



A NiSource Company

March 2, 2009

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-Third 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 2009 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, 2008 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 March 2, 2009. 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.

Very truly yours,

A handwritten signature in black ink, appearing to read "Curt A. Westerhausen", with a long horizontal flourish extending to the right.

Curt A. Westerhausen
Manager, Rates and Contracts
Northern Indiana Public Service Company
801 E. 86th Avenue
Merrillville, Indiana 46410
Phone: (219) 647-5650
Email: cawesterhausen@nisource.com

Enclosures

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: 3/2/09

NORTHERN INDIANA PUBLIC SERVICE COMPANY

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

Twenty Third Revised
 Page 2 of 5

PURCHASE RATES (Continued)

	<u>2009 Rate Per KWH</u>
Summer Period (May - Sept.)	
On-Peak (1)	4.842 cents
Off-Peak (2) (5)	2.692 cents
Winter Period (Oct. - Apr.)	
On-Peak (3)	4.414 cents
Off-Peak (4) (5)	3.432 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>2009 Rate Per KWH</u>
Summer Period	3.843 cents
Winter Period	3.872 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.

2009 Capacity Component
 \$ 9.65 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_p = 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 2009

<u>Period</u>	Avoided Cost Without Start-Up & Econ. <u>(mils/kWh)</u>	Avoided Cost With Start-Up & Econ. <u>(mils/kWh)</u>	Avoided Cost Adjusted For Losses <u>(mils/kWh)</u>
<u>Summer</u>			
Peak Period	47.22	47.22	48.42
Off-Peak Period	26.25	26.25	26.92
Average	37.47	37.47	38.43
<u>Winter</u>			
Peak Period	43.05	43.05	44.14
Off-Peak Period	33.47	33.47	34.32
Average	37.76	37.76	38.72
Annual Average	37.64	37.64	38.60

The avoided costs have been adjusted for losses of 1/2 of: **5.09%**
The above costs are based on estimated **YEAR 2009** utilizing **YEAR 2009** fuel budget.

**YEAR 2009
 1 MW AVOIDED COST CASE
 AVOIDED COST RATES**

Period	\$/Mwh
<i>Summer :</i>	
On-Peak	47.22
Off-Peak	26.25
Summer Average	37.47
<i>Winter :</i>	
On-Peak	43.05
Off-Peak	33.47
Winter Average	37.76
Annual Average	37.64

Source : Promod avoided cost case AC091MW

Indiana Utility Regulatory Commission
NORTHERN INDIANA PUBLIC SERVICE COMPANY

Calculation of Unadjusted Monthly Capacity Payment Per KW
 December 2008 Capital Structure - End of Year Cost

<u>t</u> <u>Year</u>	<u>D</u> <u>(Col. 1)</u>	<u>A</u> <u>(Col. 2)</u>	<u>B</u> <u>(Col. 3)</u>	<u>A/B</u> <u>(Col. 4)</u>	<u>E</u> <u>(Col. 5)</u>	<u>D*V*A/B*E</u> <u>(Col. 6)</u>	<u>O*F</u> <u>(Col. 7)</u>	<u>C</u> <u>(Col. 8)</u>
1	1.38354	0.062188	0.854298	0.07279487	1.000000	98.29778	14.57	\$ 9.65

PV of carrying costs = D = 1.38354
 Investment = V = \$ 976
 Life of Plant = n = 30
 Plant Cost Inflation = ip = 0.0385
 O & M Inflation = io = 0.0385
 After tax Rate of Return = r = 0.107365365
 O & M in first year = O = \$ 15.53
 Average Annual Losses = l = 5.09%
 Year of Contract = t = 1 to 25

Column 2 = A = 1 -

$$\frac{(1+ip)}{(1+r)}$$

Column 3 = B = 1 -

$$\frac{(1+ip)^n}{(1+r)}$$

Column 3 = B = 1 -

$$(1+ip)$$

n

(t - 1)

C = Unadjusted Monthly Capacity Payment per KW

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

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



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NOTICE OF 30-DAY FILING NIPSCO HEREBY PR

Notice of 30-Day Filing 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. Affected customers include qualifying facilities with contracts to sell electric energy and capacity to NIPSCO, who may experience changes in rates as a result of the filing. IURC approval of the filing may be granted as soon as April 1, 2009. 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 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 3/2 -

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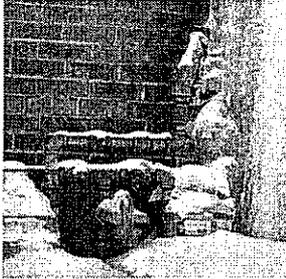
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Welcome to Northern Indiana Public Service Company



Severe cold and heavy snowfall have combined this winter to create the perfect storm for NIPSCO's natural gas customers. Frigidly cold temperatures have resulted in record use of natural gas to heat homes while snow and ice have made it impossible for meter readers to safely read many meters. As a result, NIPSCO has had to estimate many customers' bills based on past usage and weather conditions.

If you receive an estimated bill that you feel may be too high, you can provide NIPSCO with a reading and your bill will be adjusted if the estimate is higher than the actual reading. Click on the following for more information on : [How to Read Your Meter](#), [Understanding Your Bill](#), [How to Qualify for Energy Assistance Funds](#), and [Tips on Saving Energy](#).



ENERGYHARVEST

NIPSCO's family of energy efficiency programs, including the EnergyHarvest appliance rebate program, offer ways to help manage your energy usage while helping the environment at the same time.
[Click here to learn more!](#)

DirectLink e-Services allows you to manage your account online.



DirectLink e-Services

- Account management
- Billing & payment options
- Financial assistance options
- Instructions for starting, stopping, or transferring service
- Safety & conservation tips



Products & Services

- [Price Protection Service](#)
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Winter Bill Tools

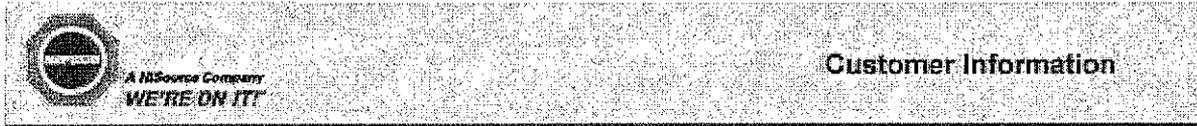
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NIPSCO 30-Day Filings

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

Or,

Indiana Office of Utility Consumer Counselor
115 W. Washington St., Suite 1500 South
Indianapolis, Indiana 46204
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