Received: April 29, 2022
IURC 30-Day Filing No.: 50494
Indiana Utility Regulatory Commission

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

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

April 29, 2022

RE: I&M 30-Day Filing No. 50494 Tariff COGEN/SPP

Dear Secretary:

Indiana Michigan Power Company (I&M) hereby submits an updated Thirty Day Administrative Filing for Tariff COGEN/SPP (Cogeneration and/or Small Power Production Service) (Filing) following a review and audit of the filing by the Office of Utility Consumer Counsel (OUCC). By way of background, the Filing was made by I&M to comply with 170 IAC 4-4.1-10 ("Section 10"), which forms part of the Commission's implementation of the federal Public Utilities Regulatory Policy Act ("PURPA"). Section 10 requires each generating electric utility to annually file updated standard offer rates for the purchase of energy and capacity from a qualified facility.

I&M and the OUCC have engaged in conversations and as a result, I&M has updated the calculation of the Tariff COGEN/SPP rates to reflect a revision to the I&M generation capacity avoided cost. In particular, I&M has revised the investment cost component of the generation capacity avoided cost to show a decrease from the original filed amount of $908/kW to $838/kW. This revision is reflected in Tariff COGEN/SPP rates as a decrease in the Capacity Credit from the original filed amount of $7.19/kW to $6.70/kW.

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

1. Indiana Michigan Power Company's proposed updates to Tariff COGEN/SPP (Cogeneration and/or Small Power Production Service) in clean and redline format.
2. Supporting updated workpapers, including calculation of the I&M generation capacity avoided cost.

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) 414-8379 or at my email address rsistevaris@aep.com.

Sincerely,

Regiana M. Sistevaris
Digitally signed by Regiana M. Sistevaris
Date: 2022.04.29 10:58:40 -04'00'

Regiana M. Sistevaris
Regulatory Analysis & Case Manager

Enclosures

cc: Jane Steinhauer-IURC
William I. (Bill) Fine-OUCC
John Haselden

Indiana Michigan Power Company
Calculation of COGEN/SPP Charges/Credits
Per Final Rule in IURC Cause No. 37494

I. Assumptions

		Variable	Value
A)	Capital Cost per kW of Capacity	V	$838 /kW
B)	Weighted Cost of Capital **	R	7.10%

		Balance * Last Case ($)	Capitalization Ratio **	Current Cost Rate	Weighted Cost of Capital
1)	Long Term Debt	2,822,302,210	50.54%	4.25%	2.15%
2)	Preferred Equity	0	0.00%	0.00%	0.00%
3)	Common Equity	2,762,126,699	49.46%	10.00%	4.95%
4)	Total	5,584,428,909	100.00%		7.10%

C)	Carrying Charge Rate	CCR	10.65%
D)	Operation & Maintenance Cost per Year (Fixed & Variable)	O	$10.23 /kW
E)	Line Losses	L	6.80%
F)	Estimated Unit Life	N	30 years
G)	Present Value of Carrying Charge for $1 Investment for N years	D	1.3084
H)	Fixed Operation and Maintenance Cost Escalation Rate	IO	2.00%
I)	Construction Cost Escalation Rate	IP	2.00%

* Per Commission order in IURC Cause No. 45576, page 40.
** I&M agreed to use 100% embedded capital cost

II. Calculation of Present Value of Carrying Charge

$$D = CCR \times \frac{(1+R)^N - 1}{R \times (1+R)^N}$$

D = 10.65% x $\frac{6.8286}{0.5558}$ = **1.3084**

III. Calculation of Unadjusted Monthly Avoided Cost of Capacity

$$C = \left(\frac{1}{12}\right) \times \left[\frac{\left(D \times V \times \frac{S1}{S2} \times S3\right) + (S4 \times S5)}{S6}\right]$$

Where:

$$S1 = 1 - \frac{1 + IP}{1 + R}$$

$$S2 = 1 - \left(\frac{1 + IP}{1 + R}\right)^{N}$$

$$S3 = (1 + IP)^{(T-1)}$$

$$S4 = O \times \left(\frac{1 + IO}{1 + R}\right)$$

$$S5 = (1 + IO)^{(T-1)}$$

$$S6 = 1 - \frac{L}{2}$$

Calculation for First Year

T =	1		
S1 =	0.0476	S4 =	9.7429
S2 =	0.7686	S5 =	1.0000
S3 =	1.0000	S6 =	0.9660

$$C = \left(\frac{1}{12}\right) \times \left[\frac{\left(1.3084 \times 908 \times \frac{0.0476}{0.7686} \times 1\right) + (9.7429 \times 1)}{0.9660}\right]$$

C = $6.70

Indiana Michigan Power Company
Calculation of COGEN/SPP Charges/Credits
Per Final Rule in IURC Cause No. 37494

Cost Calculations (Support Page 1, Assumptions A & D)

I. Fixed Operations & Maintenance Cost per kW (2022 Dollars)

Fixed Operations & Maintenance Cost		7.25	mills/kWh
Hours per Year	x	8,760	hours
Unit Size	x	233,000	kW
Capacity Factor	x	10.00%	
Total Fixed O&M Cost		$1,479,783	/year
Unit Size	/	233,000	kW
Per Unit Fixed O&M Cost		$6.35	/kW

II. Variable Operations & Maintenance Cost per kW (2022 Dollars)

Variable Operations & Maintenance Cost		4.43	mills/kWh
Hours per Year	x	8,760	hours
Unit Size	x	233,000	kW
Capacity Factor	x	10.00%	
Total Variable O&M Cost		$904,198	/year
Unit Size	/	233,000	kW
Per Unit Variable O&M Cost		$3.88	/kW

III. Total Operations & Maintenance Cost per kW (2022 Dollars)

Fixed O&M Cost		$6.35	/kW
Variable O&M Cost	+	3.88	/kW
Total O&M Cost (Page 1, Assumption D)		**$10.23**	/kW

I.	**Calculation of Annual Carrying Charge Rate (Page 1, Assumption C)**			**Variable**	**Value**
	Weighted Cost of Capital			R	7.10%
	Property Tax Rate:				
	Account 4081005 - State of Indiana, 12/21		21,988,704		
	Electric Plant in Service - State of Indiana, 12/21	/	4,863,991,203		
	Property Tax Rate			a	0.45%
	Insurance Rate:				
	Account 9240000, 12/21		(6,038,182)		
	Electric Plant in Service - Total Company, 12/21	/	10,126,451,965		
	Insurance Rate			p	-0.06%
	Depreciation Rate			d	1.79%
	Composite Tax Rate			ct	26.13%
	Book Depreciation			bd	3.33%
	Rate on Debt Capital			b	4.25%
	Debt Ratio from last filed rate case (IURC Cause No. 45576)			dr	50.54%

$$CCR = R + a + p + d + \left[\left(\frac{ct}{1-ct}\right) \times \left(R + d - bd\right) \times \left(\frac{R - \left(b \times dr\right)}{R}\right)\right]$$

CCR = **10.65%**

Indiana Michigan Power Company
Calculation of COGEN/SPP Charges/Credits
Per Final Rule in IURC Cause No. 37494

I. Energy Payment Calculation

		On-Peak	Off-Peak	Non-TOD	
A. Potential Loss Savings					
Primary Losses				6.50%	
Divided by 2	/			2	
Loss Adjustment (Potential Loss Savings)				3.25%	
B. Time-of-Day Energy Payments					
Avoided Energy Costs		4.19	3.06		¢/kWh
Divided by (1 - Loss Savings)	/	0.9675	0.9675		
Time-of-Day Energy Payments		**4.33**	**3.16**		¢/kWh
C. Non-Time-of-Day Energy Payment					
Time-of-Day Energy Payments		4.33	3.16		¢/kWh
Hours per Year *	x	3,654	5,106		hours
Weighted Average of Hourly TOD Payments		15,822	16,135	31,957	
Hours Per Year				8,760	
Non-Time-of-Day Energy Payment				**3.65**	¢/kWh

* On-Peak Period per Cogen tariff is 7am - 9pm, Monday through Friday
Off-Peak Period is all other hours

II. Demand and Energy Loss Calculations **

System	Demand	Energy
Transmission	4.265%	3.898%
Subtransmission	0.445%	0.622%
Primary		
Transformer	0.662%	0.757%
Line	1.277%	1.091%
Compound Loss Factor	**6.8%**	**6.5%**

** Assuming COGEN/SPP Service at Primary

Indiana Michigan Power Company
Calculation of COGEN/SPP Charges/Credits
Per Final Rule in IURC Cause No. 37494

I. Annual Carrying Charge Rates

	Variable	Value
Fixed Costs		0%
O&M		1.8%
Carrying Costs	**CC**	**1.8%**

II. Charges

Contingencies		5%
Stores Expense		13%
Total Charges on Material	**MC**	**18%**
Labor		76%
Transportation Expense		22%
Total Charges on Labor	**LC**	**98%**

III. Overheads

Company Construction Overheads	**OC**	35%

IV. Monthly Charge on Incremental Material

IM = Incremental Material Cost
IL = Incremental Labor Cost (50% of Material) = 0.5 x IM

$$Monthly\ Charge\ on\ IM = (1 + OC) \times [(1 + MC) \times IM + (1 + LC) \times IL] \times \frac{CC}{12}$$

Monthly Charge on IM = **0.44%** of Incremental Material Cost

V. Monthly Meter Charges

	Incremental Material (IM)	Monthly Charge 0.44%				Average Charge
Standard Measurement						
Single Phase						
Option 2-1 - Primary - Transformer Rated	181.58	$0.80				
Option 2-3 - Secondary - Self-Contained	84.00	0.37				
Option 3-1 - Primary - Transformer Rated	181.58	0.80				
Option 3-3 - Secondary - Transformer Rated	181.58	0.80				
Option 3-5 - Secondary - Self Contained	102.77	0.45				
Total		$ 3.22	/	5	=	$0.64
			Use:			**$0.65**
Polyphase						
Option 2-2 - Primary - Transformer Rated	191.58	$0.84				
Option 2-4 - Secondary - Self-Contained	191.58	0.84				
Option 3-2 - Primary - Transformer Rated (or Sec. >200 Amps)	191.58	0.84				
Option 3-4 - Secondary - Transformer Rated (Below 200 Amps)	181.58	0.80				
Option 3-6 - Secondary - Self Contained (Below 200 Amps)	84.00	0.37				
Total		$ 3.69	/	5	=	$0.74
			Use:			**$0.75**
Time-of-Day Measurement						
Single Phase						
Option 2-5 - Primary - Transformer Rated	181.58	$0.80				
Option 2-7 - Secondary - Self-Contained	84.00	0.37				
Option 3-7 - Primary - Transformer Rated	181.58	0.80				
Option 3-9 - Secondary - Transformer Rated	181.58	0.80				
Option 3-11 - Secondary - Self Contained	102.77	0.45				
Total		$ 3.22	/	5	=	$0.64
			Use:			**$0.65**
Polyphase						
Option 2-6 - Primary - Transformer Rated	181.58	$0.80				
Option 2-8 - Secondary - Self-Contained	191.58	0.84				
Option 3-8 - Primary - Transformer Rated	181.58	0.80				
Option 3-10 - Secondary - Transformer Rated	181.58	0.80				
Option 3-12 - Secondary - Self Contained	191.58	0.84				
Total		$ 4.08	/	5	=	$0.82
			Use:			**$0.80**

Indiana Michigan Power Company
Calculation of COGEN/SPP Charges/Credits
Per Final Rule in IURC Cause No. 37494

I. Diversity Ratio Development

Annual Total GS-Secondary Billing Demand	2,437,113	kW
Divided by 12	12	months
Average Monthly Billing Demand	203,093	kW
Average Monthly Coincident Peak Demand*	188,335	kW
Diversity Ratio	**1.078**	

* Data from Rate Design & Cost-of-Service in IURC Cause No. 45576 (WP-JLF-4-S)

II. Back-Up Service Rate Calculation

Current GS - Secondary Demand Charge	$3.019	/kW
Diversity Ratio	1.078	
Coincident Peak Demand Cost	$3.254	/kW
Typical Unavailability Rate	15%	
Back-Up Service Rate	**$0.488**	/kW

INDIANA MICHIGAN POWER COMPANY
ESTIMATED "AVOIDED COSTS" OF ENERGY
FOR ASSUMED LEVELS OF COGENERATION PURCHASES
2022 – 2027
(Cents Per Kilowatt-Hour)

	ASSUMED COGENERATION PURCHASE LEVEL			
	First 100-MW Block		Second 100-MW Block	
	Peak	Off-Peak	Peak	Off-Peak
2022	4.19	3.06	4.19	3.06
2023	2.97	2.19	2.97	2.19
2024	3.14	2.33	3.14	2.33
2025	3.20	2.50	3.20	2.50
2026	3.27	2.62	3.27	2.62
2027	3.36	2.75	3.36	2.75

Note: The peak costing period is 0700 to 2100 local time Monday through Friday. All other hours comprise the off-peak costing period. Energy costs are expressed in current-year dollars.

Indiana Michigan Power Company
Calculation of COGEN/SPP Charges/Credits
Per Final Rule in IURC Cause No. 37494

WORKPAPER

I. Calculation of Cost Escalation Rates *

Year	Rate	Cumulative Escalation Rates
2022	3.92%	1.03918
2023	2.24%	1.06241
2024	1.97%	1.08330
2025	2.07%	1.10572
2026	1.95%	1.12728
2027	1.89%	1.14856
2028	1.81%	1.16933
2029	1.79%	1.19026
2030	1.76%	1.21125
2031	1.83%	1.23345
2032	1.87%	1.25652
2033	1.87%	1.28000
2034	1.87%	1.30399
2035	1.90%	1.32877
2036	1.91%	1.35419
2037	1.91%	1.38009
2038	1.94%	1.40680
2039	1.95%	1.43427
2040	1.96%	1.46235
2041	1.96%	1.49099
2042	1.96%	1.52018
2043	1.96%	1.54995
2044	1.96%	1.58030
2045	1.96%	1.61124
2046	1.96%	1.64279

Compound Escalation Rate:	2022 to 2046 =	1.64279
Number of Years		25
Average Rate (25th Root)		**2.0%**

* Based upon Moody's Analytics, GDP Chain Price Deflator

Indiana Michigan Power Company
Calculation of COGEN/SPP Charges/Credits
Per Final Rule in IURC Cause No. 37494

WORKPAPER

I. Calculation of Unadjusted Monthly Avoided Cost of Capacity *

Year (T)	D x V	S1	S2	S3	S4	S5	S6	Capacity Payment
1	1,096.960	0.0476	0.7686	1.0000	9.7429	1.0000	0.9660	$6.70
2	1,096.960	0.0476	0.7686	1.0200	9.7429	1.0200	0.9660	6.84
3	1,096.960	0.0476	0.7686	1.0404	9.7429	1.0404	0.9660	6.97
4	1,096.960	0.0476	0.7686	1.0612	9.7429	1.0612	0.9660	7.11
5	1,096.960	0.0476	0.7686	1.0824	9.7429	1.0824	0.9660	7.26
6	1,096.960	0.0476	0.7686	1.1041	9.7429	1.1041	0.9660	7.40
7	1,096.960	0.0476	0.7686	1.1262	9.7429	1.1262	0.9660	7.55
8	1,096.960	0.0476	0.7686	1.1487	9.7429	1.1487	0.9660	7.70
9	1,096.960	0.0476	0.7686	1.1717	9.7429	1.1717	0.9660	7.85
10	1,096.960	0.0476	0.7686	1.1951	9.7429	1.1951	0.9660	8.01
11	1,096.960	0.0476	0.7686	1.2190	9.7429	1.2190	0.9660	8.17
12	1,096.960	0.0476	0.7686	1.2434	9.7429	1.2434	0.9660	8.33
13	1,096.960	0.0476	0.7686	1.2682	9.7429	1.2682	0.9660	8.50
14	1,096.960	0.0476	0.7686	1.2936	9.7429	1.2936	0.9660	8.67
15	1,096.960	0.0476	0.7686	1.3195	9.7429	1.3195	0.9660	8.84
16	1,096.960	0.0476	0.7686	1.3459	9.7429	1.3459	0.9660	9.02
17	1,096.960	0.0476	0.7686	1.3728	9.7429	1.3728	0.9660	9.20
18	1,096.960	0.0476	0.7686	1.4002	9.7429	1.4002	0.9660	9.39
19	1,096.960	0.0476	0.7686	1.4282	9.7429	1.4282	0.9660	9.57
20	1,096.960	0.0476	0.7686	1.4568	9.7429	1.4568	0.9660	9.77
21	1,096.960	0.0476	0.7686	1.4859	9.7429	1.4859	0.9660	9.96
22	1,096.960	0.0476	0.7686	1.5157	9.7429	1.5157	0.9660	10.16
23	1,096.960	0.0476	0.7686	1.5460	9.7429	1.5460	0.9660	10.36
24	1,096.960	0.0476	0.7686	1.5769	9.7429	1.5769	0.9660	10.57
25	1,096.960	0.0476	0.7686	1.6084	9.7429	1.6084	0.9660	10.78
26	1,096.960	0.0476	0.7686	1.6406	9.7429	1.6406	0.9660	11.00
27	1,096.960	0.0476	0.7686	1.6734	9.7429	1.6734	0.9660	11.22
28	1,096.960	0.0476	0.7686	1.7069	9.7429	1.7069	0.9660	11.44
29	1,096.960	0.0476	0.7686	1.7410	9.7429	1.7410	0.9660	11.67
30	1,096.960	0.0476	0.7686	1.7758	9.7429	1.7758	0.9660	11.90

$$C = \left(\frac{1}{12}\right) \times \left[\frac{\left(D \times V \times \frac{S1}{S2} \times S3\right) + (S4 \times S5)}{S6}\right]$$

* Calculation per Rules & Regulations with respect to Cogeneration & Alternate Energy Production Facilities
170 IAC 4-4.1-9, by Authority IC 8-1-2.4-1

Indiana Michigan Power Company
Calculation of COGEN/SPP Charges/Credits
Per Final Rule in IURC Cause No. 37494

WORKPAPER

I. Calculation of Meter O&M Expense as a % of Original Cost *

Account 586 - Operation	2,340,412
Account 597 - Maintenance	100,291
Total O&M	2,440,703
Account 370 - Meter Plant	134,087,429
O&M Percentage	1.8%

* December 2021 Financial Statements

II. Calculation of Annual Total GS-Secondary Billing Demand **

Tariff Code	Billing Demand	Metered Energy	
215/218	2,329,246	1,029,313,784	
223	7,275	3,214,893	***
229	100,592	44,452,316	***
Total	2,437,113	1,076,980,993	

** Billing Determinants from IURC Cause No. 45576 (WP-JLF-4-S)
*** Demands for TOD Tariffs Estimated Based on Average Load Factor of Other Tariffs

Combustion Turbine Parameters - I&M

April 2022

Construction Cost 2022$ with AFDC	838.4	$/kW (Nominal)
Annual Generation:	509,394	MWH
Variable O&M:	2.26	$ Million
Variable O&M:	4.43	$/MWh
Fixed O&M	3.69	$ Million
Fixed O&M	15.88	$/kW-yr
Fixed O&M	7.25	$/MWh
Forced Outage Facto	3.0	%
Capability	233	MW (Nominal)
	245	MW (Winter)
	226	MW (Summer)

TARIFF COGEN/SPP
(Cogeneration and/or Small Power Production Service)
(Cont'd from Sheet No. 34)

Monthly Charges for Delivery from the Company to the Customer.

(1) Supplemental Service

Available to the customer to supplement its COGEN/SPP source of power supply which will enable either or both sources of supply to be utilized for all or any part of the customer's total requirements.

Charges for energy, and demand where applicable, to serve the customer's net or total load shall be determined according to the rate schedule appropriate for the customer. Option 1 and Option 2 customers with COGEN/SPP facilities having a total design capacity of more than 10 kW shall be served under demand-metered rate schedules.

(2) Back-up and Maintenance Service

Option 1 and Option 2 customers with COGEN/SPP facilities having a total design capacity of more than 10 kW shall be required to purchase backup service to replace energy from COGEN/SPP facilities during maintenance and unscheduled outages of its COGEN/SPP facilities. Contracts for such service shall be executed on a special contract form for a minimum term of one year.

Option 3 customers purchasing their total energy requirements from the Company will not be considered as taking backup service. Customers having cogeneration and/or small power production facilities that operate intermittently during all months (i.e. wind or solar) such that the customer's monthly billing demands under the demand-metered rate schedule will be based upon the customer's maximum monthly demand which will occur at a time when the cogeneration and/or small power production facility is not in operation will also not be considered as taking backup service.

The backup capacity in kilowatts shall be initially established by mutual agreement for electrical capacity sufficient to meet the maximum backup requirements which the Company is expected to supply. Whenever the backup capacity so established is exceeded by the creation of a greater actual maximum demand, excluding firm load regularly supplied by the Company, then such greater demand becomes the new backup capacity.

A monthly service charge of $ 0.488 per kilowatt of backup capacity shall be paid by customers served under demand-metered rate schedules. Whenever backup and maintenance capacity is used and the customer notifies the Company in writing prior to the meter reading date, the backup contract capacity shall be subtracted from the total metered demand during the period specified by the customer for billing demand purposes. After 1,900 hours of use during the contract year, the total metered demand shall be used as the billing demand each month until a new contract year is established. In lieu of the above monthly charge, customers may instead elect to have the monthly billing demand under the demand-metered rate schedules determined each month as the highest of the monthly billing demand for the current and previous two billing periods.

(Cont'd on Sheet No. 34.2)

TARIFF COGEN/SPP
(Cogeneration and/or Small Power Production Service)

(Cont'd from Sheet No. 34.1)

Additional Charges.

There shall be additional charges to cover the cost of special metering, safety equipment, and other local facilities installed by the Company due to COGEN/SPP facilities, as follows:

(1) Metering Charges

The additional charge for special metering facilities shall be as follows:

(a) Option 1

Where the customer does not sell electricity to the Company, a detent shall be used on the energy meter to prevent reverse rotation. The cost of such meter alteration shall be paid by the customer as part of the Local Facilities Charge.

(b) Options 2 & 3

Where energy meters are required to measure the excess energy and average on-peak capacity purchased by the Company or the total energy and average on-peak capacity produced by the customer's COGEN/SPP facilities, the cost of the additional metering facilities shall be paid by the customer as part of the Local Facilities Charge. In addition, a monthly metering charge shall be as follows to cover the cost of operation and maintenance of such additional facilities:

	Single Phase	Polyphase
Standard Measurement	$ 0.65	$ 0.75
TOD Measurement	$ 0.65	$ 0.80

Under Option 3, when metering voltage for COGEN/SPP facilities is the same as the Company's delivery voltage, the customer shall, at his option, either route the COGEN/SPP totalized output leads through the metering point or make available at the metering point for the use of the Company and as specified by the Company metering current leads which will enable the Company to measure adequately the total electrical energy and average on-peak capacity produced by the qualifying COGEN/SPP facilities, as well as to measure the electrical energy consumption and capacity

(Cont'd on Sheet No. 34.3)

TARIFF COGEN/SPP
(Cogeneration and/or Small Power Production Service)

(Cont'd from Sheet No. 34.2)

requirements of the customer's total load. When metering voltage for COGEN/SPP facilities is different from the Company's delivery voltage, metering requirements and charges shall be determined specifically for each case.

(2) Local Facilities Charge.

Additional charges to cover the cost of special metering facilities, safety equipment, and other local facilities installed by the Company shall be determined by the Company for each case and collected from the customer. The customer shall make a one-time payment for such charges upon completion of the required additional facilities or, at the customer's option, 12 consecutive equal monthly payments reflecting an annual interest charge equal to the maximum rate permitted by law not to exceed the prime rate in effect at the first billing for such installments.

Monthly Credits or Payments for Energy and Capacity Deliveries.

(1) Energy Credit

The following credits or payments from the Company to the customer shall apply for the electrical energy delivered to the Company:

Standard Meter	
All kWh	3.65¢
TOD Meter	
On-peak kWh	4.33¢
Off-peak kWh	3.16¢

(2) Capacity Credit

If the customer contracts to deliver a specified average capacity during the on-peak monthly billing period (on-peak contract capacity), then the first-year monthly capacity credit or payment from the Company to the customer shall be $ 6.7029/kW times the lowest of:

(a) monthly on-peak contract capacity, or

(b) current month on-peak metered average capacity, i.e., on-peak kWh delivered to the Company divided by 305, or

(Cont'd on Sheet No. 34.4)

TARIFF COGEN/SPP
(Cogeneration and/or Small Power Production Service)
(Cont'd from Sheet No. 34)

Monthly Charges for Delivery from the Company to the Customer.

(1) Supplemental Service

Available to the customer to supplement its COGEN/SPP source of power supply which will enable either or both sources of supply to be utilized for all or any part of the customer's total requirements.

Charges for energy, and demand where applicable, to serve the customer's net or total load shall be determined according to the rate schedule appropriate for the customer. Option 1 and Option 2 customers with COGEN/SPP facilities having a total design capacity of more than 10 kW shall be served under demand-metered rate schedules.

(2) Back-up and Maintenance Service

Option 1 and Option 2 customers with COGEN/SPP facilities having a total design capacity of more than 10 kW shall be required to purchase backup service to replace energy from COGEN/SPP facilities during maintenance and unscheduled outages of its COGEN/SPP facilities. Contracts for such service shall be executed on a special contract form for a minimum term of one year.

Option 3 customers purchasing their total energy requirements from the Company will not be considered as taking backup service. Customers having cogeneration and/or small power production facilities that operate intermittently during all months (i.e. wind or solar) such that the customer's monthly billing demands under the demand-metered rate schedule will be based upon the customer's maximum monthly demand which will occur at a time when the cogeneration and/or small power production facility is not in operation will also not be considered as taking backup service.

The backup capacity in kilowatts shall be initially established by mutual agreement for electrical capacity sufficient to meet the maximum backup requirements which the Company is expected to supply. Whenever the backup capacity so established is exceeded by the creation of a greater actual maximum demand, excluding firm load regularly supplied by the Company, then such greater demand becomes the new backup capacity.

A monthly service charge of $ 0.488 ~~0.432~~ per kilowatt of backup capacity shall be paid by customers served under demand-metered rate schedules. Whenever backup and maintenance capacity is used and the customer notifies the Company in writing prior to the meter reading date, the backup contract capacity shall be subtracted from the total metered demand during the period specified by the customer for billing demand purposes. After 1,900 hours of use during the contract year, the total metered demand shall be used as the billing demand each month until a new contract year is established. In lieu of the above monthly charge, customers may instead elect to have the monthly billing demand under the demand-metered rate schedules determined each month as the highest of the monthly billing demand for the current and previous two billing periods.

(Cont'd on Sheet No. 34.2)

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Additional Charges.

There shall be additional charges to cover the cost of special metering, safety equipment, and other local facilities installed by the Company due to COGEN/SPP facilities, as follows:

(1) Metering Charges

The additional charge for special metering facilities shall be as follows:

(a) Option 1

Where the customer does not sell electricity to the Company, a detent shall be used on the energy meter to prevent reverse rotation. The cost of such meter alteration shall be paid by the customer as part of the Local Facilities Charge.

(b) Options 2 & 3

Where energy meters are required to measure the excess energy and average on-peak capacity purchased by the Company or the total energy and average on-peak capacity produced by the customer's COGEN/SPP facilities, the cost of the additional metering facilities shall be paid by the customer as part of the Local Facilities Charge. In addition, a monthly metering charge shall be as follows to cover the cost of operation and maintenance of such additional facilities:

	Single Phase	Polyphase
Standard Measurement	$ 0.65~~1.05~~	$ 0.75~~1.05~~
TOD Measurement	$ 0.65~~1.05~~	$ 0.80~~1.30~~

Under Option 3, when metering voltage for COGEN/SPP facilities is the same as the Company's delivery voltage, the customer shall, at his option, either route the COGEN/SPP totalized output leads through the metering point or make available at the metering point for the use of the Company and as specified by the Company metering current leads which will enable the Company to measure adequately the total electrical energy and average on-peak capacity produced by the qualifying COGEN/SPP facilities, as well as to measure the electrical energy consumption and capacity

(Cont'd on Sheet No. 34.3)

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requirements of the customer's total load. When metering voltage for COGEN/SPP facilities is different from the Company's delivery voltage, metering requirements and charges shall be determined specifically for each case.

(2) Local Facilities Charge.

Additional charges to cover the cost of special metering facilities, safety equipment, and other local facilities installed by the Company shall be determined by the Company for each case and collected from the customer. The customer shall make a one-time payment for such charges upon completion of the required additional facilities or, at the customer's option, 12 consecutive equal monthly payments reflecting an annual interest charge equal to the maximum rate permitted by law not to exceed the prime rate in effect at the first billing for such installments.

Monthly Credits or Payments for Energy and Capacity Deliveries.

(1) Energy Credit

The following credits or payments from the Company to the customer shall apply for the electrical energy delivered to the Company:

Standard Meter	
All kWh	3.652.83¢
TOD Meter	
On-peak kWh	4.333.45¢
Off-peak kWh	3.162.39¢

(2) Capacity Credit

If the customer contracts to deliver a specified average capacity during the on-peak monthly billing period (on-peak contract capacity), then the first-year monthly capacity credit or payment from the Company to the customer shall be $ 6.705.29/kW times the lowest of:

(a) monthly on-peak contract capacity, or

(b) current month on-peak metered average capacity, i.e., on-peak kWh delivered to the Company divided by 305, or

(Cont'd on Sheet No. 34.4)