by the customer in the hour following a curtailment event due to the customer resuming the level of activity prior to the curtailment, the customer may request, in writing, that the customer's billing demand be adjusted to disregard that new peak. The Company will promptly evaluate all such requests and approve reasonable requests. In specific circumstances and subject to reasonable conditions, the Company may approve requests in advance.

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2015/2016 RPM Base Residual Auction Results

Executive Summary

The 2015/2016 Reliability Pricing Model (RPM) Base Residual Auction cleared 164,561.2 megawatts (MW) of capacity. The actual reserve margin for the entire RTO will be 20.2%.

This RPM auction was impacted by an unprecedented amount of planned generation retirements (more than 14,000 MW) driven largely by environmental regulations, which drove prices higher than last year’s auction. The auction produced record amounts of offers of new generation, demand response and energy efficiency. A record number of new generation resources were procured compared to any single RPM auction.

Megawatts of New and Alternative Capacity Procured by Type

	New Generation	Generation Uprates	Demand Response	Energy Efficiency
2015/2016 BRA	4,898.9	447.4	14,832.8	922.5
2014/2015 BRA	415.5	341.1	14,118.4	822.1

Because of transmission constraints, the capacity prices in two areas are higher than the rest of the PJM (i.e. the “RTO” price). The RTO price for annual resources is \$136.00 per megawatt-day (MW-day). The RTO prices for Limited Demand Response and Extended Summer Demand Response are \$118.54/MW-day and \$136.00/MW-day, respectively.

In PJM’s MAAC area, the price for annual resources is \$167.46/MW-day. The MAAC price for Limited Demand Response and Extended Summer Demand Response are \$150/MW-day and \$167.46/MW-day, respectively. The MAAC area consists of the transmission system of Atlantic City Electric, Baltimore Gas and Electric Company, Delmarva Power, Jersey Central Power and Light Company (JCP&L), Metropolitan Edison Company (Met-Ed), PECO, Pennsylvania Electric Company (Penelec), Pepco, PPL Electric Utilities, Public Service Electric and Gas Company (PSE&G), and Rockland Electric Company.

In northern Ohio for the ATSI LDA, the price for annual resources is \$357.00/MW-day. The ATSI price for Limited Demand Response and Extended Summer Demand Response are \$304.62/MW-day and \$322.08/MW-day, respectively.

A further discussion of the 2015/2016 auction results and additional information are detailed in the body of this report. The discussion also provides a comparison of the 2015/2016 auction results to the results from the 2007/2008 through 2014/2015 RPM auctions.



2013/2014 RPM Base Residual Auction Planning Period Parameters

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Table 5 – Net CONE for PJM RTO and LDAs

	2012/2013 BRA			2013/2014 BRA			DELTA	
	CONE ICAP Terms (\$/MW-Year)	E&AS Offset ICAP Terms (\$/MW-Year)	Net CONE ICAP Terms (\$/MW-Year)	CONE ICAP Terms (\$/MW-Year)	E&AS Offset ICAP Terms (\$/MW-Year)	Net CONE ICAP Terms (\$/MW-Year)	Net CONE UCAP Terms (\$/MW-Day)	Net CONE UCAP Terms (%)
RTO	112,868	18,585	94,283	122,236	13,495	108,741	41.86	15.2%
MAAC	112,868	52,616	60,252	122,236	44,531	77,705	50.76	28.8%
EMAAC	122,040	49,474	72,566	132,169	42,885	89,284	48.56	22.9%
SWMAAC	112,868	52,616	60,252	122,236	44,531	77,705	50.76	28.8%
PS	122,040	49,474	72,566	132,169	42,885	89,284	48.56	22.9%
PS NORTH	122,040	49,474	72,566	132,169	42,885	89,284	48.56	22.9%
DPL SOUTH	122,040	49,474	72,566	132,169	42,885	89,284	48.56	22.9%
PEPCO	--	--	--	122,236	44,531	77,705	--	--

STATE OF INDIANA
INDIANA UTILITY REGULATORY COMMISSION

VERIFIED STATEMENT OF PUBLICATION

William W. Hix, being duly sworn upon oath, deposes and says that:

1. I am a Principal Regulatory Consultant for Indiana Michigan Power Company (I&M).
2. Pursuant to 170 IAC 1-6-5(a), I affirm that affected customers have been notified of I&M's thirty-day filing of an updated Rider D.R.S.1 (Demand Response Service-Emergency) to reflect the Curtailment Demand Credit rate applicable to service from June 1, 2013 through May 31, 2014 as required under 170 IAC 1-6-6.
3. Notification of the thirty-day filing updating Rider D.R.S.1 (Demand Response Service-Emergency) was made by publication of a Legal Notice in a newspaper of general circulation that has a circulation encompassing the highest number of I&M's customers, and posting the notice on I&M's website.
4. A true and correct copy of I&M's Legal Notice is attached hereto as Exhibit "A".

Date: April 8, 2013


 William W. Hix
 Principal Regulatory Consultant
 Indiana Michigan Power Company

STATE OF INDIANA)
) ss:
 COUNTY OF ALLEN)

Subscribed and sworn to before me, a Notary Public, in and for said County and State this 20th day of April 2013.


 Regina M. Sistevaris, Notary Public

I am a resident of Allen County, Indiana.
My commission expires: March 6, 2015

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Exhibit A



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Category: Any
Type: Any
From: Today
 Appeared in the last 7 days
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Public Notice- Legal Individual - 9906

LEGAL NOTICE
STATE OF INDIANA
INDIANA UTILITY REGULATORY COMMISSION

Indiana Michigan Power Company (I&M), an Indiana corporation, gives notice that on or before April 8, 2013, it will submit for approval under the Indiana Utility Regulatory Commission's thirty-day filing process an updated Rider D.R.S.1 (Demand Response Service-Emergency) to reflect the changes applicable to service from June 1, 2013 through May 31, 2014. The referenced filing will consist of I&M's update to Rider D.R.S.1 (Demand Response Service-Emergency) Curtailment Demand Credit as determined by changes in PJM Limited Demand Response Resource Clearing Price (Reliability Pricing Model) and Net CONE price as set forth in Rider D.R.S.1. Additionally, the new contract termination dates that are shown in the rider will be updated. Customers potentially affected by this filing include all customers registered for service under Rider D.R.S.1 located in the

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I&M service territory. Those customers may be affected by changes in the Curtailment Demand Credit rate. A decision on the updated Rider D.R.S.1 filing is expected from the Indiana Utility Regulatory Commission on or before May 8, 2013. Please direct inquiries to:

Indiana Michigan Power Company
 Attn: Director of Regulatory Services
 P.O. Box 60
 Fort Wayne, IN 46801

Objections to this filing can be made to the following:

Indiana Utility Regulatory Commission
 Attn: Commission Secretary
 PNC Center
 101 West Washington Street
 Suite 1500 East
 Indianapolis, Indiana 46204
 Indiana Office of Utility Consumer Counselor
 PNC Center
 115 W. Washington Street
 Suite 1500 South
 Indianapolis, Indiana 46204
 4--4 1051306

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Exhibit A

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Dow	14565.25
Nasdaq	3203.86 -
S&P 500	1553.28
AEP	48.71
Comcast	41.56
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ITT Exelis	11.12
LNC	30.87
Navistar	30.53
Raytheon	58.18
SDI	14.66
Verizon	49.56



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