

**RATE 845
RATE FOR ELECTRIC SERVICE
INDUSTRIAL FIRM INCREMENTAL
POWER SERVICE**

No. 1 of 9 Sheets

TO WHOM AVAILABLE

This is an Experimental Rate, available to INDUSTRIAL customers whose plants are located adjacent to existing electric transmission facilities having capacity sufficient to meet the Customer' requirements.

The Customer shall contract for a definite amount of electrical capacity which shall be not less than 5,000 kilowatts.

CHARACTER OF SERVICE

Customers electing service under this Rate Schedule acknowledge the Company shall not be obligated to supply firm power service for the capacity contracted for under this Rate Schedule.

The Company will make every effort to supply the energy requirements for the Customers under this Rate Schedule, either from Company generation or from other energy suppliers.

AT ALL TIMES, the price and availability of energy provided under this rate schedule shall be incremental to all other energy provided by the Company.

The Company will supply a primary metered transmission service to the extent of the capacity available from its electric supply lines, at such frequency, phase, regulation and voltage as it has available at the location where service is required.

The Customer, at its own expense, shall furnish, supply, install and maintain, beginning at the point of delivery all necessary equipment for transmitting, protecting, switching, transforming, converting, regulating, and utilizing said electrical energy on the premises of the Customer.

The Customer will also supply in accordance with plans and specifications furnished by the Company and at a mutually agreed upon location on the Customer's property, suitable buildings, structures, and foundations to house and support the metering and any protecting, switching, or relaying equipment that may be supplied by the Company.

If the Customer has 60 Hertz electric generating equipment existing as of the effective date of this Rate Schedule, other than minor standby equipment for emergency use, the Customer may parallel its 60 Hertz system with the Company's 60 Hertz supply. For this existing generation synchronized to the Company's electric system, Company will continue to supply reserves to meet the East Central Area Reliability Council (ECAR) and the North American Electric Reliability Council (NERC) requirements. The Customer shall so regulate its use of electric energy as not to cause excessive pulsations or fluctuations in the current or voltage in the Company's system.

Issued Date

Issued By

Effective Date

May 12, 1995

Gary L. Neale
Chairman, President and Chief Executive Officer
Hammond, Indiana

May 4, 1995

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No. 2 of 9 Sheets

HOURS OF SERVICE

Off-Peak hours of service shall be determined by the Company, who will by written notice select the periods of time to be included in the Off-Peak Period, which periods of time shall not be less than a total of nine (9) consecutive hours or more than a total of sixteen (16) consecutive hours during any weekday, Monday through Friday, not less than nine (9) hours on Saturday, and twenty-four (24) hours on Sunday, New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day. The Off-Peak periods of time so selected by the Company shall not begin earlier than 7:00 p.m. Central Standard Time (C.S.T.) and shall not end later than 11:00 a.m. C.S.T.

On-Peak hours are all other hours.

CHARGES

Rates charged for service rendered under this schedule are based upon the measurement of electric energy at the voltage supplied to the Customer.

Customer Charge

The monthly customer charge shall be \$10,000.00.

Demand Charge

The Demand Charge per kilowatt of Billing Demand shall be as follows:

Demand Charge Per Kilowatt At Delivery Voltage of:		
<u>138,000</u>	<u>69,000</u>	<u>34,500</u>
\$9.50	\$9.90	\$10.15

Energy Charge

An hourly energy supply cost charge applied to all kWh used during the month shall be based on the average cost of the resources required to serve the hourly loads under this Rate Schedule determined as follows:

1. For energy supplied by Company generation, the hourly supply cost shall be based on the average cost of fuel for the generating unit(s) identified as serving the load under this Rate Schedule.

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POWER SERVICE**

No. 3 of 9 Sheets

CHARGES (continued)

Energy Charge (continued)

2. For energy supplied by purchased power, the hourly supply cost charge will be the average of the energy charges of purchases made to serve the load under this Rate Schedule plus the applicable portion of the fixed cost of purchases made to supply this service.
3. For all energy supplied under 1 and 2 above there shall be added a charge of ten (10) mills per kWh. However, as of the effective date of this tariff sheet and continuing until Dean H. Mitchell Generating Station is certified by Company to the Commission as returned to service, this charge shall be eight (8) mills per kWh. Upon such certification to the Commission, this reduction shall be null and void and have no further effect.

Energy supplied under this Schedule shall not be subject to the charges provided for under Rule 39 of the Company's Rules and Regulations Applicable to Electric Service.

DETERMINATION OF BILLING DEMAND

The Billing Demand for the month shall be the greatest of the following demands:

1. The maximum half-hour (1/2-hour) On-Peak demand registered for the month.
2. Seventy-five percent (75%) of the contract demand.

MINIMUM MONTHLY BILLING

The minimum monthly billing shall be the billing demand multiplied by the Demand Charge plus the Customer Charge.

DETERMINATION OF MAXIMUM DEMANDS

The Customer's usage of electric energy supplied shall be recorded for each five- (5-) minute interval of the month. The Customer's demand shall be determined for each half-hour (1/2-hour) interval of the month from the recorded data, and said demand in kilowatts for each half-hour (1/2-hour) interval shall be two (2) times the number of kilowatt hours recorded during the six (6) five- (5-) minute intervals beginning on the clock half-hour (1/2-hour). The phrase "five- (5-) minute interval" shall mean each five- (5-) minute period beginning on the numbered clock as indicated by the clock controlling the metering equipment. The phrase "half-hour (1/2-hour) interval" shall mean a thirty- (30-) minute period beginning or ending on a numbered clock hour.

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January 14, 2004

Issued By

Mark T. Maassel
President
Merrillville, Indiana

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No. 4 of 9 Sheets

CUSTOMER LOAD AND COMPANY ENERGY SUPPLY COST FORECASTS

The Customer shall furnish to the Company via electronic communication equipment by 6:00 a.m. C.S.T. each day, a forecast of the Customer's half-hourly (1/2 hourly) loads for the twenty-four (24) hour period beginning at 12:00 noon the subsequent day. In return by 8:00 a.m. C.S.T. each day the Company will provide via electronic communication equipment an estimate of the energy supply cost charge for each hour of the forecast period. In the event a forecast is not received from an individual customer, a separate energy charge based on the Company's marginal energy cost will be used for the hourly loads served to that customer for the day. Additionally, on an hourly basis by approximately one (1) hour after the clock hour the Company shall make available an output from the Company's Electric System Dispatching office (ESDO) computer which will provide the computer derived system total demand and hourly energy cost to a communication circuit provided by the Customer at its sole expense at the Company's ESDO computer. Provided, however, the Company shall, at the conclusion of each month, determine the hourly allocation of resources actually used to serve the hourly loads during the previous month under this Rate Schedule and will bill the Customer on that basis, as set forth in the "CHARGES" paragraph of this Schedule.

OTHER CUSTOMER LOAD INFORMATION

The Customer shall furnish the Company via electronic communication equipment by 8:00 a.m. C.S.T. Friday of each week, a statement of its estimates of the Customer's weekly load by eight (8) hour shift for the succeeding Sunday through Saturday.

RATE ADJUSTMENT

The service provided hereunder will be subject to Rate Adjustment trackers at such time as may be approved by the Indiana Utility Regulatory Commission.

This Rate is also subject to an adjustment for any charges the Company is assessed by ECAR and/or NERC or any agency having jurisdiction relative to existing or future control performance criteria. Such adjustment will be submitted for approval to the appropriate regulatory agency.

CUSTOMER CREDIT ADJUSTMENT FACTOR

The rates and charges contained in this schedule are subject to a Customer Credit Adjustment Factor set forth in accordance with the Final Order of the Indiana Regulatory Commission, issued September 23, 2002, approving the Settlement Agreement in Cause No. 41746. See Appendix C - Sheet 59A, for the applicable Customer Credit percentage.

ENVIRONMENTAL COST RECOVERY MECHANISM FACTOR

The above rates are subject to an Environmental Cost Recovery Mechanism Factor set forth in Rule 47 of the accompanying General Rules and Regulations, in accordance with the Order of the Indiana Utility Regulatory Commission approved November 26, 2002, in Cause No. 42150. The Environmental Cost Recovery Mechanism Factor stated in Appendix D, Sheet No. 59B, is applicable hereto and is issued and effective at the dates shown on Appendix D.

ENVIRONMENTAL EXPENSE RECOVERY MECHANISM FACTOR

The above rates are subject to an Environmental Expense Recovery Mechanism Factor set forth in Rule 48 of the accompanying General Rules and Regulations, in accordance with the Order of the Indiana Utility Regulatory Commission approved November 26, 2002, in Cause No. 42150. The Environmental Expense Recovery Mechanism Factor stated in Appendix E, Sheet No. 59C, is applicable hereto and is issued and effective at the dates shown on Appendix E.

Issued Date

November 26, 2002

Issued By

Daniel D. Gavito

Vice President, Regulatory and Government Policy – Indiana
Merrillville, Indiana

Effective Date

November 26, 2002

**RATE 845
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POWER SERVICE**

No. 5 of 9 Sheets

NOTIFICATION OF CURTAILMENT

The Company shall have the right to curtail the service under this Rate Schedule either partially or totally in the event generation or purchases for this incremental service become unavailable. The Company shall provide at least thirty (30) minutes of advance notice before curtailing service.

If service under this Schedule is taken in conjunction with service under the Company's Firm Rate Schedules 832 or 833, the Temporary Power and Surplus Capacity provisions of said Rate Schedules shall not be available to the Customer.

PENALTY FOR CUSTOMER'S FAILURE TO COMPLY WITH REQUESTED CURTAILMENT

A Customer is deemed to have failed to curtail load when the Customer's current integrated demand, as measured by the meters installed by the Company, has not been reduced within thirty (30) minutes after notification of curtailment.

Demand use in excess of that permitted under "curtailment" shall be subject to \$50.00 per kilowatt penalty per curtailment during the billing period, in addition to normal billing charges, for all electric service taken in excess of contract curtailment limitations.

Excess Demand is defined as that demand (KW) which was contracted for curtailment and was not curtailed upon request.

Current total integrated demand is defined as that amount of electrical energy supplied in the half-hour (1/2 hour) period preceding the request for curtailment, but not to exceed the amount of capacity specified in the contract for firm electric service.

DETERMINATION OF LAGGING REACTIVE KILOVOLT AMPERES

The Customer's requirements in Lagging Reactive Kilovolt Amperes shall be determined for each half-hour (1/2 hour) interval of the month and shall be two (2) times the number of Lagging Kilovolt Amperes recorded during such half-hour (1/2 hour) interval.

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POWER SERVICE**

No. 6 of 9 Sheets

DETERMINATION OF LAGGING POWER FACTOR

The power factor shall be calculated for each half-hour (1/2 hour) interval for the month from the kilowatt-hours "A", as obtained from the metering equipment, and the Lagging Reactive Kilovolt Ampere Hours "B", as defined above, which are used in the same half-hour (1/2 hour) interval, by the following formula:

$$\text{Power Factor} = A \text{ divided by square root of } (A \text{ squared } + B \text{ squared })$$

The Peak Power Factor (PPF) is defined as the Power Factor at the time of the Customer's Maximum On-Peak Demand for the month.

ADJUSTMENT FOR POWER FACTOR

For PPFs of less than 95% lagging, an amount equal to the Maximum On-Peak Demand multiplied by the factor equal to:

$$(\$\text{-Voltage Factor}) \text{ times the square root of } [((1 \text{ divided by the PPF }) \text{ squared } - 1) \text{ minus } ((1 \text{ divided by } 0.95) \text{ squared } - 1)]$$

shall be added to the Customer's bill.

The \$-Voltage Factors are as follows for delivery voltage of:

138,000 -- \$0.39 69,000 -- \$0.60 34,500 -- \$0.51

For PPFs equal to or in excess of 95% lagging, no adjustment shall be made to the Customer's bill.

The Customer shall not operate its system so as to cause or perpetuate a leading power factor. If, however, Customer has a leading power factor during the Off-Peak hours, an additional amount equal to the product of the half-hour (1/2 hour) Off-Peak Maximum Leading Reactive Kilovolt Amperes times \$0.94 shall be added to the Customer's bill.

ADJUSTMENT FOR TAXES

The Customer shall be billed for any increase or decrease in the Indiana Gross Income Tax from the base of 1.15% which applies to the net bill.

When the Indiana Supplemental Corporate Income Tax Rate is increased or decreased from the present base of 4%, the kilowatt demand charge shall be likewise increased or decreased by 1 cent per kilowatt for each 1/2% change in the tax rate.

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No. 7 of 9 Sheets

GENERAL TERMS AND CONDITIONS OF SERVICE

1. Contract

Contracts entered into before December 31, 1995 under this rate schedule shall be made for a term of five (5) years from the date of the Indiana Utility Regulatory Commission approval of this Rate Schedule, during which time the Company shall be the sole supplier of capacity and energy used at Customer's facility, absent the written agreement of the Company to the contrary. The term of any contract entered into after December 31, 1995 will be determined solely by the Company.

In such contract it shall be proper to include such provisions, if any, as may be agreed upon between the Company and the Customer with respect to services to be furnished hereunder, including but not limited to, the electrical capacity to be supplied, voltage to be supplied, facilities to be provided by each party, and provisions for a termination period.

2. Metering

The electric energy to be used under the terms of this schedule shall be measured at the delivery voltage as to maximum demand, use of electric energy and power factor determination, through metering equipment to be located in a building or buildings approved by the Company and furnished by the Customer on the Customer's premises. The Company shall own, furnish and install the necessary metering equipment. All bills, other than bills for the minimum payments, shall be computed from usage data obtained from the metering equipment. The meters installed on the Customer's premises, by the Company under this schedule, shall remain the property of the Company and shall be safely kept and protected by the Customer.

The Company shall, at all times, have the right to inspect and test the metering equipment, and if found to be defective or inaccurate, to repair or replace them at its option; provided that notice shall be given to the Customer before testing the metering equipment so that the Customer may have its representative present, if desired. Any metering equipment tested and found to be not more than one (1) percent inaccurate shall be considered accurate and correct but shall be adjusted to be as nearly correct as possible. If, as a result of any test hereunder, any meter shall be found inaccurate or incorrect in excess of one (1) percent, such metering equipment shall be adjusted to be as nearly correct as possible, and the reading of such meter previously taken shall be corrected accordingly to the percentage of inaccuracy so found, but no such correction shall, without the consent of both parties, extend back beyond one-half of the period

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POWER SERVICE**

No. 8 of 9 Sheets

GENERAL TERMS AND CONDITIONS OF SERVICE (continued)

2. Metering (continued)

between the date of such test and the date of the last prior test showing the meter to be within one (1) percent accurate, nor more than forty-five (45) days, whichever is shorter. The Company shall repair or replace a defective or inaccurate meter within a reasonable time after discovery of such defect or inaccuracy. During the time there is no metering equipment in service or the metering equipment in service is not registering, it shall be assumed that the energy consumed is the same as the daily average for the most recent period of similar operation with respect to usage of energy preceding the time the metering equipment is out of service. The Customer shall also have the right to require a test of such metering equipment at reasonable intervals upon giving notice of its desire to have such test made by the Company.

The properly authorized agents of the Company, displaying the official badge of the Company, shall at all hours have access to said premises for the purpose of examining, repairing, or removing its metering equipment and other property, and delivering notices hereunder, and no one who is not an agent of the Company shall be permitted to handle, remove, or tamper with the same, except in an emergency. In order that only duly qualified agents of the Company may have access to the Company's equipment on the Customer's property, the Company from time to time shall furnish the Customer with a list of the names of the employees or name of the crew foreman, so that the gatekeeper of the Customer will immediately pass those employees so certified.

3. Resale

No energy sold by the Company to the Customer hereunder shall be resold by it or supplied to any other person or corporation without the written consent of the Company.

4. Discontinuance of Service

In addition to its other legal and equitable remedies, the Company shall have the right to cut off and discontinue the supply of electric energy and remove its metering equipment and other property when any bill is in arrears, overdue or in default, or upon violation by the Customer of any of the terms or conditions of the contract.

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POWER SERVICE**

No. 9 of 9 Sheets

GENERAL TERMS AND CONDITIONS OF SERVICE (continued)

5. Curtailments for Emergency Repairs or Line Extensions

The Company reserves the right to interrupt service at any time when necessary to make emergency repairs. For the purpose of making other than emergency repairs or extensions to its lines, the Company reserves the right to cut off the Customer's supply of electric energy for eight (8) consecutive hours on any Sunday, or such other day or days as may be agreed to by the Customer and the Company, provided ten days' (240 hours') notification previous to the hour of cut-off is given the Customer of such intention.

6. Rules and Regulations

The Company's General Rules and Regulations Applicable to Electric Service are applicable to service supplied hereunder.

WHERE AVAILABLE

ALL TERRITORY FURNISHED ELECTRIC SERVICE.

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