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STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF NORTHERN INDIANA PUBLIC)
SERVICE COMPANY FOR APPROVAL OF: (1))
AN ADJUSTMENT TO ITS ELECTRIC SERVICE)
RATES THROUGH ITS ENVIRONMENTAL)
COST RECOVERY MECHANISM FACTOR AND)
ENVIRONMENTAL EXPENSE RECOVERY)
MECHANISM FACTOR PURSUANT TO IND.)
CODE §§ 8-1-2-6.6, 8-2-1-6.8, CH. 8-1-8.7, CH. 8-1-)
8.8 AND 170 IAC 4-6-1, *ET SEQ.* AND THE)
COMMISSION'S ORDERS IN CAUSE NOS. 42150,)
43188, 43969 AND 44012; AND (2))
MODIFICATIONS OF AND REVISED COST)
ESTIMATES RESPECTING CLEAN COAL)
TECHNOLOGY SET FORTH IN ITS ELEVENTH)
PROGRESS REPORT PURSUANT TO THE)
ONGOING REVIEW PROCESS UNDER IND.)
CODE § 8-1-8.7-7 AND APPROVED IN CAUSE)
NOS. 42150, 43188 AND 44012.)

CAUSE NO. 42150 ECR 21

APPROVED:

APR 24 2013

ORDER OF THE COMMISSION ON LESS THAN ALL OF THE ISSUES

Presiding Officers:

Kari A. E. Bennett, Commissioner

Jeffery A. Earl, Administrative Law Judge

On February 1, 2013, Northern Indiana Public Service Company ("Petitioner" or "NIPSCO") filed its Verified Petition in this Cause, seeking the following: (1) an adjustment to its electric service rates through its Environmental Cost Recovery Mechanism ("ECRM") and Environmental Expense Recovery Mechanism ("EERM") factors to reflect costs incurred in connection with the construction of its Qualified Pollution Control Property ("QPCP"); (2) its Eleventh Progress Report; and (3) modifications of and revised cost estimates for Clean Coal Technology ("CCT") under the ongoing review process approved in Cause Nos. 42150, 43188, 43913, and 44012 under Ind. Code Ch. 8-1-8.7. NIPSCO's initial filing included the direct testimony and exhibits of the following: Ronald G. Plantz, Controller for NIPSCO; Kurt W. Sangster, Director, Major Projects for NIPSCO; Derric J. Isensee, Manager, Regulatory Support and Analysis in NIPSCO's Rates and Regulatory Finance Department; and Anthony L. Sayers, General Manager, Generation for NIPSCO.

On February 6, 2013, the NIPSCO Industrial Group ("Industrial Group") filed its Petition to Intervene, which the Presiding Officers granted in a February 14, 2013 Docket Entry. On March 12, 2013, the Indiana Office of Utility Consumer Counselor ("OUCC") prefiled the direct testimony and exhibits of Wes R. Blakley and Cynthia M. Armstrong, both of whom are Senior Utility Analysts in the OUCC's Electric Division.

On March 18, 2013, NIPSCO filed a Motion to Modify Procedural Schedule and for Extension of Time to Prefile Rebuttal Testimony, requesting that the procedural schedule be modified and converted to a bifurcated proceeding to allow the parties to address NIPSCO's request for approval of its Eleventh Progress Report. NIPSCO's request for a modified procedural schedule and bifurcated proceeding was granted at the March 21, 2013 evidentiary hearing.

Following notice given and published as required by law, proof of which was incorporated into the record, the Commission held an Evidentiary Hearing at 9:00 a.m. on March 21, 2013, in Hearing Room 222, 101 West Washington Street, Indianapolis, Indiana. Petitioner, the OUCC, and the Industrial Group attended the hearing. Petitioner and the OUCC presented their respective cases-in-chief; the Industrial Group did not present evidence.

The Commission, having considered the applicable law and the evidence presented, now finds:

1. **Notice and Jurisdiction.** Legal notice of the hearing in this case was given and published as required by law. Petitioner is a public utility as that term is defined in Ind. Code 8-1-2-1(a). Under Ind. Code §§ 8-1-2-6.6 and 8-1-2-6.8 and Ind. Code chs. 8-1-8.7 and 8-1-8.8, the Commission has jurisdiction over a public utility's cost recovery related to the use of CCT. Therefore, the Commission has jurisdiction over the Petitioner and subject matter of this case.

2. **Petitioner's Characteristics.** Petitioner is a public utility organized and existing under Indiana law, with its principal office at 801 E. 86th Street, Merrillville, Indiana. NIPSCO owns and operates property and equipment used for the production, transmission, delivery, and furnishing of electric utility service to the public in northern Indiana.

3. **Background and Relief Requested.** The Commission's November 26, 2002 Order in Cause No. 42150 ("42150 Order") approved the following: (1) an ECRM, which provides for ratemaking treatment of NIPSCO's QPCP pursuant to Ind. Code §§ 8-1-2-6.6, 8-1-2-6.8, and 8-1-8.7-7; (2) an EERM, which provides for recovery of operation and maintenance and depreciation expenses related to NIPSCO's QPCP in service; and (3) ongoing review of NIPSCO's QPCP construction and expenditures and annual report of any revisions of NIPSCO's plan and cost estimates for such construction ("Progress Report").

The Commission's July 3, 2007 Order in Cause No. 43188 approved NIPSCO's plan to comply with the U.S. Environmental Protection Agency's ("EPA") Clean Air Interstate Rule ("CAIR") and Clean Air Mercury Rule ("CAMR") (the "CAIR/CAMR Compliance Plan"), which was designed to achieve additional reductions of sulfur dioxide ("SO₂"), nitrogen oxide ("NO_x") and Mercury ("Hg") emissions.

The Commission's December 29, 2010 Order in Cause No. 43913 approved NIPSCO's request for a certificate of public convenience and necessity ("CPCN") pursuant to Ind. Code § 8-1-8.7 for the construction of additional CCT in the form of wet flue gas desulfurization ("FGD") facilities at its R.M. Schahfer facility on Unit 14, along with additional facilities to be used jointly with the adjacent Unit 15.

The Commission's December 28, 2011 Phase I Order in Cause No. 44012 ("Phase I 44012 Order") approved NIPSCO's request for a CPCN for Unit 15 FGD Additions, and NIPSCO's revised cost estimates for Unit 14 wet FGD and Common Facilities previously approved in the 43913 Order (the "Phase I Projects"). The Phase I Projects are part of NIPSCO's Multi-Pollutant Compliance Plan ("MPCP"). The Commission approved Petitioner's cost estimates for the Phase I Projects, which were \$203 million for the Unit 14 FGD, \$104 million for the Common Facilities and \$193 million for the Unit 15 FGD.

The Commission's February 15, 2012 Phase II Order in Cause No. 44012 ("Phase II 44012 Order"), the Commission approved NIPSCO's request for a CPCN for five CCT projects, including (1) Unit 7 Selective Catalytic Reduction ("SCR") Duct Burners; (2) Unit 8 SCR Duct Burners; (3) Unit 14 SCR Duct Burners; (4) Unit 15 SNCR Installation; and (5) Continuous Particulate Monitors Addition for Units 7, 8, 14, 15, 17 and 18 (the "Phase II Projects"). The Phase II Projects are also part of NIPSCO's MPCP. The Commission also approved Petitioner's cost estimates for the Phase II Projects (\$11 million for the Unit 7 SCR Duct Burners, \$16 million for the Unit 8 SCR Duct Burners, \$16 million for the Unit 14 SCR Duct Burners, \$6 million for the Unit 15 SNCR Installation, \$375,000 for the Unit 15 Continuous Particulate monitors Addition, \$375,000 for the Unit 14 Continuous Particulate Monitors Addition, \$375,000 for the Unit 17 Continuous Particulate Monitors Addition, \$375,000 for the Unit 18 Continuous Particulate Monitors Addition, \$375,000 for the Units 7 and 8 Continuous Particulate Monitors Addition common stack and \$375,000 for the Units 7 and 8 Continuous Particulate Monitors Addition bypass stack).

The Commission's September 5, 2012 Phase III Order in Cause No. 44012 approved NIPSCO's request for a CPCN for three clean coal technology projects at NIPSCO's Michigan City Unit 12: (1) FGD Facility Addition; (2) Waterside Bypass SCR Reheat Project; and (3) Continuous Particulate Monitors Addition ("Phase III Projects"). The Phase III Projects are part of NIPSCO's MPCP. The Commission also approved Petitioner's cost estimates for the Phase III Projects (1) \$239,000,000 for the FGD Facility Addition; (2) \$7,017,700 for the Waterside Bypass SCR Reheat Project; and (3) \$375,000 for the Continuous Particulate Monitors Addition).

In Cause No. 43969, NIPSCO sought approval of changes to its basic rates and charges for electric service. NIPSCO also requested the following: (1) approval to reflect in its basic rates and charges capital costs and operating expenses associated with QPCP projects previously approved by the Commission in Cause Nos. 42150 and 43188 that were completed and in-service at the end of the test year (the twelve months ended June 30, 2010) and that were being recovered through the ECRM; and (2) an adjustment of the ECRM to eliminate costs relating to those projects on the effective date of the new base rates and charges, subject to any necessary variance reconciliations. In the Final Order in Cause No. 43969 (the "2011 Rate Order"), the Commission approved a Stipulation and Settlement Agreement between NIPSCO, the OUCC, NLMK Indiana f/k/a Beta Steel Corporation, Indiana Municipal Utilities Group, and the Industrial Group (the "2011 Settlement"), which provided for new basic rates and charges. New electric tariffs as a result of the 2011 Rate Order, including new ECRM and EERM factors, became effective December 27, 2011.

4. Commission Discussion and Findings Regarding ECRM.

A. Billing Period. Mr. Isensee testified that consistent with Rider 672 – Adjustment of Charges for Environmental Cost Recovery Mechanism, NIPSCO requests approval of its ECRM factors to be applicable to the bills of NIPSCO electric utility customers during the billing cycles of May through October 2013. The ECRM factors include actual costs through December 31, 2012, as well as a reconciliation of projected period recoveries of ECRM revenue with actual revenue during the period May 1, 2012 through October 31, 2012.

B. QPCP Investment. Mr. Isensee testified the total cost of QPCP under construction, net of accumulated depreciation, upon which NIPSCO is authorized to earn a return is \$376,354,397. He stated the construction costs include an Allowance for Funds Used During Construction (“AFUDC”). Mr. Plantz testified he computed the AFUDC in accordance with the FERC Uniform System of Accounts. Mr. Isensee testified that if the Commission approves the proposed ratemaking treatment for the value shown in Schedule 1A of Petitioner’s Exh. 1, NIPSCO will cease accruing AFUDC on those costs.

Mr. Sangster testified that Schedules 1 and 1A of Petitioner’s Exh. 1 describe NIPSCO’s QPCP under construction, which has been approved by the Commission and on which NIPSCO proposes to earn a return. Schedules 1 and 1A set out a brief description of the project, approved cost estimates, the construction start dates, the anticipated in-service dates, and the current and prior QPCP values for each project. Mr. Sangster said that the costs for NIPSCO’s QPCP projects have been compiled through December 31, 2012. Mr. Sangster also testified that all of the projects for which NIPSCO is seeking ratemaking treatment in this Cause have been under construction for at least six months.

Based on the evidence, we find that NIPSCO’s request to begin earning a return on \$376,354,397, the value of its QPCP, net of accumulated depreciation, is reasonable.

C. Semi-Annual Revenue Requirement. Mr. Plantz computed Petitioner’s proposed semi-annual return on its QPCP, which is the product of Petitioner’s QPCP value multiplied by the debt and equity components of its weighted cost of capital, adjusted for taxes and multiplied by 0.50. NIPSCO’s proposed semi-annual return on QPCP as of December 31, 2012 was \$18,789,871. After adjusting this amount for prior period reconciliation, Petitioner’s Adjusted Semi-Annual Revenue Requirement is \$18,734,190.

Mr. Plantz also sponsored the calculation of NIPSCO’s 6.63% weighted cost of capital, using its regulatory capital structure, per books, at December 31, 2012, which is the date of valuation of the QPCP in accordance with 170 I.A.C. 4-6-14. He testified that the cost rates for long-term debt and preferred stock reflect the 12 months ended December 31, 2012. He also testified that the cost rates for common equity capital of 10.2% and customer deposits of 4.43% are those approved by the 2011 Rate Order. He stated that deferred taxes and the reserve for post-retirement benefits are treated as zero-cost capital and the cost of post-1970 investment tax credits reflects the weighted costs of long-term debt, preferred stock, and common equity capital.

Mr. Plantz stated NIPSCO’s weighted average cost of capital of 6.63% reflects a 22 basis point decrease from the 6.85% approved in Cause No. 42150 ECR 20. This decrease is primarily due to a \$74.2 million increase in Deferred Taxes and a \$100.7 million increase in long-term debt issued pursuant to the financing authority granted in Cause No. 44091.

Based on the evidence, we find that NIPSCO's proposed Adjusted Semi-Annual Revenue Requirement of \$18,734,190 is reasonable.

D. Allocation of Semi-Annual QPCP Revenue Requirement. Mr. Isensee sponsored the production allocation percentages attributable to each of NIPSCO's rate schedules. These allocation percentages were based on the production allocation percentages approved by the Commission's May 2, 2012 Order in Cause No. 42150 ECR 19 ("ECR 19 Order"), adjusted to reflect the significant migration of customers amongst Rates 621, 624, 625, and 626. Mr. Isensee testified this adjustment is appropriate in order to prevent any unintended consequences of the migration of customers between rates and to properly allocate their share of capital charges.

Based on the evidence, we find that NIPSCO's ECRM factors have been allocated on the basis of the 12 coincidental peak ("CP") method in accordance with our ECR 19 Order adjusted as discussed above.¹

E. Reconciliation of Prior Period Recoveries. Mr. Isensee testified that Schedule 6 of Petitioner's Exh. 1 shows NIPSCO's reconciliation of projected period recoveries of ECRM revenue with actual revenue during the period from May 1, 2012, to October 31, 2012. He stated that NIPSCO's total computed under or over recoveries of ECRM revenue for this period are reflected in Column 5. Based on the evidence, we find that Petitioner properly included reconciliation in its ECRM calculations.

F. New ECRM Factors. Mr. Isensee sponsored the ECRM factors applicable to the various NIPSCO rate schedules and explained how the ECRM factors were developed. Mr. Blakley testified the tracker rate calculation in this proceeding conforms with previous ECR filings. The estimated average monthly bill impact for a residential customer using 1,000 kWh per month is \$2.80, which is a \$0.96 increase from what a customer would pay today using the current ECRM Factors.

Based on the evidence, we approve the proposed ECRM factors set forth in Petitioner's Exh. 2 to be applicable for bills rendered during the billing cycles of May through October 2013.

5. Commission Findings and Conclusions Regarding EERM.

A. Relevant Period. Mr. Isensee testified that consistent with Rider 673 – Adjustment of Charges for Environmental Expense Recovery Mechanism, NIPSCO requests authority to recover operation, maintenance, and depreciation expenses in connection with the operation of its QPCP that is in service during the twelve (12) months ended December 31, 2012 through its EERM to become effective May 1, 2013.

B. Actual O&M Expense. Mr. Sayers testified that for the period ending December 31, 2012, NIPSCO incurred \$26,166 of reasonably incurred O&M Expense, of which (\$505) was fixed and \$26,671 was variable. He testified that the reasonably incurred O&M

¹ The NIPSCO Industrial Group appealed the ECR 19 Order. The Indiana Court of Appeals affirmed the ECR 19 Order in *NIPSCO Indus. Grp. v. N. Ind. Pub. Serv. Co.*, No. 93A02-1205-EX-436, 2013 Ind. App. Unpub. LEXIS 342 (March 15, 2013).

expenses are expenses associated with NIPSCO's ownership and operation of the QPCP facilities that have been placed in service. He stated that these expenses include \$75,881 of O&M Expense related to 2012, offset by an adjustment (reduction) in the amount of (\$49,716) related to 2011 O&M Expense. Mr. Sayers testified that NIPSCO did not experience any significant increases in O&M expenses associated with its ownership and operation of the QPCP facilities that were in service during the period from January 1 through December 31, 2012. Mr. Sayers identified new O&M expense programs created as a result of the new QPCP projects approved in Cause No. 44012. He explained that there is a new program Particulate Monitors created as a result of the new QPCP projects approved in Cause No. 44012, specifically the Continuous Particulate Monitors for U7/U8, U12, U14, U15, U17, and U18. He stated that U12 and U15 Continuous Particulate Monitors were in service during 2012 and incurred O&M expense during 2012 and that U7/U8, U17, and U18 were put in service in December 2012 and did not incur O&M expense during 2012.

Mr. Sayers provided a brief summary regarding the O&M expenses associated with NIPSCO's ownership and operation of the QPCP facilities that will be in service during the period from January 1 through December 31, 2013. He explained that NIPSCO did place in service some projects in late 2012 (Continuous Particulate Monitors for U7/U8, U17, and U18 projects, as well as the U15 SNCR Installation project, and the U14 Economizer Waterside Bypass) that will likely increase the amount of O&M expense incurred by NIPSCO in 2013 compared to 2012. He stated that NIPSCO will place several more QPCP projects approved in Cause No. 44012 in service during 2013 (U14 FGD Facility Addition, U14/15 FGD Common, Continuous Particulate Monitors for U15 and U7/U8 bypass, and U12 Economizer Waterside Bypass), but most likely not until the end of the year, so it is not expected to increase the amount of O&M expense incurred by NIPSCO until 2014.

Based on the evidence, we find that Petitioner's Actual O&M Expenses for the period ending December 31, 2012, of \$26,166 are reasonable and should be included for recovery through the EERM factors beginning May 1, 2013.

C. Actual Depreciation Expense. Petitioner's Exh. 3, Schedule 1-EERM shows that NIPSCO's actual depreciation expense for the twelve months ending December 31, 2012 was \$1,034,201. Mr. Plantz testified that the Actual Depreciation Expense consists of depreciation expenses incurred in the period January 1 through December 31, 2012 associated with NIPSCO's ownership and operation of the QPCP facilities that have been placed in service. He explained that there was an adjustment to depreciation expense recorded in January 2012 related to a prior period. The U8 SCR Duct Burner project went in service at September 30, 2011; however, the 2011 depreciation expense for this project was understated. Thus, an accounting adjustment was recorded in January 2012 to true up the depreciation expense.

Based on the evidence, we find that Petitioner's Actual Depreciation Expense for the period ending December 31, 2012, of \$1,034,201 has been properly calculated, is reasonable, and should be included for recovery through the EERM factors beginning May 1, 2013.

D. Allocation of Actual O&M and Depreciation Expenses. Mr. Isensee testified that the part of the EERM charge for operating and maintenance expenses is determined by multiplying the operating and maintenance expenses proposed for recovery times the

composite percentage of two elements: (1) an element for the production allocation percentage, which is used for fixed operating and maintenance expenses; and (2) an element for the energy allocation percentages, which is used for variable operating and maintenance expenses.

Mr. Isensee explained NIPSCO's proposed adjustments to its production allocation percentages. He stated NIPSCO has adjusted its production allocation percentages to reflect the significant migration of customers amongst Rates 621, 624, 625, and 626. He explained that this migration was based upon the customers' 12 CP calculated as agreed to by the parties to the Stipulation and Settlement Agreement approved in the 2011 Rate Order. Mr. Isensee testified this adjustment is appropriate in order to prevent any unintended consequences of the migration of customers between rates and to properly allocate their share of capital charges and is consistent with the adjustments approved by the Commission in Cause Nos. 42150 ECR 7, 42150 ECR 8, 42150 ECR 14 and 42150 ECR 20.

Mr. Isensee also explained NIPSCO's proposed adjustments to its energy allocation percentages. He stated NIPSCO has adjusted its energy allocation percentages to reflect the significant migration of customers amongst Rates 621, 624, 625, and 626. He explained that this migration was based upon the customers' test-year sales for the twelve months ending June 30, 2010, adjusted for system losses. Mr. Isensee testified this adjustment is appropriate in order to prevent any unintended consequences of the migration of customers to different rate classes and to properly allocate their share of EERM charges and is consistent with the adjustments approved by the Commission in Cause Nos. 42150 ECR 7, 42150 ECR 8, 42150 ECR 14, and 42150 ECR 20.

Based on the evidence, we find that NIPSCO's proposed EERM factors have been properly allocated on the basis of the 12 CP method. We also find that NIPSCO has properly allocated the depreciation portion of EERM costs and the fixed portion of the O&M component of EERM costs on the same basis as the production allocation utilized for the capital costs inside of the ECRM. Finally, we find that NIPSCO properly allocated the variable O&M expenses to classes based on test year sales for the twelve months ending June 30, 2010 from Cause No. 43969, adjusted for system losses.

E. Reconciliation of Projected Period Recoveries. Mr. Isensee testified that Schedule 2-EERM of Petitioner's Exh. 3 shows NIPSCO's reconciliation of projected period recoveries of EERM revenue with actual revenue during the period from May 1, 2011 to April 30, 2012. He explained that because NIPSCO's EERM-8 factors ended April 30, 2012, NIPSCO is able to compute any under- or over-recoveries of EERM revenue, which are reflected in Column 4. Based on the evidence, we find that Petitioner properly included a reconciliation of projected period recoveries for recovery through the EERM factors beginning with the May 2012 billing cycle.

F. New EERM Factors. Mr. Isensee provided testimony to explain how the EERM factors were calculated. Mr. Blakley testified the tracker rate calculation in this proceeding conforms with previous ECR filings. The estimated average monthly bill impact for a residential customer using 1,000 kWh per month is \$0.12, which is a \$2.18 decrease from what a customer would pay today using the current EERM Factors.

Mr. Isensee sponsored Petitioner's Exh. 4 (Appendix E - Environmental Expense Recovery Mechanism Factor), showing the EERM factors applicable to the various NIPSCO rate schedules and explained how the EERM factors were developed. Mr. Isensee also sponsored Petitioner's Exh. 3, Schedule 1-EERM, which shows that calculation underlying the proposed EERM factors. Based on the evidence, we find that the proposed EERM factors set forth in Petitioner's Exh. 3 were properly developed and should be implemented in the bills of NIPSCO electric utility customers beginning May 1, 2013.

6. Commission Findings and Conclusions Regarding Progress Report. In the 42150 Order, the Commission approved NIPSCO's proposal that the Commission maintain an ongoing review of its QPCP construction and expenditures and submit to the Commission annually a report of any revisions of its plan and cost estimates for such construction ("Progress Report"). In the 43526 Order, the Commission ordered NIPSCO to file its Progress Reports on the status of QPCP tracked in the ECRM as part of its ECRM filings rather than in a separate proceeding. The Phase I 44012 Order approved Petitioner's request to file semi-annual progress reports (as opposed to annual progress reports) as part of the ongoing review process under Ind. Code § 8-1-8.7-7.

Pursuant to the ongoing review process under Ind. Code §8-1-8.7-7, in this proceeding NIPSCO requests approval of its Eleventh Progress Report on the status of QPCP tracked in the ECRM and approval to recover the revised costs of its QPCP through the ECRM. Specifically, NIPSCO requests the Commission to approve its revised Compliance Plan and CPCN modifications as set forth in Exhibit PR attached to NIPSCO's Verified Petition initiating this Cause, including the updated project scopes, construction schedules, and cost estimates described therein.

We will address this issue in Phase II of this proceeding consistent with NIPSCO's March 18, 2013 Motion to Modify Procedural Schedule and for Extension of Time to Prefile Rebuttal Testimony and establishing a Phase II in this proceeding which was granted at the March 21, 2013 evidentiary hearing. In Phase II we will address NIPSCO's request for approval of its Eleventh Progress Report and the OUCC's recommendation that the Commission reject tracker treatment for the installation of a replacement second layer catalyst for Bailly Unit 7's Selective Catalytic Reduction ("SCR") unit included in NIPSCO's Eleventh Progress Report.

7. Confidential Information. On February 1, 2013, Petitioner filed a motion for protective order which was supported by affidavit showing documents to be submitted to the Commission were trade secret information within the scope of Ind. Code §§ 5-14-3-4(a)(4) and (9) and Ind. Code § 24-2-3-2. The Presiding Officers issued a Docket Entry on February 14, 2013, finding such information to be preliminarily confidential, after which such information was submitted under seal both by NIPSCO on February 18, 2013 and by the OUCC on March 12, 2013. We find that all such information is confidential pursuant to Ind. Code § 5-14-3-4 and Ind. Code § 24-2-3-2, is exempt from public access and disclosure by Indiana law and shall be held confidential and protected from public access and disclosure by the Commission.

IT IS THEREFORE ORDERED BY THE INDIANA UTILITY REGULATORY COMMISSION that:

1. NIPSCO is authorized to reflect the additional values of QPCP identified above in its rates and charges for electric service in accordance with NIPSCO's ECRM beginning with the May 2013 billing cycle.

2. Petitioner shall file with the Electricity Division of the Commission, prior to placing in effect the ECRM factors approved by this Order, an amendment to its rate schedule with reasonable reference therein reflecting that such charges are applicable to the rate schedules reflected on the amendment.

3. NIPSCO is authorized to reflect the rate adjustments reflecting the recovery of operation, maintenance, and depreciation expenses identified herein in its rates and charges for electric service in accordance with NIPSCO's EERM, beginning with the May 2013 billing cycle.

4. Petitioner shall file with the Electricity Division of the Commission, prior to placing in effect the EERM factors herein approved, an amendment to its rate schedule with reasonable reference therein reflecting that such charges are applicable to the rate schedules reflected on the amendment.

5. The information filed by the Parties in this Cause pursuant to NIPSCO's Motion for Protective Order is deemed confidential pursuant to Ind. Code § 5-14-3-4 and Ind. Code § 24-2-3-2, is exempt from public access and disclosure by Indiana law, and shall be held confidential and protected from public access and disclosure by the Commission.

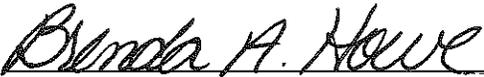
6. NIPSCO's proposed modified Compliance Plan and CPCN modifications will be addressed in Phase II of this proceeding.

7. This Order shall be effective on and after the date of its approval.

ATTERHOLT, BENNETT, MAYS AND ZIEGNER CONCUR; LANDIS ABSENT:

APPROVED: APR 24 2013

**I hereby certify that the above is a true
and correct copy of the Order as approved.**



Brenda A. Howe
Secretary to the Commission