ORIGINAL

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 PURSUANT TO IND. CODE 8-1-2-6.6, 8-2-1-6.8, CH. 8-1-8.4, 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, 44012 AND 44311; AND (2) MODIFICATIONS OF AND REVISED COST ESTIMATES RESPECTING ENVIRONMENTAL COMPLIANCE PROJECTS SET FORTH IN ITS FOURTEENTH PROGRESS REPORT PURSUANT TO THE ONGOING REVIEW PROCESS UNDER IND. CODE 8-1-8.7-7 AND APPROVED IN CAUSE NOS. 42150, 43188, 44012 AND 44311	)	CAUSE NO. 42150 ECR 24 APPROVED: OCT 29 2014

ORDER OF THE COMMISSION

Presiding Officers:
David E. Ziegner, Commissioner
Jeffery A. Earl, Administrative Law Judge

On August 1, 2014, Northern Indiana Public Service Company ("NIPSCO") filed its Verified Petition in this Cause. NIPSCO also prefiled the direct testimony and exhibits of the following:

- Ronald G. Plantz, Controller of NIPSCO;
- Kurt W. Sangster, Vice President, Major Projects; and
- Derric J. Isensee, Manager, Regulatory Support and Analysis.

On August 5, 2014, the NIPSCO Industrial Group ("Industrial Group") filed its Petition to Intervene, which was granted by the Presiding Officers in a Docket Entry dated August 18, 2014.

On October 3, 2014, the Indiana Office of Utility Consumer Counselor ("OUCC") prefiled direct testimony of Wes R. Blakley, Senior Analyst in the OUCC's Electric Division. The Industrial Group did not file evidence in this Cause.

The Commission held an evidentiary hearing was held in this Cause at 10:00 a.m. on October 10, 2014, in Hearing Room 224, 101 West Washington Street, Indianapolis, Indiana. NIPSCO, the OUCC, and the Industrial Group appeared at and participated in the hearing. No member of the public appeared or participated at the hearing.

Having considered the evidence presented and the applicable law, the Commission finds:

1. **Notice and Jurisdiction.** Notice of the hearing in this case was given and published by the Commission as required by law. NIPSCO 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 clean coal technology. Therefore, the Commission has jurisdiction over NIPSCO and subject matter of this case.

2. **NIPSCO's Characteristics.** NIPSCO is a public utility organized and existing under Indiana law, with its principal office at 801 E. 86th Street, Merrillville, Indiana 46410. 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. **Relief Requested.** NIPSCO seeks the following:

- Approval of an adjustment to its electric service rates through its environmental cost recovery mechanism ("ECRM") factors to reflect costs incurred in connection with its Qualified Pollution Control Property ("QPCP"), Clean Coal Technology ("CCT"), clean energy projects, and federally mandated operating and maintenance ("O&M") projects (collectively "Environmental Compliance Projects"); and
- Approval of its fourteenth progress report.

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 rendered during the billing cycles of November 2014 through April 2015. The ECRM factors include actual costs through June 30, 2014, as well as a reconciliation of projected period recoveries of ECRM revenue with actual revenue during the period November 1, 2013 through April 30, 2014.

B. **Environmental Compliance Project Investment.** Mr. Isensee testified the total cost of Environmental Compliance Projects under construction, net of accumulated depreciation, upon which NIPSCO is authorized to earn a return is $658,375,270. 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 values shown on Schedules 1, 1A, and 1B of Exhibit 1 attached to NIPSCO's Verified Petition initiating this Cause, NIPSCO will cease accruing AFUDC on those costs once such amounts are being recovered through rates.

Mr. Sangster testified that Schedules 1, 1A, and 1B of Exhibit 1 attached to NIPSCO's Verified Petition initiating this Cause describe NIPSCO's Environmental Compliance Projects under construction that have been approved by the Commission and on which NIPSCO proposes to earn a return. Schedules 1, 1A, and 1B 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 investment values for each project. The costs for NIPSCO's Environmental Compliance Projects have been compiled through June 30, 2014. 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 presented, we find that NIPSCO's request to begin earning a return on $658,375,270, the value of its Environmental Compliance Projects, net of accumulated depreciation, is reasonable and we approve the request.

C. Semi-Annual Revenue Requirement. NIPSCO requests approval of a Semi-Annual Revenue Requirement of $32,525,363 and an Adjusted Semi-Annual Revenue Requirement of $30,132,226 after adjusting for the prior period reconciliation.

Mr. Plantz computed NIPSCO's proposed semi-annual return on its Environmental Compliance Projects at June 30, 2014, of a net amount of $32,525,363, which is the product of the value of NIPSCO's Environmental Compliance Projects multiplied by the debt and equity components of its weighted cost of capital, adjusted for taxes and multiplied by 0.50. Petitioner's Exhibit 1, Schedule 7 shows that NIPSCO's Adjusted Semi-Annual Revenue Requirement is $30,132,226 after including the prior period reconciliation.

Mr. Plantz sponsored the calculation of NIPSCO's 6.58% weighted cost of capital, using its full regulatory capital structure, per books, at June 30, 2014, which is the date of valuation of the Environmental Compliance Projects in accordance with 170 I.A.C. 4-6-14. He testified the cost rates for long-term debt reflect the 12 months ended June 30, 2014. He also testified 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 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 and common equity capital.

Mr. Plantz stated NIPSCO's weighted average cost of capital of 6.58% reflects a 7-basis-point increase from the 6.51% approved in the ECR 23 Order.

Based on the evidence presented, we find that NIPSCO's proposed Adjusted Semi-Annual Revenue Requirement of $30,132,226 is reasonable, and we approve the revenue requirement.

D. Allocation of Semi-Annual Environmental Compliance Project Revenue Requirement. Mr. Isensee sponsored Schedule 5 of Exhibit 1 which shows the production allocation percentages attributable to each of NIPSCO's rate schedules. These allocation percentages, which were approved by the ECR 19 Order, are adjusted to reflect the significant migration of customers among Rates 621, 624, 625, 626, and 632. 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 most recently approved by the Commission in its ECR 23 Order.

Based on the evidence presented, we find that NIPSCO's ECRM factors have been allocated on the basis of the 12 Coincident Peak ("CP") method in accordance with our ECR 19 Order.

E. Reconciliation of Prior Period Recoveries. Mr. Isensee testified that Schedule 6 of Exhibit 1 shows NIPSCO's reconciliation of projected period recoveries of ECRM revenue with actual revenue during the period from November 1, 2013 to April 30, 2014.

NIPSCO's total computed under- or over-recoveries of ECRM revenue for this period are reflected in Column 5. Based on the evidence presented, we find that NIPSCO properly included the reconciliation in its ECRM calculations.

F. New ECRM Factors. Mr. Isensee sponsored Exhibit 2 (Appendix D - Environmental Cost Recovery Mechanism Factor) showing the ECRM factors applicable to the various NIPSCO rate schedules and explained how the ECRM factors were developed. Mr. Isensee testified that the estimated average monthly bill impact for a typical residential customer using 688 kWh per month is $3.70, which is a $0.76 increase from what a customer would pay today using the current ECRM Factors. Mr. Blakley testified that nothing came to his attention that would indicate that NIPSCO's calculation of estimated ECRM adjustment factors for the relevant period is unreasonable.

Based on the evidence presented, we approve the proposed ECRM factors set forth in Petitioner's Exhibit 2 to be applicable for bills rendered during the billing cycles of November 2014 through April 2015.

G. Residential Space Heating Transition Plan. In Cause No. 44436, NIPSCO requested approval of a revenue neutral proposal to transition residential space heating customers from Rates 611, 612, and 613 to Rate 611 in accordance with the Commission's December 21, 2011 Order in Cause No. 43969 that approved a Stipulation and Settlement Agreement. In Cause No. 44436, NIPSCO proposed that the transition plan would take place over a 5-year period, and would evenly increase the customers' bills each year until all customers are paying the Rate 611 Energy Charges at the end of the 5-year period. However, NIPSCO proposed that in the first year of the transition, the trackers applicable to Rates 612 and 613 would be combined with the trackers for Rate 611, effectively creating one set of tracker factors for the three rates. NIPSCO proposed to begin the transition with the first billing cycle for the billing month of January 2015. Mr. Isensee testified that if NIPSCO's proposed mechanism for the phase-out of residential space heating discounts is approved by the Commission in Cause No. 44436, NIPSCO will submit revised tariffs to the Commission's Electricity Division to adjust the rates and charges for Rates 611, 612, and 613 prior to January 1, 2015. He explained that this filing would include a revision to the ECRM factors to combine the factors applicable to Rates 611, 612, and 613 into one factor applicable to each of those rates. He stated that on January 1, 2015, the ECRM factors for Rates 611, 612, and 613 would all be equal. The revised 611, 612, and 613 factors that would be applicable in the first billing cycle of January 2015 pending the outcome of Cause No. 44436 were set forth on Petitioner's Exhibit No. DJI-1. On September 3, 2014, the Commission issued a final order in Cause No. 44436, in which we approved NIPSCO's proposed space heating transition plan. Therefore, we find that NIPSCO should, prior to January 1, 2015, submit a revised tariff to the Commission's Electricity Division with a revision to the ECRM factors to combine the factors applicable to Rates 611, 612, and 613 into one factor applicable to each of those rates to be effective for the January 2015 billing cycle.

5. 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 its 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 NIPSCO'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 and as approved in Cause No. 44311, NIPSCO requests approval of its Fourteenth Progress Report on the status of Environmental Compliance Projects tracked in the ECRM and EERM and approval to recover the revised costs of its Environmental Compliance Projects through the ECRM and EERM.

Since its Thirteenth Progress Report approved by the Commission in Cause No. 42150 ECR 23, NIPSCO has identified aspects of its Compliance Plan that require further modification. Mr. Sangster testified that Exhibit PR attached to NIPSCO's Verified Petition initiating this Cause sets forth NIPSCO's Compliance Plan containing the NOx Compliance Plan, CAIR/CAMR Compliance Plan, Multi-Pollutant Compliance Plan, and MATS Compliance Plan highlighted to show necessary changes and NIPSCO's updates of estimated costs. The plan modifications can be broken down into several categories: scheduling changes, additions and/or subtractions from the Compliance Plan, and changes in estimated costs.

Mr. Sangster testified that the Unit 14 FGD Facility Addition and Unit 14/15 FGD Common facilities were successfully put into service on November 19, 2013, and Unit 14 is currently meeting SO2 emissions requirements. Tuning and performance guarantee testing has completed. The Unit 15 FGD Facility Addition continues to progress and remains on-schedule and on-budget, and it is scheduled to make final tie-ins during the 2014 Unit 15 outage and be put into service in November 2014. The total cost estimate for the three Schahfer FGD projects has not changed ($500 million total for Unit 14 FGD, Unit 15 FGD and Unit 14/15 Common Facilities). Similar to ECR 23, the allocation between the three work orders has shifted slightly. The total costs have not changed, but NIPSCO anticipates it will reallocate costs slightly between the separate work orders periodically until program completion.

With respect to the Michigan City Unit 12 FGD Facility Addition, Mr. Sangster testified that the project is progressing on-schedule. Construction began March 25, 2013. NIPSCO has awarded the major equipment supply contracts, the engineering contract, and the installation contracts. The equipment supply and electrical installation labor contracts have increased from the original +/- 40% estimate in Cause No. 44012. These two elements of the project are forecasted to cause the total project cost to be in excess of the original estimate. NIPSCO is evaluating options to reduce the impact of the cost increases from the equipment supply and the electrical installation labor contract and will subsequently use this information to determine the total cost impact to the project. At this time, NIPSCO is forecasting that the Unit 12 projects approved in Cause No. 44012 Phase III will not exceed the 25% cap set forth in Cause No. 44012 Phase III.

With respect to the Unit 14 TR Set Project, Mr. Sangster testified that construction was completed and TR sets went into service on November 19, 2013. He testified the Unit 18 TR Set Project completed construction and went into service on May 5, 2014. The remainder of the TR Set projects, Unit 15 and Unit 17 TR Sets, are progressing on-schedule and on-budget. Mr. Sangster stated the modifications to the construction start for Unit 15 and the in-service date for Unit 18, as shown on Exhibit PR, were changed to reflect actual dates.

With respect to the Units 7, 8, 12, 14, and 15 ACI projects, Mr. Sangster testified that the projects are progressing on-schedule and on-budget. The Architectural/Engineer (AE), Original

Equipment Manufacturer (OEM), the Foundations, and the General Work contracts have been awarded. He testified the Pre-Fabricated Building contract is in the process of being awarded.

With respect to the Fuel Additive projects at Units 7, 8, 12, 14, and 15 approved in Cause No. 44311, Mr. Sangster testified that NIPSCO is currently conducting performance testing to determine the effect different Activated Carbons and Fuel Additives have on the Mercury removal from the flue gas stream. Once those tests are complete NIPSCO will be able to develop specifications for the Fuel Additive Systems. He stated the Fuel Additive projects for Units 7, 8, 12, 14, and 15 are progressing on-schedule with a planned construction start date of April 2015.

With respect to scheduling changes for any of the projects in the compliance plan, Mr. Sangster testified that the construction start date for the Unit 15 TR Sets, the Unit 7 ACI, and the Unit 8 ACI projects were revised to show the actual start of construction. The in-service date for the Unit 18 TR Sets Project was revised to show the actual in-service date. The Unit 12 ACI, the Unit 14 ACI System, and the Unit 15 ACI System projects construction start dates were revised to reflect the current schedules.

With respect to additions and/or subtractions from the Compliance Plan, Mr. Sangster testified that NIPSCO has included three catalyst layer projects to its Compliance Plan in the Fourteenth Progress Report. These projects include: (1) Unit 7 3rd Catalyst Layer (replacement); (2) Unit 12 1st Catalyst Layer (replacement); and (3) Unit 14 1st Catalyst Layer (replacement). All three of the requested catalyst layer projects are replacement layers, and NIPSCO requests ratemaking treatment consistent with the Commission's Order in Cause No. 42150 ECR 21. He stated that NIPSCO is also requesting approval of a Unit 15 ESP Flow Modification MATS O&M Project.

Mr. Sangster testified that the Unit 15 ESP Flow Modification MATS O&M Project is a federally mandated O&M Project approved as part of the MATS Compliance Plan in Cause No. 44311. NIPSCO began the Unit 15 ESP Flow Modeling Study in November of 2013 and issued the final report in May of 2014. He stated the original project budget was $300,000. Due to some recent flow model work on Unit 15 for the Unit 15 FGD Addition, the scope for this flow model study was reduced with final costs projected to be around $100,000, once all invoices are paid.

Mr. Sangster testified that the Unit 15 ESP flow modeling tests came back with some recommendations to improve the flow, which include modification of the East and West box inlet perforated plates and modification of the perforated plates on each East and West box outlet. He stated NIPSCO is working to complete these modifications during the Unit 15 Fall 2014 outage, but due to the tight schedule and the congestion due to the Unit 15 TR Sets Project, this project may have to be delayed until the spring 2016 outage. Mr. Sangster testified that estimated cost to complete the modifications is $650,000, and due to the fact that the project consists of modifications, this work will be an O&M project. These costs include engineering, procurement, fabrication, scaffolding, and installation.

Mr. Sangster testified that the Unit 15 ESP Flow Modification MATS O&M Project is a federally mandated compliance project because the MATS rule is a requirement imposed on NIPSCO by the federal government—the EPA. As a result, the MATS rule is a federally mandated requirement under Ind. Code § 8-1-8.4-5(7). The Unit 15 ESP Flow Modification O&M Project is related to the direct compliance by NIPSCO with the EPA's MATS rule. The Unit 15 ESP Flow

Modification MATS O&M Project is a compliance project under Ind. Code § 8-1-8.4-2 and the costs NIPSCO will incur in connection with the Unit 15 ESP Flow Modification Project are federally mandated costs under Ind. Code § 8-1-8.4-4.

Mr. Sangster testified that NIPSCO has three SCR Catalyst layers that will require replacement in 2016. These layers are: (1) Unit 7 3rd Catalyst Layer (replacement); (2) Unit 12 1st Catalyst Layer (replacement); and (3) Unit 14 1st Catalyst Layer (replacement). The estimated cost to complete the Unit 7 3rd Catalyst Layer (replacement) is $1,200,000; (2) Unit 12 1st Catalyst Layer (replacement) is $2,635,000; and (3) Unit 14 1st Catalyst Layer (replacement) is $2,700,000.

Mr. Sangster testified that NIPSCO is requesting approval of these three replacement layers, and NIPSCO requests ratemaking treatment consistent with the Commission's Order in Cause No. 42150 ECR 21. Mr. Sangster testified that without new catalyst layers being installed to remove the NOx from the flue gases, the SCR cannot function. The three additional catalyst layers will be used on three of NIPSCO's coal burning energy generating facilities, including Bailly Unit 8, Schahfer Unit 14, and Bailly Unit 7.

Mr. Sangster testified that the Revised Plan Cost Estimate Budget column on Exhibit PR was updated to reflect changes to the shift in allocation of estimated costs between the three Schahfer FGD projects (Unit 14 FGD, Unit 15 FGD, and Common Facilities for Unit 14 & 15), but the total cost estimate for the three Schahfer FGD projects has not changed ($500 million total). Specifically, NIPSCO is now projecting: (1) the Unit 14 FGD will cost $158,093,658, an increase from the cost estimate approved in the Tenth Progress Report; (2) the Unit 15 FGD will cost $148,526,353, a decrease from the cost estimate approved in the Tenth Progress Report; and (3) the Common Facilities for Unit 14 & 15 will cost $193,379,989, a decrease from the cost estimate approved in the Tenth Progress Report.

Mr. Sangster testified that the total cost estimate approved in the Thirteenth Progress Report was $860,601,408 for the Compliance Plan Capital projects and $1,575,000 for the MATS O&M Projects. The proposed revised total cost estimate for all Compliance Plan Capital Projects is $867,136,408. This represents an increase of $6,535,000 from the currently approved amount, which is due to the addition of the three Catalyst Layer Projects. The proposed revised total cost estimate for the MATS O&M Projects is $2,225,000. This represents an increase of $650,000 as a result of the Unit 15 ESP Flow Modification MATS O&M Project.

As part of its Fourteenth Progress Report, NIPSCO is requesting approval of its updated cost estimate of $867,136,408 for Compliance Plan Capital Projects and $2,225,000 for MATS O&M Projects as well as approval to recover these costs through the ECRM and EERM. This request includes a request for minor schedule modifications as well as a reallocation of costs between the three Schahfer FGD projects. This request also includes a request for approval of three replacement Catalyst Layer Projects with ratemaking treatment consistent with that granted in Cause No. 42150 ECR-21 and approval of a one-time federally mandated Unit 15 ESP Flow Modification MATS O&M Project.

The evidence presented demonstrates that the three Schahfer FGD projects are on-schedule and on-budget and the total cost estimate for the three Schahfer FGD projects has not changed ($500 million total for Unit 14 FGD, Unit 15 FGD, and Common Facilities for Unit 14 & 15). Consistent with our conclusion in Cause No. 42150 ECR 23, we find that NIPSCO's request to change the allocation of estimated costs between the three Schahfer FGD projects (Unit 14 FGD, Unit 15 FGD, and Common Facilities for Unit 14 & 15) as set forth herein is reasonable and should be approved.

In our October 16, 2013 Order in Cause No. 42150 ECR 21, we addressed the appropriate regulatory treatment for replacement catalyst layers for NIPSCO's SCR units. We held that a replacement catalyst layer for Bailly Unit 7 SCR should be included in NIPSCO's CPCN and NIPSCO should be allowed to recover the costs for the necessary replacement of catalyst layers through its ECRM. We held that NIPSCO shall be allowed to seek recovery of its full depreciation expense (return of investment) for the replacement layer, but that NIPSCO shall only be allowed to seek recovery of the incremental amount of the return on its investment for the replacement catalyst layer that exceeds the return on investment currently included in its base rates and charges for the original catalyst layer if that original catalyst layer is replaced and retired.

Consistent with our ECR 21 Order, we find that the three proposed catalyst layer projects should be included in NIPSCO's CPCN and NIPSCO should be allowed to recover the costs for the necessary replacement of catalyst layers through its ECRM and EERM. The record evidence shows that the layers meet the definition of QPCP and CCT under Indiana Code §§ 8-1-2-6.6, 8-1-2-6.8, 8-1-8.7-1, and 170 IAC 4-6-1 because they are components of air pollution control devices that directly reduce emissions of NO_x—a nitrogen based pollutant which is associated with combustion and catalyst layers associated with SCRs were not in general commercial use at the same or greater scale in new or existing facilities in the United States as of January 1, 1989. Consistent with our ECR 21 Order, we find that NIPSCO shall be allowed to seek recovery of its full depreciation expense (return of investment) for the three additional replacement catalyst layers, but that NIPSCO shall only be allowed to seek recovery of the incremental amount of the return on its investment for the replacement catalyst layers that exceeds the return on investment currently included in its base rates and charges for the original catalyst layers.

We also find the one-time federally mandated Unit 15 ESP Flow Modification MATS O&M Project should be approved. Based on the evidence presented, we conclude that the goal of Unit 15 ESP Flow Modification MATS O&M Project was to identify problems with ESP flow and solutions to those problems. The evidence shows that the Unit 15 ESP Flow Modification MATS O&M Project will implement the solution identified by the flow modeling project. The evidence also shows the Unit 15 ESP Flow Modification MATS O&M Project is a federally mandated compliance project because the MATS rule is a requirement imposed on NIPSCO by the federal government and the project is related to the direct compliance by NIPSCO with the EPA's MATS rule. Consistent with Ind. Code § 8-1-8.4-7, we find that the same "80/20" ratemaking treatment that applies to the other federally mandated MATS O&M Projects should apply to the Unit 15 ESP Flow Modification MATS O&M Project.

Based on the evidence presented and the foregoing discussion, we find the Fourteenth Progress Report is reasonable. Therefore, we approve the modifications to schedule and cost estimates contained therein, and we authorize NIPSCO to recover these costs through its ECRM and EERM.

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

1. NIPSCO is authorized to reflect the additional values of Environmental Compliance Projects identified herein in its rates and charges for electric service in accordance with NIPSCO's ECRM beginning with the November 2014 billing cycle.

2. NIPSCO shall file with the Electricity Division of the Commission, prior to placing in effect the ECRM 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.

3. NIPSCO shall file with the Electricity Division of the Commission, prior to January 1, 2015, an amendment to its rate schedule to effectuate the space heating transition discussed in Paragraph 4(G).

4. Pursuant to Ind. Code § 8-1-8.7-7 and as approved in Cause No. 44311, NIPSCO's modified Compliance Plan, as set forth in the Fourteenth Progress Report, is approved.

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

STEPHAN, MAYS-MEDLEY, HUSTON, WEBER, AND ZIEGNER CONCUR:

APPROVED: OCT 29 2014

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

Brenda A. Howe

Brenda A. Howe
Secretary to the Commission