



801 E. 86th Avenue
Merrillville, IN 46410

February 25, 2011

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-Fifth 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.

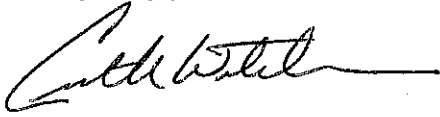
This filing is needed in order to update the cogeneration energy and capacity rates. The Commission has already approved or accepted the procedure for the change, and the filing is an allowable request under 170 IAC 1-6-3(6).

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 2011 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, 2010 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 8, 2011. 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,



Curt A. Westerhausen
Director, 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: 2/25/11

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

Twenty Fifth Revised
Page 2 of 5

PURCHASE RATES (Continued)

	<u>2011 Rate Per KWH</u>
Summer Period (May - Sept.)	
On-Peak (1)	3.574 cents
Off-Peak (2) (5)	2.192 cents
Winter Period (Oct. - Apr.)	
On-Peak (3)	3.341 cents
Off-Peak (4) (5)	2.671 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>2011 Rate Per KWH</u>
Summer Period	2.931 cents
Winter Period	2.967 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.

2011 Capacity Component

\$ 5.35 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 2011

<u>Period</u>	<u>Avoided Cost Without Start-Up & Econ. (mils/kWh)</u>	<u>Avoided Cost With Start-Up & Econ. (mils/kWh)</u>	<u>Avoided Cost Adjusted For Losses (mils/kWh)</u>
<u>Summer</u>			
Peak Period	34.80	34.80	35.74
Off-Peak Period	21.35	21.35	21.92
Average	28.55	28.55	29.31
<u>Winter</u>			
Peak Period	32.54	32.54	33.41
Off-Peak Period	26.01	26.01	26.71
Average	28.90	28.90	29.67
Annual Average	28.75	28.75	29.52

The avoided costs have been adjusted for losses of 1/2 of: **5.35%**
 The above costs are based on estimated **YEAR 2011** utilizing **YEAR 2011** fuel budget.

**YEAR 2011
1 MW AVOIDED COST CASE
AVOIDED COST RATES**

Period	\$/Mwh
<i>Summer :</i>	
On-Peak	34.80
Off-Peak	21.35
Summer Average	28.55
<i>Winter :</i>	
On-Peak	32.54
Off-Peak	26.01
Winter Average	28.90
Annual Average	28.75

Source : Promod generation case COG111MW

Calculation of Unadjusted Monthly Capacity Payment Per KW
 December 2010 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	1.29495	0.061078	0.849031	0.071938333	1.000000	56.82531	5.71	\$ 5.35

PV of carrying costs = D = 1.29495
 Investment = V = \$ 610
 Life of Plant = n = 30
 Plant Cost Inflation = ip = 0.018691852
 O & M Inflation = io = 0.018691852
 After tax Rate of Return = r = 0.084958857
 O & M in first year = O = \$ 6.08
 Average Annual Losses = l = 5.35%
 Year of Contract = t = 1 to 25

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

C = Unadjusted Monthly Capacity Payment per KW

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

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

DATE RECEIVED: FEBRUARY 25, 2011
IURC 30-DAY FILING NO: 2819
Indiana Utility Regulatory Commission

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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 25, 2011 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, 2011. Written objections to the filing should be submitted to either: Ms. Brenda Howe, Secretary Indiana Utility Regulatory Commission 101 W. Washington St., Ste 1500E Indianapolis, IN 46204 E-mail: bhowe@urc.in.gov OR Indiana Office of Utility Consumer Counselor 115 W. Washington St., Ste. 1500S Indianapolis, IN 46204 Phone: 1-888-441-2494 Toll Free Fax: (317) 232-5923 E-mail: uccinfo@oucc.IN.gov
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101 W. Washington St., Ste 1500E
Indianapolis, IN 46204

E-mail: bhowe@urc.in.gov OR
Indiana Office of Utility
Consumer Counselor

115 W. Washington St., Ste. 1500S
Indianapolis, IN 46204

Phone: 1-888-441-2494 Toll Free
Fax: (317) 232-5923

E-mail: uccinfo@oucc.IN.gov
2/8 - 20372734



Related Links

30-Day Filings

April 1, 2011 - NIPSCO hereby provides notice of a filing that will be made on or after February 25, 2011 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.

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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