



An AEP Company

BOUNDLESS ENERGY™

INDIANA MICHIGAN POWER COMPANY  
INDIANA UTILITY REGULATORY COMMISSION  
GAO 2017-3: BACKUP, MAINTENANCE, AND SUPPLEMENTAL POWER

GAO 2017-3: 1-01

REQUEST

For the purposes of this information request, "identified services" are the supplemental or backup power of Ind. Code § 8-1-2.4-4(a)(2) and the backup, maintenance, and supplementary power of Ind. Code § 8-1-2.4-(6)(e).

Please identify your suite of tariffs that provide for the provision of the identified services.

RESPONSE

I&M's Indiana retail tariffs and terms and conditions of service provide a number of options for standby services for both large and small customers. A copy of the tariffs referenced in I&M's response are provided.

For customers with generation facilities of less than 100 kW, the Company provides for standby service under its Tariff COGEN/SPP (Cogeneration and/or Small Power Production Service). In addition, certain eligible customers may qualify for standby service under the Rider NMS (Net Metering Service Rider) and the otherwise applicable standard service tariff. For its larger customer generators, I&M provides for standby services upon request by special agreement or under the otherwise applicable standard service tariff, including the provisions of the Special Terms and Conditions. These services are explained in further detail in the Company's response to Questions 2 through 4.



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GAO 2017-3: 1-02

REQUEST

For the purposes of this information request, "identified services" are the supplemental or backup power of Ind. Code § 8-1-2.4-4(a)(2) and the backup, maintenance, and supplementary power of Ind. Code § 8-1-2.4-(6)(e).

Please explain how these tariffs work together to provide for the provision of the identified services.

RESPONSE

In general, customers have more than one option for receiving backup and maintenance service, while all supplemental service is generally provided at the otherwise applicable standard service tariff. For example, a large customer generator may take supplemental service under Tariff I.P. (Industrial Power), and receive backup and maintenance service under a Commission-approved special agreement. Alternatively, that same customer could elect to receive backup and maintenance service under the Special Terms and Conditions provision of Tariff I.P.

Specific Tariff and Rider Options are as provided below.

**Tariff COGEN / SPP** is available to customers with cogeneration and/or small power production facilities which qualify under Section 210 of the Public Utilities Regulatory Policies Act of 1978 and have a total design capacity of 100 kW or less. Customer facilities are required to be designed to operate properly in parallel with the Company's system without adversely affecting the operation of equipment and services of the Company and its customers and without presenting safety hazards to the Company and customer personnel. There are three options available to customers who are eligible to participate under this tariff.

Option 1 - The customer does not sell any energy or capacity to the Company and purchases from the Company its net load requirements, as determined by appropriate meters located at one delivery point.

Option 2 - The customer sells to the Company the energy and average on-peak capacity produced by the customer's qualifying COGEN/SPP facilities in excess of the customer's total load and purchases from the Company its net load

requirements, as determined by appropriate meters located at one delivery point.

Option 3 - The customer sells to the Company the total energy and average on-peak capacity produced by the customer's qualifying COGEN/SPP facilities while simultaneously purchasing from the Company its total load requirements, as determined by appropriate meters located at one delivery point.

Billing under this tariff consist of charges for delivery of electrical energy and capacity from the Company to the customer to supply the customer's net or total load according to the rate schedule appropriate for the customer, plus charges to cover additional costs due to COGEN/SPP facilities as specified, less credits for excess or total electrical energy and capacity produced by the customer's qualifying COGEN/SPP facilities as specified.

**Rider NMS** is available to customers who own and operate an eligible net metering renewable energy resource such as solar photovoltaic, wind, bio-mass or hydro electrical generating facility designed to operate in parallel with the Company's system. Customers served under this rider must also take service from the Company under the otherwise applicable standard service tariff. The generation source must have a nameplate capacity or 1 MW or less, must be owned by the customer and must be located on the customer premise. Metering is installed to provide the "net" use of the customer from the Company and be billed accordingly. Under this rider, the Company service is being used to supplement the customer owned renewable energy source.

Monthly charges for energy, and demand where applicable, to serve the customer's net or total load shall be determined according to the Company's standard service tariff under which the customer would otherwise be served, absent the customer's eligible net metering facility. Energy charges under the customer's standard tariff shall be applied to the customer's net energy for the billing period to the extent that the net energy exceeds zero. If the customer's net energy is zero or negative during the billing period, the customer shall pay only the non-energy usage portions of the standard tariff bill. If the customer's net energy is negative during a billing period, the net metering customer shall be credited in the next billing period for the kWh difference. When the net metering customer elects to no longer take service under this Net Metering Service Rider, any unused credit shall revert to the Company.

**Other Sources of Energy** provision falls under the Special Terms and Conditions of Service for Tariffs G.S. (General Service), L.G.S. (Large General Service), I.P. (Industrial Power) and W.S.S. (Water and Sewage Service). These tariffs are available to customers having other sources of energy supply who purchase standby or backup service from the Company. Where such conditions

exist, the customer will contract for the maximum amount of demand in kVA which the Company might be required to furnish, with minimum thresholds determined by the specific tariff. The Company is not obligated to supply demands in excess of that contracted for. Where service is supplied under this provision, the billing demand each month will be the highest determined for the current and previous two billing periods. Minimum monthly charges apply.

**Special Contracts** are another way a customer can secure backup, maintenance or supplemental power rates by the Company.



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GAO 2017-3: 1-03

REQUEST

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Please provide the extent to which the identified services are being used by customers, and any available information regarding customers who considered but did not pursue using them.

RESPONSE

**Tariff COGEN / SPP**

I&M currently has 1 Residential Co-Gen customer and 6 General Service Co-Gen customers

**Rider NMS**

I&M currently has 284 customers on Tariff NMS. Recent legislation places a cap on Tariff NMS customers of 1.5% of the utility's most recent summer peak. Carve-outs for Residential, Biomass and "All Other" have been designated in the amounts of 40%, 15% and 45% of the 1.5% cap, respectively. I&M's 284 customers represent 12% of the Residential, 0% of the biomass and 55% of the "All Other" carve-out caps.

**Other Sources of Energy**

I&M currently has one customer utilizing the "other sources of energy provision". The same customer previously received standby services by special agreements approved by the Commission in Cause No. 39314.

**Special Contracts**

I&M currently has one customer with a special contract under the CSIRP2 Tariff that has its own generation source and is utilizing I&M service to supplement and back up its own generation.



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GAO 2017-3: 1-04

REQUEST

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Please describe, and provide supporting cost-of-service level documentation in sufficient detail to foster a review of, the extent to which the rates for the identified services are cost based, nondiscriminatory, and do not result in subsidization

RESPONSE

In general, since supplemental power is provided at the otherwise applicable standard service rate, customers receive such service at the same rates and charges as all other customers. Those rates are cost-based, Commission-approved rates applicable based upon the load characteristics of the customers. Backup and maintenance service can be provided under a cost-based, nondiscriminatory special agreement upon approval by the Commission. The design of a cost-based backup rate is provided as Attachment A. While the Company has not had a customer elect a special agreement for maintenance service, the design of a cost-based maintenance rate is provided as Attachment B. Alternatively, a customer may elect to take backup and maintenance service under the standard service tariff and special terms and conditions provision, which recognizes the unique spiking nature of customer generator outages.

For customers eligible for Rider NMS, the Company is required by 170 IAC 4-4.2-7(1) to offer backup and maintenance service at the otherwise applicable standard service tariff rates.

For customers eligible for Tariff COGEN/SPP, there is both a special agreement option and a cost-based rate option for backup and maintenance service. The design of the current rate is provided as Attachment C.