

Received: September 9, 2011
IURC 30-Day Filing No: 2906
Indiana Utility Regulatory Commission

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A unit of American Electric Power

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

September 9, 2011

Dear Secretary:

Pursuant to 170 IAC 1-6 and the Commission's Final Order On Remaining Issues in Cause No. 43878 issued February 2, 2011, Indiana Michigan Power Company (I&M) submits this thirty-day filing requesting, as provided in Tariff C.S. - IRP2 (Contract Service Interruptible Power) and the Commission's Order in Cause No. 43878, approval of a Contract for Interruptible Power between University of Notre Dame (UND), and I&M (Contract). The Contract negotiations were at "arm's length" resulting in the Contract being executed by UND and I&M on September 9, 2011. The contract allows for emergency and discretionary interruptions.

In support of this thirty-day filing, I&M represents that on March 4, 2009 in Cause No. 43306, the Commission approved I&M's Tariff C.S. - IRP2. Tariff C.S. - IRP2 is designed to allow I&M and its eligible customers to enter into customer-specific contracts which provide for mandatory (capacity) and/or discretionary (energy) interruptions to the customer's electric service. As explained in the February 9, 2011, Final Order in Cause 43878, Tariff CS-IRP2 has already been approved for use of the 30-Day filing process.

Because specific terms and conditions of the Contract are proprietary information, I&M requests that the Commission treat them confidentially and protect them from disclosure, in accordance with the Orders in Cause Nos. 43306 and 43878, and Tariff C.S. - IRP2. The information included in this filing is of the same nature as the confidential information granted in Cause 43878. Accordingly, I&M is filing both an unredacted version under seal and a redacted version of the Contract that blanks out specific confidential terms and conditions. Also enclosed under seal is a fixed cost analysis. Enclosed is an affidavit relating to the confidentiality of the terms in the Contract and the fixed cost analysis.

Pursuant to the terms of the Final Order in Cause No. 43878, I&M is submitting to the presiding administrative law judge, a copy of the confidential information on light green paper in a sealed envelope marked confidential pursuant to Cause No. 43878. Additionally, pursuant to the terms of the Standard Form Nondisclosure Agreement between I&M and the OUCC dated July 6, 2006 (Nondisclosure Agreement), I&M is serving on the Office of the Consumer Counselor (OUCC) a redacted copy of this filing and under seal an unredacted copy of the Contract. The Nondisclosure Agreement will protect certain proprietary information from

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disclosure. Also enclosed under seal is a fixed cost analysis that demonstrates that the compensation received by I&M under the Contract during its term exceeds the variable cost to I&M and makes a contribution to fixed cost.

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

1. Original and three copies of the Contract in redacted version.
2. An unredacted version of the Contract and fixed cost analysis under seal.
3. An affidavit relating to the confidentiality of the Contract.
4. Verified Statement of Publication.

Please return to us one file –stamped, redacted copy of the Contract in the enclosed envelope.

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 – w/o enclosures
Paul Kempf-University of Notre Dame – w/enclosures*
David Stippler-OUCC – w/enclosures
Aaron A. Schmoll-IURC Senior Administrative Law Judge-Confidential Information Only

* Contract only

**CONTRACT FOR ELECTRIC SERVICE
FOR CONTRACT SERVICE INTERRUPTIBLE POWER
BETWEEN INDIANA MICHIGAN POWER COMPANY
AND UNIVERSITY OF NOTRE DAME**

THIS CONTRACT, is made and entered into 8/24, 2011, by and between **INDIANA MICHIGAN POWER COMPANY**, an Indiana corporation (the **Company**), and **UNIVERSITY OF NOTRE DAME**, a university located in Indiana (the **Customer**),

WITNESSETH:

WHEREAS, the Company is a corporation organized and existing under the laws of the State of Indiana with its principal place of business at Fort Wayne, Indiana, and owns and operates facilities for the generation, transmission and distribution of electric power and energy in the State of Indiana; and

WHEREAS, the Customer is a university existing under the laws of the State of Indiana with one campus in Notre Dame, Indiana; and

WHEREAS, in recognition of the need for the efficient use of existing utility generation and transmission facilities, the Company and the Customer agree to implement an innovative interruptible rate design that includes mandatory and discretionary interruptions; and

WHEREAS, the service the Company is to provide the Customer pursuant to this Contract will provide benefits to the Customer, the Company, the Company's ratepayers, and the State of Indiana.

NOW THEREFORE, in consideration of the promises and the mutual covenants herein contained, and subject to the terms and conditions herein contained, the Company and the Customer agree as follows:

ARTICLE 1

DEFINITIONS

1.1 Whenever used herein, the following terms shall have the respective meanings set forth below, unless a different meaning is plainly required by the context:

- A. “AEP System” shall mean the integrated, interconnected electric system operated and owned by the operating company subsidiaries of American Electric Power Company, Inc. who are parties to the AEP-East Interconnection Agreement as it may be restated and amended from time to time.
- B. “Commission” shall mean the Indiana Utility Regulatory Commission, the regulatory agency having jurisdiction over the retail electric service of the Company in Indiana, including the electric service covered by this Contract, or any successor thereto.
- C. “Contract” shall mean this Contract for Electric Service between the Company and the Customer, as the same may, from time to time, be amended. Said Contract is set forth in its entirety herein.
- D. “Parties” shall mean the Company and the Customer.
- E. “Party” shall mean either the Company or the Customer.

- F. “RTO” shall mean the Company’s Regional Transmission Organization, or any successor thereto. The Company’s current RTO is PJM Interconnection, L.L.C.
- G. “Tariff I.P.” shall mean the Company’s Tariff Industrial Power (Tariff I.P.), or any successor thereto, approved by the Commission.
- H. “On–Peak Period” shall be as defined in Tariff I.P.. The current on-peak period is defined as 7 AM to 9 PM, local time, for all weekdays Monday through Friday.
- I. “Off-Peak Period” shall be as defined in Tariff I.P.. The current off-peak period is defined as 9 PM to 7 AM, local time, for all weekdays and all hours of the day on Saturdays and Sundays.
- J. “Customer Communications System” shall mean the computerized system allowing the exchange of information between the Company and the Customer, or any successor thereto.

1.2 Unless the context plainly indicates otherwise, words importing the singular number shall be deemed to include the plural number (and vice versa); terms such as “hereof,” “herein,” “hereunder” and other similar compounds of the word “here” shall mean and refer to the entire Contract rather than any particular part of the same. Certain other definitions, as required, appear in subsequent parts of this Contract.

ARTICLE 2

DELIVERY POINT

2.1 Subject to the terms and conditions specified herein, the Company agrees to furnish to the Customer, during the term of this Contract, and the Customer agrees to take and pay for, all of the electric capacity and energy that shall be purchased by the Customer for consumption through the Delivery Point specified in Article 2.2.

2.2 The Delivery Point for electric power and energy delivered hereunder shall be the connection of the Company's facilities to the 138 kV group operated air break switches located in the Customer-owned substation, known as Notre Dame Substation, located at 19033 Douglas Road, University of Notre Dame in Notre Dame, Indiana.

2.3 The Customer will provide any substation and transformation equipment and any other facilities required to take delivery of the electric service to be taken hereunder at the voltage and at the Delivery Point designated herein.

ARTICLE 3

DELIVERY

3.1 The electric energy delivered hereunder shall be three-phase alternating current having a frequency of approximately 60 cycles per second at approximately 138,000 volts and shall be delivered at the Delivery Point specified in Article 2.2. The said electric energy shall be delivered and maintained reasonably close to constant potential and frequency and shall be measured by meters owned and installed by the Company and located at the Customer's substation.

ARTICLE 4

CAPACITY RESERVATIONS

4.1 The Capacity Reservation contracted for by the Customer is hereby fixed at [REDACTED] kVA for the On-Peak Period and [REDACTED] kVA for the Off-Peak Period. The Customer's Metered Demand shall not exceed, and the Company shall not be required to supply capacity in excess of the Capacity Reservation except by mutual agreement of the Parties.

4.2 The Customer designates the first [REDACTED] kVA of the Capacity Reservation for the On-Peak Period and the Off-Peak Period as the Interruptible Capacity Reservation, subject to interruption as specified in Article 5.

4.3 The Firm Service Capacity Reservation shall be the remaining [REDACTED] kVA for the On-Peak Period and [REDACTED] kVA for the Off-Peak Period, which is equal to the Capacity Reservation less the Interruptible Capacity Reservation.

4.4 The Customer may reduce the Capacity Reservation contracted for by providing the Company with one year's written notice or a lesser period by mutual agreement of the Parties. The customer may increase the Capacity Reservation contracted for by providing the Company with 90-day's written notice. A change in the Capacity Reservation shall not modify the Interruptible Capacity Reservation as specified in Article 4.2 unless otherwise agreed between the Parties.

4.5 The Customer may change the Interruptible Service Capacity Reservation contracted for by providing the Company with three year's written notice or a lesser period by mutual agreement of the Parties. A change in the Interruptible Capacity

Reservation shall not modify the Capacity Reservation as specified in Article 4.1 unless otherwise agreed between the Parties.

ARTICLE 5

INTERRUPTIBILITY OF SERVICE

5.1 The Company reserves the right to interrupt, in its sole discretion, service to the Customer's interruptible load at any time. Such interruptions shall be designated as Discretionary Interruptions and shall not exceed an aggregate of [REDACTED] hours of interruption during any Interruption Year. For the purposes of this provision, an Interruption Year shall be defined as the consecutive twelve (12) month period commencing on June 1 and ending on May 31. For any partial Interruption Year, the limitation shall be calculated as the product of the number of months and [REDACTED] hours.

Discretionary Interruption events shall not be less than [REDACTED] [REDACTED] and there shall not be more than [REDACTED] of Discretionary Interruption per day, and there shall not be more than three [REDACTED] of Discretionary Interruption. During the calendar months of March through November, there shall be no more than [REDACTED] Discretionary Interruption event per day. During the calendar months of December, January, and February there shall be no more than [REDACTED] Discretionary Interruption events per day and any such events will be separated by [REDACTED] [REDACTED] without Discretionary Interruption.

5.2 The Company will endeavor to provide the Customer with as much advance notice as possible, through the Customer Communications System, of a Discretionary Interruption of service as described in Article 5.1. The Company shall

provide notice at least [REDACTED] prior to the commencement of a Discretionary Interruption. If two Discretionary Interruption events are requested on a given day, notice of the second event shall be provided prior to the end of the first Discretionary Interruption event. Such notice shall include both the start and end time of the Discretionary Interruption. Discretionary Interruptions shall begin and end on the clock hour.

5.3 If the Customer fails to interrupt load as requested by the Company for a Discretionary Interruption, the Customer agrees to pay the Company for all uninterrupted energy consumed, as liquidated damages and not as a penalty, at two (2) times the hourly price of Buy-Through Energy as set forth in Article 6.2.

5.4 Mandatory Interruptions, pursuant to the AEP System Emergency Operating Plan, for system integrity purposes, shall count toward the total hours of Discretionary Interruption specified in Article 5.1 provided that the Company would not be restricted from requesting a Mandatory Interruption even if it has already requested an aggregate of [REDACTED] of interruption during the Interruption Year. Mandatory Interruptions shall also include RTO-initiated curtailment events.

5.5 The Company will endeavor to provide the Customer with as much advance notice as possible, through the Customer Communications System, of a Mandatory Interruption of service as described in Article 5.4. For Mandatory Interruptions, however, the Customer will be required to interrupt service within [REDACTED], if so requested. If the Customer fails to interrupt load as requested by the Company for a Mandatory Interruption, the uninterrupted demand shall be billed, as liquidated damages and not as a penalty, at a rate equal to three (3) times the Tariff I.P.

Transmission Service Minimum Demand Charge for that billing month. The uninterrupted demand will be calculated as the difference between the maximum 15-minute integrated demand during each Mandatory Interruption and the Customer's Calculated Firm Service Capacity, but not less than zero (0).

5.6 The Customer's Calculated Firm Service Capacity for each interruption period shall be the greater of either the average of the demand in each of four full 15-minute intervals immediately preceding the first interruption period of the day or the highest average of the demand in the four full 15-minute intervals in each clock hour during the On-Peak billing period for the preceding On-Peak day less the Interruptible Service Capacity Reservation. In no event, shall the Calculated Firm Service Capacity be less than zero (0).

5.7 If the Customer fails to interrupt load as requested by the Company during a Mandatory Interruption, the Company further reserves the right to (a) interrupt the Customer's interruptible load, and (b) discontinue service to the Customer under this Contract if the Customer fails to interrupt load twice during any 12-month period as requested by the Company. The Company may thereafter charge the Customer, as specified in Article 13.4 of this Contract, for any additional costs beyond the firm service rate incurred by the Company as a result of the Customer transferring to firm service without providing proper notice.

5.8 The Customer agrees to comply with any RTO requirements for testing of interruptible load. The RTO's current requirements provide for a one hour test curtailment on a weekday between Noon and 8 P.M. during the months of June through September, excluding the Fourth of July and Labor Day. The Company will endeavor to

provide the Customer advance notice of any tests scheduled, to the extent permitted by the RTO Tariff. If the Customer fails to interrupt load during a test curtailment, the Company reserves the right to require an additional test curtailment. If the Customer fails to interrupt load during two or more test curtailments during any 12-month period, the Company reserves the right to discontinue service to the Customer under this Contract.

5.9 The Customer shall own and maintain all computer hardware and communication equipment required to meet the specifications of the Customer Communications System. Computer hardware shall include any communications equipment required between the Customer's computer(s) and the Company's metering and/or central computer. All commercially available software installed on the Customer's hardware associated with the Customer Communications System will be provided by the Customer. Any AEP proprietary software will be provided by AEP and AEP will maintain exclusive rights to maintain and distribute this software. This software may not be duplicated or distributed by the Customer or used for any other purpose. All additional or ongoing charges for software and or communication services will be the Customer's responsibility.

5.10 No responsibility or liability of any kind shall attach to or be incurred by the Company for, or on account of, any loss, cost, expense or damage caused by or resulting from, either directly or indirectly, any interruption or curtailment of service under this Article and/or Article 15.

ARTICLE 6

BUY-THROUGH ENERGY

6.1 The Customer may, at its option, request the Company to reasonably attempt to minimize the frequency and duration of interruption hereunder by purchasing power from other sources during periods of Discretionary Interruption. When the Company is successful in making such purchases, the Customer agrees to pay, in lieu of the Energy Charge as specified in Article 10.1, the product of the hourly price for such purchases, determined solely by the Company, and the actual Buy-Through Energy used by the Customer.

6.2 The hourly price of Buy-Through Energy shall be the hourly price offered by the Company. The hourly price offered by the Company shall be the Company's projection of all-in market costs plus the Company's administrative costs of [REDACTED] per kWh. The hourly price includes the hourly market price, all applicable hourly transmission-related charges from the Company's transmission provider, and all charges for ancillary services.

6.3 The Company reserves the right to interrupt the sale of Buy-Through Energy to the Customer, if Buy-Through Energy is no longer available due to operating conditions on the AEP System. If such interruption is necessary, Customer shall comply with all other Contract provisions regarding interruption.

ARTICLE 7

DETERMINATION OF MONTHLY BILLING ENERGY

7.1 The Power Factor Correction Constant (PFCC) shall be calculated to the nearest 0.0001 by the following formula:

$$PFCC = 0.9510 + \left[0.1275 \left[\frac{\text{Monthly Reactive Energy}}{\text{Monthly Energy}} \right]^2 \right]$$

7.2 Monthly Energy shall be measured as the total kWh registered by an energy meter or meters during the month.

7.3 Monthly Reactive Energy shall be measured as the sum of the absolute values of the lagging RKVAH and leading RKVAH registered by leading and lagging reactive energy meters during the month.

7.4 Monthly Billing Energy shall be the product of the Monthly Energy, excluding energy purchased under the provisions of Article 6 and the PFCC.

7.5 First Block Billing Energy shall be the lesser of (1) Monthly Billing Energy or (2) Monthly Billing Demand times 410.

7.6 Second Block Billing Energy shall be the greater of (1) Monthly Billing Energy less First Block Billing Energy or (2) Zero (0).

ARTICLE 8

DETERMINATION OF MONTHLY BILLING DEMAND

8.1 The Monthly Billing Demand in kVA shall be taken each month as the single highest 15-minute integrated peak demand in kVA (excluding demands recorded under the provisions of Article 6 of this Contract), as registered during the month by a demand meter or indicator, subject to Article 8.2, but the Monthly Billing Demand so established shall, in no event be less than 60% of the greater of: (a) the Customer's Capacity Reservation for the On-Peak Period specified in Article 4.1 or (b) the Customer's highest previously established Monthly Billing Demand during the past 11 months.

8.2 Demand created during the off-peak billing period shall be disregarded for billing purposes provided that the Monthly Billing Demand shall not be less than 60% of the maximum demand created during the billing month nor less than 60% of either (a) the Capacity Reservation for the On-Peak Period specified in Article 4.1, or (b) the Customer's highest previously established Monthly Billing Demand during the past 11 months.

ARTICLE 9

DETERMINATION OF MONTHLY ON-PEAK LOAD FACTOR

9.1 Interruptible On-Peak kVAh shall be taken as the sum of the demands during the On-Peak Period, as defined in Article 1.1H, excluding demands recorded under the provisions of Article 6, not to exceed the Interruptible Capacity Reservation as specified in Article 4.2 in any 15-minute interval, during the On-Peak Period as defined in Article 1.1H. The Monthly On-Peak Load Factor shall be derived from the following formula, rounded to the nearest 0.0001:

Interruptible On-Peak kVAh

Interruptible Capacity Reservation for the On-Peak Period x number of On-Peak hours

Those hours in which the Company requests an interruption of the Customer's interruptible load shall be excluded in the calculation of the Monthly On-Peak Load Factor.

ARTICLE 10

RATES

10.1 Except as provided for in Article 6, the Customer agrees to pay for all electric service supplied hereunder in accordance with the following provisions:

- A. The Monthly Service Charge shall be equal to the Tariff I.P. Transmission Service Monthly Service Charge.
- B. The Energy Charge for the first 410 kWh per kVA shall be equal to the Tariff I.P. Transmission Service Energy Charge for the first 410 kWh.
- C. The Energy Charge for over 410 kWh per kVA shall be equal to the Tariff I.P. Transmission Service Energy Charge for over 410 kWh per kVA.
- D. The Demand Charge shall be equal to the Tariff I.P. Transmission Service Demand Charge.
- E. The Minimum Demand Charge shall be equal to the Tariff I.P. Transmission Service Minimum Demand Charge.
- F. The Interruptible Demand Credit shall be as specified in Appendix I (which is incorporated herein by reference). The Interruptible Demand Credit shall be established in April of each year to be applicable for the subsequent Interruption Year commencing on June 1 and ending on May 31.
- G. The Fuel Cost Adjustment Rider, Demand-Side Management/Energy Efficiency Program Cost Rider, Off-System Sales Margin Sharing Rider, PJM Cost Rider, Environmental Compliance Cost Rider and Clean Coal Technology Rider shall be equal to those applicable to service under Tariff I.P. and any additional adjustment clauses which may be approved by the Commission in the future.

10.2 The Company will adjust the rates contained in Article 10.1 to reflect changes to the Tariff I.P. Transmission Service Monthly Service, Demand and Energy Charges, as approved by the Commission.

ARTICLE 11

DETERMINATION OF MONTHLY BILL

- 11.1 The Monthly Bill shall be the sum of the following:
- A. The Monthly Service Charge;
 - B. The product of the First Block Billing Energy and the Energy Charge for the first 410 kWh per kVA;
 - C. The product of the Second Block Billing Energy and the Energy Charge for over 410 kWh per kVA;
 - D. The product of the Monthly Billing Demand and the Demand Charge;
 - E. The product of the Interruptible Capacity Reservation, the Monthly On-Peak Load Factor and the Interruptible Demand Credit;
 - F. Any charges specified in Articles 5.3 and 5.7 resulting from the failure of the Customer to interrupt load when requested by the Company;
 - G. Charges for Buy-Through Energy purchased by the Customer according to the provisions of Article 6;
 - H. The product of the Monthly Billing Energy and the Fuel Cost Adjustment Rider, the Demand-Side Management/Energy Efficiency Program Cost Rider, the Off-System Sales Margin Sharing Rider, PJM Cost Rider, the Environmental Compliance Cost Rider and the Clean Coal Technology

Rider and any additional adjustment clauses which may be approved by the Commission in the future;

- I. The product of the Backup Service Reservation Rate and the Annual Backup Service Reservation; and
- J. Any applicable taxes and/or assessments.

11.2 Service under this Contract is subject to a monthly Minimum Charge equal to the sum of the Monthly Service Charge, the product of the Monthly Billing Demand and the Minimum Demand Charge, and the charges pursuant to Articles 11.1.E, 11.1.F, 11.1.G, 11.1.H, 11.1 I and 11.1.J.

ARTICLE 12

BILLING AND PAYMENT

12.1 All bills under this Contract shall be rendered and due monthly. If not paid within seventeen (17) days after the bill is mailed, there shall be added to such bills a Delayed Payment Charge equal to three percent (3%) of the amount of the bill.

12.2 If the Customer disputes the accuracy of a Monthly Bill, timely payment of the Monthly Bill, as rendered, shall be made, unless the Company expressly waives payment of the disputed portion of the bill pending resolution of the dispute. Such payment or waiver of a disputed Monthly Bill shall not indicate the Customer's or Company's acceptance thereof. The Parties shall use their best efforts to resolve the dispute and shall make such adjustment, if any, by credit or additional charge on the next Monthly Bill rendered. If it is determined that a credit is due to the Customer of the disputed amount timely paid by the Customer, and if that credit is not made on the next

Monthly Bill rendered, then the Company shall include interest on the amount of the credit calculated at the rate of six percent (6%) per annum, accrued from the date of payment until the date the credit is included in the Customer's Monthly Bill. The existence of a dispute as to any Monthly Bill shall not relieve either Party of compliance with the terms of this Contract. Other than as required by law or regulatory action, Monthly Bill adjustments must be made within twelve (12) months of the rendering of the initial Monthly Bill.

12.3 If the Customer fails or refuses to pay the Monthly Bill rendered by the Company in accordance with the provisions of this Contract, the Company may, after fourteen (14) days' written notice, suspend the delivery of capacity and energy under this Contract to the Customer until all Monthly Bills, together with the Delayed Payment Charge as computed under the provisions of Article 12.1, shall have been paid. Any such suspension of delivery of capacity and energy to the Customer shall not relieve the Customer from liability to continue the payment of the Monthly Minimum Charge hereunder and shall not terminate this Contract.

ARTICLE 13

EFFECTIVE DATE AND TERM OF CONTRACT

13.1 The effective date of this Contract shall be January 1, 2011.

13.2 The initial term of this Contract shall be for five (5) years. The initial term shall commence on the effective date of this Contract as established under Article 13.1.

13.3 This Contract shall remain in effect, after the initial term, until either Party shall give the other not less than one (1) year's written notice of its intention to discontinue service under this Contract.

13.4 Notwithstanding the notice to discontinue taking service under this Contract as specified in Article 13.3, two (2) years' notice from the Customer to the Company is required to transfer to firm service. Such notice may be provided by the Customer at any time following the effective date of this Contract. The Customer may transfer to firm service with less than two (2) years' notice, upon mutual agreement between the Customer and the Company, subject to the following conditions:

- A. If the Company has sufficient capacity to provide the Customer firm service and would incur no additional costs beyond the Tariff I.P. rate until after the two (2) year notice requirement is fulfilled, the Customer will be billed under Tariff I.P..
- B. If the Company does not have sufficient capacity to provide the Customer firm service prior to the expiration of the notice period, the Customer will be billed under Tariff I.P. plus all additional costs incurred by the Company in obtaining power from alternative electricity suppliers in order to provide firm service to the Customer.
- C. Concurrent with providing said notice to transfer to firm service, the Customer will enter into a firm service contract or agreement that will become effective at the end of the notice period.

13.5 Notwithstanding the provisions in 13.2, if open access to other electric providers becomes available to Customer through federal, state or other governmental authorities legislative, judicial or administrative changes relating to electrical service in the State of Indiana, or if changes in state or federal law or regulations make it, in the sole judgment of the Customer, economically unfeasible for Customer to continue owning its own electric generating facilities then this Contract may be terminated upon 120 days written notice to the Company.

ARTICLE 14

BACKUP SERVICE

14.1 The Customer agrees to make every effort to avoid the need for generation backup service from the Company. The Customer has installed a computerized load control system that in the event of a forced outage of the Customer's generation system, Customer's other generators will be automatically started to replace the lost generation or, automatic load shedding will be implemented. In the event that the Customer's computerized load control system fails, causing the Customer to take Backup Service from the Company, the Company agrees to determine the Customer billing demand as specified in Article 8. The Customer agrees to notify the Company in writing within five working days of the event, detailing the computerized load control system failure, including the corrective action the Customer has taken to avoid a second failure.

14.2 Articles 14.3 through 14.10 and 11.1 (I) of this Contract shall apply beginning with the first billing period following the occurrence of any of the following events: 1) the Customer's computerized load control system fails a second time during a twelve (12) consecutive month period, 2) the Customer elects to disable its computerized load control system, 3) the Customer fails to provide the notification in writing as

specified in Article 14.1, or 4) the Customer takes Backup Service for any reason other than the failure of the Customer's computerized load control system.

14.3 It is further agreed the Company will supply to the Customer capacity and energy (Backup) in excess of the Capacity Reservation as designated in Article 4 in the event the Customer's generators are unavailable due to forced outages. In accordance with the Company's Terms and Conditions of Service applicable to Tariff I.P. which are from time to time amended or supplemented and as regularly filed with the Commission and the following additional terms and conditions:

- A. The designated Annual Backup Service Reservation is 3,000 kVA and is available for a maximum of 438 hours per backup year. A backup year is a period of twelve (12) consecutive months following the establishment of or a change in the Annual Backup Service Reservation.
- B. The Customer may change the Annual Backup Service Reservation at the end of any backup year by providing the Company with not less than six (6) months written notice. All changes in the Annual Backup Service Reservation shall be effective at the beginning of a backup year. Such notice shall include the effective date of the change and the amount to the nearest one hundred (100) kVA, not to exceed the Customer's maximum Annual Backup Service requirements during forced outages. Such change shall be subject to the consent and acceptance of the Company. Such consent shall not be unreasonably withheld. Upon receipt of such notice of reservation, the Company shall, within sixty (60) days, either consent to and accept such change in writing or inform the Customer of any conditions or limitations related to such reservation. Such conditions and limitations may include, but are not limited to, the available capacity of the Company's transmission and related facilities, the possibility of

causing any undue interference with the Company's obligations to provide service to any of its other customers and the extent to which such Backup Service will impose a burden on the Company's system or any system interconnected with the Company.

- C. The designated Annual Backup Service Reservation as specified in Article 14.3 (A) shall automatically be increased in subsequent billing months by the amount of the Monthly Billing Demand, due to an unplanned outage of the Customer's generators, which exceeds the total of the Capacity Reservation and the current designated Annual Backup Service Reservation to the amount to the nearest one hundred (100) kVA.

14.4 Whenever Backup Service is needed, the Customer shall verbally notify the Company within one (1) hour and shall specify the kVA amount of Backup Service required. Such notification shall be confirmed in writing within five (5) working days and shall specify the kVA amount, time and date such use commenced and terminated. If such verbal and written notification as specified above is not received, the Backup Service load shall be considered as firm load in the determination of the billing demand for that month.

14.5 Backup Service shall not be provided during hours of interruption as specified under the provisions of Articles 5 and 6 of this Contract.

14.6 During any hour when Backup Service is supplied to the Customer for use during forced outages of the Customer's electric generation units, the Customer's metered demands shall be adjusted by subtracting the amount of Backup Service supplied by the Company. The maximum adjusted metered demand shall be used in the determination of the monthly billing demand.

14.7 Whenever the maximum metered 15-minute demand at any time during the billing period exceeds the total of the Capacity Reservation as designated in Article

4.1 and the specific request for Backup Service, the excess demand shall be considered as firm load in the determination of the Monthly Billing Demand for that month.

14.8 The adjusted demand as defined in Articles 14.6 and 14.7 shall not be less than zero (0).

14.9 In addition to the monthly charges established in this Contract, the Customer shall pay the Company a monthly Backup Service charge equal to the Annual Backup Service Reservation times the Backup Service Reservation Rate. The Backup Service Reservation Rate shall initially be set at \$0.93 per kVA and is subject to change annually on the anniversary date of this Contract provided that the Company has given six (6) months written notice to the Customer of the new rate.

14.10 Whenever the allowed outage hours are exceeded, as defined in Article 14.3, the Customer's metered demands, unadjusted for Backup Service, shall be used for billing purposes for the remainder of the calendar year.

ARTICLE 15

SERVICE CONDITIONS

15.1 Each Party shall exercise reasonable care to maintain and operate, or to cause to be maintained and operated, their respective facilities in accordance with good engineering practices.

15.2 To the extent not specifically modified by this Contract, the Company's Terms and Conditions of Service, as regularly filed with the Commission, are incorporated herein by reference and made a part hereof. The Customer acknowledges receipt of the currently approved Terms and Conditions of Service. In the event of a conflict between the provisions of this Contract and the provisions of the Company's Terms and Conditions of Service, the provisions of this Contract shall control.

15.3 In addition to the interruptibility provisions set forth in Article 5, any service being provided under this Contract may be interrupted or reduced (a) by operation of equipment installed for power system protection, (b) after adequate notice to and consultation with the Customer for routine installation, maintenance, inspection, repairs, or replacement of equipment or (c) when, in the Company's sole judgment, such action is necessary to preserve the integrity of, or to prevent or limit any instability or material disturbance on, or to avoid a burden on, its electric system or an interconnected system.

15.4 The Company reserves the right to disconnect from its system the Customer's conductors or apparatus without notice when, in the exercise of reasonable care, the Company determines that it is necessary in the interest of preserving or protecting life and/or property.

15.5 The Customer's substation shall not be connected to any source of electric power other than the Delivery Point described in Article 2, without written notice and mutual agreement between the Parties. The Company consents to the operation by the Customer, of electric generation units owned and operated by Customer in parallel with the Company's system at the location designated in Article 2.2. Company's consent is contingent upon the Customer installing, operating, and maintaining suitable and sufficient equipment, as reasonably specified by the Company, to protect the Customer's facilities and the Company's system from damages resulting from such parallel operation and upon receipt of any and all required regulatory approvals. Customer agrees that the Company shall not be liable to the Customer for any loss, cost, damage, or expense which the Customer may suffer by reason of damage to or destruction of any property, including the loss of use thereof, arising out of or in any manner connected with such parallel operation.

15.6 The Company will have the right of access at the Delivery Point, at all reasonable times, for the purposes of reading meters or installing, maintaining, changing or removing any property it owns or for any other proper purpose required to carry out the provisions of this Contract.

15.7 The Customer shall promptly notify the Company of any impairment of or defect in the Company's service that significantly disrupts the Customer's operations, and the Customer shall confirm such notice in writing within a reasonable time frame under the circumstances but not to exceed three (3) business days. The Company shall not be liable for any loss, injury or damage which could have been prevented by timely notice of a defect or impairment of service.

15.8 The Customer shall notify the Company in advance of any changes to be made to the Customer's plant that have the potential of materially affecting the Company's system.

ARTICLE 16

METERING

16.1 Electric power and energy delivered under this Contract shall be measured by metering equipment owned, installed, operated and maintained by the Company. The Company shall install, operate and maintain equipment required to provide the Company with remote telephone interrogation of metering data from metering equipment, except for required telephone communication connections. Detents shall be used on the metering, if necessary, to prevent reverse rotation. The Customer shall be responsible for

all costs associated with the modification of metering equipment and all equipment required for remote interrogation.

16.2 The Customer shall provide and maintain a dedicated telephone communication connection at the metering location as defined in Article 3.1. Such telephone communication connection shall be available for the use by Company at all times. The Customer shall be responsible for all initial and ongoing costs associated with providing this telephone communication connection.

16.3 Any Party on whose property another Party's equipment is to be located under this Contract shall furnish suitable space without cost to the owning Party. All such equipment shall retain its character as personal property of the owner regardless of its method of attachment to any other property, and authorized representatives of the owner shall have access thereto at all reasonable times. Upon termination of this Contract, all such equipment shall be removed by its owner from the premises on which it is located.

16.4 The Company shall at all times have the right to inspect and test meters and, if found defective, to repair or replace them at its option. Meters shall be tested periodically in accordance with the Rules and Standards of Service prescribed by the Commission. At the Customer's request, the Company shall inspect and test such meters once each calendar year, at the expense of the Company. If the Customer shall request a test of such meters more frequently than once each calendar year, the Customer shall bear the expense of such additional test, except that if the meters are found to be inaccurate in excess of the standard prescribed by the Commission, the Company shall bear the expense of such test.

16.5 If any test of metering equipment discloses an inaccuracy greater than permitted under Commission standards, the Customer's account shall be adjusted in accordance with the Rules and Standards of Service prescribed by the Commission. The current Commission standards are not to exceed three percent (3%), for watt-hour meters and four percent (4%) for demand meters.

16.6 The Company shall repair and re-test or replace a defective meter within a reasonable amount of time.

16.7 Should any metering equipment fail to register, the amounts of energy and capacity delivered shall be estimated based upon use of energy and/or demand for power in a similar period of like use or other data available to the Company.

ARTICLE 17

REGULATORY AUTHORITIES

17.1 The Parties hereto recognize that this Contract is subject to the jurisdiction of the Commission, and is also subject to such lawful action, as any regulatory authority having jurisdiction shall take hereafter with respect thereto. The performance of any obligation of either Party hereto shall be subject to the receipt from time to time as required of such authorizations, approvals or actions of regulatory authorities having jurisdiction as shall be required by law.

17.2 The Company and the Customer agree that this Contract reflects the steps required to insure adequate service to the Customer and that the Company will file this Contract with the Commission. This Contract is expressly conditioned upon Commission acceptance without change or condition. In the event that the Commission does not

accept this Contract without change or condition, then this Contract shall not become effective, unless the Parties agree otherwise in writing, it being the intent of the Parties that such findings, without change or condition, are prerequisite to the validity of this Contract.

17.3 The Parties agree to use their best efforts to seek and obtain the prompt approval of this Contract by the Commission.

17.4 The Parties expressly agree and understand that the Commission has jurisdiction over the rates and charges contained herein.

ARTICLE 18

GENERAL

18.1 Any waiver at anytime of any rights as to any default or other matter arising hereunder shall not be deemed a waiver as to any subsequent default or matter. Any delay, short of the statutory period of limitation, in asserting or enforcing any right hereunder shall not be deemed a waiver of such right.

18.2 In the event that any of the provisions, or portions thereof, of this Contract is held to be unenforceable or invalid by any court of competent jurisdiction, the validity and enforceability of the remaining provisions, or portions thereof, shall not be affected thereby.

18.3 All terms and stipulations made or agreed to regarding the subject matter of this Contract are completely expressed and merged in this Contract, and no previous promises, representations or agreements made by the Company's or the Customer's

officers or agents shall be binding on either Party unless contained herein, except as provided in Article 15.2.

18.4 The Parties agree that the terms and conditions of this Contract, including, but not limited to, the Rates set forth in Article 10, shall be treated as confidential and shall be reasonably protected from disclosure.

18.5 The rights and remedies granted under this Contract shall not be exclusive rights and remedies but shall be in addition to all other rights and remedies available at law or in equity.

18.6 The validity and meaning of this Contract shall be governed by the laws of the State of Indiana.

18.7 Should the Customer desire to provide and be capable of providing demand response which meets the requirements of an RTO Demand Response program other than the current Emergency and Economic programs, the Parties agree to meet and discuss the modifications to this Contract necessary to recognize such capabilities. Any such modifications that are agreed upon by the Parties shall be filed with the Commission for approval.

ARTICLE 19

ASSIGNMENT

19.1 This Contract shall inure to the benefit of and be binding upon the successors and assigns of the Parties.

19.2 This Contract shall not be assigned by either Party without the written consent of the other Party. Such consent shall not be unreasonably withheld.

19.3 Any assignment by one Party to this Contract shall not relieve that Party of its financial obligation hereunder unless the other Party to this Contract so consents in writing. Such consent shall not be unreasonably withheld.

ARTICLE 20

LIABILITY

20.1 Neither the Company nor the Customer shall be liable to the other for damages caused by the interruption, suspension, reduction or curtailment of the delivery of electric energy hereunder due to, occasioned by or in consequences of, any of the following causes or contingencies, viz: acts of God, the elements, storms, hurricanes, tornadoes, cyclones, sleet, floods, backwaters caused by floods, lightning, earthquakes, landslides, washouts or other revulsions of nature, epidemics, accidents, fires, failures of facilities, collisions, explosions, strikes, lockouts, differences with workers and other labor disturbances, vandalism, sabotage, riots, inability to secure railcars, coal, fuel, or other materials, supplies or equipment from usual sources, breakage or failure of machinery, generating equipment, electrical lines or equipment, wars, insurrections, blockades, acts of public enemy, arrests and restraints of rulers and people, civil disturbances, acts or restraints of federal, state or other governmental authorities, and any other causes or contingencies not within the control of the Party whose performance is interfered with, whether of the kind herein enumerated or otherwise. Settlement of strikes and lockouts shall be wholly within the discretion of the Party having the difficulty. Such causes or contingencies affecting performance shall not relieve the Company or Customer of liability in the event of its concurring negligence or in the event

of failure of either to use reasonable means to remedy the situation and remove the cause in an adequate manner and with reasonable dispatch, nor shall such causes, or contingencies of any thereof, relieve either from its obligation to pay amounts due hereunder.

20.2 The Company assumes no responsibility of any kind with respect to construction, maintenance or operation of the electric facilities or other property owned or used by the Customer and shall not be liable for any loss, injury (including death), damage to or destruction of property (including loss of use thereof) arising out of such installation, maintenance or operation or out of any use by the Customer or others, of said energy and/or capacity provided by the Company except to the extent such damage or injury shall be caused by the negligence or willful misconduct of the Company, its agents, or employees.

20.3 To the extent permitted by law, the Customer shall protect, defend, indemnify, and hold harmless the Company from and against any losses, liabilities, costs, expenses, suits, actions, claims, and all other obligations and proceedings whatsoever, including without limitation, all judgments rendered against and all fines and penalties imposed upon the Company, and any reasonable attorneys' fees and other costs of defense arising out of injuries to persons, including death, or damage to third-party property, to the extent caused by, or occurring in connection with any willful or negligent act or omission of the Customer, its employees, agents or contractors, or which are due to or arise out of defective electrical equipment belonging to the Customer. The Company shall not be liable for any indirect, special, incidental or consequential damages, including loss of profits due to business interruptions or otherwise, in connection with

this Contract. To the extent permitted by law, the Company shall protect, defend, indemnify, and hold harmless the Customer from and against any losses, liabilities, costs, expense, suits, actions, claims and other obligations whatsoever, including, without limitation, all judgments rendered against and all fines and penalties imposed upon the Customer, any reasonable attorneys' fees and other costs of defense arising out of injuries to persons including death, or damages to third-party property, to the extent caused by or occurring in connection with any willful or negligent act or omission of the Company, its employees, agents or contractors.

20.4 Any indemnifications of the Parties or any limitation of the Parties' liability which is made or granted under this Contract shall to the same extent apply to the Party's directors, officers, employees and agents, and to the Party's affiliated companies, including any directors, officers, employees and agents thereof.

IN WITNESS WHEREOF, the Parties hereto have caused this Contract to be duly executed the day and year first above written.

**INDIANA MICHIGAN POWER
COMPANY**

UNIVERSITY OF NOTRE DAME

By Barry O. Ward

By John Affley

Title Dir. Cust. Services & O&M

Title EXECUTIVE VICE PRESIDENT

Date 9-9-11

Date 8/24/11

APPENDIX I

Calculation of Interruptible Demand Credit

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