ORIGINAL

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

IN THE MATTER OF THE COMPLAINT OF BETA STEEL CORPORATION FOR EMERGENCY RELIEF AND AN INTERIM ORDER EXTENDING ELECTRIC SERVICE CONTRACT AGAINST NORTHERN INDIANA PUBLIC SERVICE COMPANY ("NIPSCO") AND REQUEST FOR EXPEDITED ADJUDICATION.	)	CAUSE NO. 43866
	)	APPROVED: APR 27 2011
RESPONDENT: NORTHERN INDIANA PUBLIC SERVICE COMPANY	)	

BY THE COMMISSION:
David E. Ziegner, Commissioner
Aaron A. Schmoll, Senior Administrative Law Judge

On March 3, 2010, Complainant Beta Steel Corporation, now known as NLMK Indiana Corp. (hereinafter referred to as "NLMK" or "Complainant"), filed with the Indiana Utility Regulatory Commission ("Commission") its complaint and request for emergency relief against Northern Indiana Public Service Company ("NIPSCO" or "Respondent"). On March 23, 2010 NIPSCO filed its Answer. Also on March 23, 2010, NIPSCO filed a Motion to Dismiss to which NLMK responded on April 5, 2010 and NIPSCO replied on April 12, 2010. A Prehearing Conference was held on March 31, 2010 and a Prehearing Conference Order was issued on April 7, 2010, which established a procedural schedule for this proceeding. On April 8, 2010, NLMK filed its direct testimony and exhibits.

On April 28, 2010, NIPSCO and NLMK filed an Unopposed Joint Motion to Vacate Procedural Schedule, which was granted by Docket Entry dated May 12, 2010.

On March 4, 2011, NIPSCO and NLMK filed a Joint Motion of NLMK Indiana Corp. and Northern Indiana Public Service Company to Approve "Bridge" Contract, requesting approval of a Contract for Electric Industrial Power Service (the "Special Contract") which would serve as a "bridge" from March 4, 2011 until such time as new tariffs for industrial power are accepted and approved pursuant to NIPSCO's pending electric rate case in Cause No. 43969 ("2010 Electric Rate Case"). On March 16, 2011, NLMK and NIPSCO each filed direct testimony in support of the Special Contract. NIPSCO filed supplemental testimony on March 24, 2011.

An evidentiary hearing was held in this Cause on April 6, 2011 commencing at 10:00 a.m. EDT in Room 222 of the PNC Center, 101 West Washington Street, Indianapolis, Indiana. NIPSCO, NLMK and the Indiana Office of Utility Consumer Counselor ("OUCC") appeared at the hearing, and NIPSCO and NLMK presented their respective evidence. No members of the general public appeared at the evidentiary hearing or otherwise opposed the relief requested.

Having considered the evidence and being duly advised, the Commission now finds:

1. **Notice and Jurisdiction.** Due, legal and timely notice of the evidentiary hearing in this Cause was given and published by the Commission as required by law. Respondent NIPSCO is a public utility within the meaning of the Public Service Commission Act, as amended, Indiana Code § 8-1-2-1 *et seq.* Complainant NLMK receives electric service from NIPSCO and brought its complaint pursuant to Indiana Code § 8-1-2-34.5 and other provisions. The Commission has jurisdiction over the parties and the subject matter of this Cause.

2. **Characteristics of the Parties.** Complainant NLMK operates a steel mini-mill located in Portage, Indiana which includes an electric arc furnace melt shop that recycles scrap steel and produces continuous cast steel slabs that are processed in its hot strip rolling mill into flat rolled steel products. The melt shop and mill are located within the service territory of NIPSCO.

Respondent NIPSCO is a public utility organized and existing under the laws of the State of Indiana with its principal office at 801 East 86th Avenue, Merrillville, Indiana. It is engaged in the business of distributing, furnishing, and selling retail electric service to the public in various counties in northern Indiana, and has legal authority to do so.

3. **Relief Requested.** In its March 2010 complaint, NLMK sought to extend the term of a special contract with NIPSCO that had been approved by the Commission in Cause No. 42846, which was set to expire on April 25, 2010. NLMK sought an emergency interim order from the Commission that would extend the term of the special contract until such time as the Commission issued a final order in NIPSCO's then pending electric rate case in Cause No. 43526 ("2008 Electric Rate Case") and NIPSCO implemented new tariffs.

On April 28, 2010, NIPSCO and NLMK indicated they had reached an agreement on a Rate 845 tariff contract they expected would accommodate NLMK's needs for the immediate future. The parties are now requesting approval of the Special Contract to "bridge" the gap between March 4, 2011 and the time that new rates and charges are approved for NIPSCO in the 2010 Electric Rate Case. Pursuant to the terms of a Settlement Agreement that was filed with the Joint Motion, the two parties agreed that a final order by the Commission approving the Special Contract in its entirety, without change or condition unacceptable to either party, would fully and completely resolve all issues that have been raised or could have been raised in this Cause.

4. **Parties' Evidence.**

a. NLMK's Testimony. Complainant presented the testimony and exhibits of Todd E. Goodwin, Director of Procurement for NLMK. Mr. Goodwin testified that NLMK Indiana is a stand alone steel-making facility owned by Novoliopetsk Steel with 319 full time employees and an annual payroll of approximately $17 million. He stated that when Novoliopetsk Steel acquired the facility in September 2008, it inherited substantial loss carry-forwards. Mr. Goodwin stated absent that purchase, it is highly likely that the facility would already be shuttered. He further testified that since the acquisition, the global recession has significantly affected NLMK Indiana's production and profitability.

Mr. Goodwin testified that NLMK is strictly an electric arc furnace based operation, and consequently electricity cost management is very important to the facility's cost of production. He stated that other large steel-makers in northwest Indiana served by NIPSCO operate either integrated facilities using basic oxygen furnaces ("BOFs") or a combination of BOF and electric arc furnace facilities. In short, while all steel-making operations are energy intensive, Mr. Goodwin testified that NLMK's operations are uniquely electricity intensive.

Mr. Goodwin provided a chronicle of the events that led to the filing of the Special Contract. Initially, NLMK and NIPSCO were parties to a long-term power supply agreement approved by the Commission on November 9, 2005 in Cause No. 42846. That agreement, which established an unusual form of non-firm service that limited steel melting and rolling operations at defined times, became effective in April 2005 and expired on April 25, 2010. In June 2008, NIPSCO filed for a retail revenue increase that included a complete revamping of its retail rate structures in the 2008 Electric Rate Case. According to Mr. Goodwin, a core element of NIPSCO's filing in that Cause surrounded NIPSCO's decision to move the very large industrial loads served under special contracts, like NLMK, to tariff rate schedules. To accomplish this, he stated NIPSCO initially proposed changes to its interruptible service rate schedules and proposed a new rate schedule that NIPSCO believed would initially apply only to the NLMK electric arc furnace operation (proposed rate 527). In response to NLMK objections to the proposed terms of service in that rate, NIPSCO withdrew proposed Rate 527 in its rebuttal filing and revised its interruptible service rider with the expectation that the NLMK electric arc furnace operation would receive service under that rider. Mr. Goodwin stated that although the record had closed in the 2008 Electric Rate Case and issues had been fully briefed by the active parties, in early 2010 it became apparent that new rates, including the interruptible service rider, would not go into effect prior to the planned expiration of the NLMK special contract. Mr. Goodwin testified that given the extreme economic impacts to the facility, at the height of the recession, of moving NLMK's steel melting and rolling operations to NIPSCO's industrial firm service tariff, NLMK filed its complaint that initiated this Cause.

Mr. Goodwin testified in its complaint, NLMK sought only to preserve the existing special contract terms until such time as new rates in the 2008 Electric Rate Case could be established. He stated that because NLMK anticipated that a final order in that Cause would be forthcoming from the Commission, NLKM agreed to adjourn the procedural schedule in this proceeding and executed an interim contract under NIPSCO's prevailing non-firm, incremental energy priced tariff, Rate 845, with the reasonably held belief that it would be taking service under that tariff for a few months at most. Mr. Goodwin testified that service under Rate 845 entailed substantial cost increases for NLMK and exposed NLMK to potentially significant additional cost increases associated with fuel and market price volatility. He stated that NLMK wished to exit that service arrangement as soon as new, more stable rate schedules could be established.

Mr. Goodwin testified that as events transpired, the Commission issued its final order in the 2008 Electric Rate Case on August 25, 2010, but new rate schedules based on that Order have not been implemented. He stated the Commission established a process for the filing of compliance filing rates and objections to those rates and that this process itself proved to be controversial as NIPSCO submitted its compliance filing, re-submitted the compliance filing to correct errors, and outstanding issues remained with respect to objections filed by NLMK and the Industrial Group. Mr. Goodwin stated on November 19, 2010, NIPSCO filed a new base rate case, the 2010 Electric Rate Case, that proposed to eclipse the rates pending in the 2008 Electric Rate Case, and on January

7, 2011, NIPSCO, along with the OUCC, the City of Hammond and LaPorte County, filed a motion to vacate the compliance filing process in the 2008 Electric Rate Case altogether. As this perpetuated NLMK's "limbo" status on Rate 845 far beyond the original intent of NLMK, Mr. Goodwin testified that NLMK opposed the motion to vacate and asked NIPSCO to develop more appropriate terms of service in a bridging contract until rates could be implemented in the latest rate case. Mr. Goodwin testified that NIPSCO agreed that Rate 845 was not appropriate for an electric arc furnace facility and discussed alternative service rates and terms that resulted in the Special Contract that NLMK proposes that the Commission approve to resolve the concerns raised in its Complaint in this Cause.

Mr. Goodwin testified that NLMK requires more stable and affordable rates and terms than currently applies to its operations under NIPSCO Rate 845, and NLMK expected that achieving improved terms would necessitate some form of interruptible service. NLMK also agreed with NIPSCO that designing rates and terms of service from NIPSCO's proposed rate schedules in the 2010 Electric Rate Case made more sense than attempting to adapt legacy rate schedules or crafting a custom rate solution. He stated that using NIPSCO's proposed rate schedules as a starting point likely provides more consistency in service terms to the extent that those terms may apply beyond the proposed bridge period. With respect to the proposed Special Contract itself, Mr. Goodwin testified that it is important to NLMK that the contract become effective as quickly as possible so that NLMK can minimize its exposure to the price swings associated with incremental energy costs that apply under Rate 845. For this reason, the proposed effective date of the Special Contract, March 4, 2011, is an essential element of the settlement agreement from NLMK's perspective.

Mr. Goodwin further testified that the modified rates and interruptible credit that are proposed in the Special Contract reflect a series of exchanges and concessions by both NLMK and NIPSCO to arrive at an overall settlement. Without pre-judging the issues presented in the 2010 Electric Rate Case, he stated this was an appropriate way to approach settlement of the Special Contract because it provides a foundation upon which NLMK confidently concluded that the resulting rates remain well above NIPSCO's cost of serving NLMK even with an interruptible credit that is substantially less than the level that industrial customers advocated, and the Commission endorsed, in the 2008 electric Rate Case. Mr. Goodwin noted that at the time his testimony was filed, consumer parties in the 2010 Electric Rate Case had not yet filed testimony in response to NIPSCO's proposals. Consequently, NLMK viewed its concessions in light of a reasonable resolution of its complaint in this Cause. Nevertheless, Mr. Goodwin stated his belief that the approach NIPSCO and NLKM adopted in the settlement agreement is a reasonable way to approach the complex revenue allocation and rate design issues that are presented in the broader rate proceeding. In sum, taken in its totality, Mr. Goodwin concluded the Special Contract addresses NLMK's immediate needs while adopting rates and terms, including the interruptible credit, that are cost-based.

b. NIPSCO's Testimony. NIPSCO presented the testimony and exhibits of Frank A. Shambo, Vice President, Regulatory and Legislative Affairs.

Mr. Shambo testified that NLMK has consistently maintained that, given the unusual nature of its operations, the full tariff rates presently available from NIPSCO, "the 800 series rates," present a hardship for NLMK, notwithstanding the use of Rate 845 for the last 12 months. Mr. Shambo confirmed that NLMK has expressed to NIPSCO a need for relief that cannot wait for the

outcome of the 2010 Electric Rate Case. Because the outcome of the 2008 Electric Rate Case is also uncertain, Mr. Shambo explained that the two parties have entered into a "bridge" contract that provides relief until the end of 2011 or until the implementation of new rates in either the 2008 Electric Rate Case or the 2010 Electric Rate Case. Mr. Shambo sponsored, as an exhibit to his testimony, a Settlement Agreement wherein NIPSCO agreed that its existing full tariff rates pose difficulties for a manufacturing operation like NLMK. Mr. Shambo testified that the two parties negotiated the Special Contract to "bridge" the gap between March 4, 2011 and the time that new rates and charges are approved for NIPSCO. Mr. Shambo pointed out that upon approval by the Commission of the Special Contract, and in accordance with the Settlement Agreement, NLMK has agreed to request the dismissal of this Cause, with prejudice.

Mr. Shambo explained that the Special Contract has an initial term beginning March 4, 2011 and ending on December 31, 2011. Thereafter, the contract will continue on a month-to-month basis unless terminated upon written notice by either Party. The Special Contract automatically terminates once the Commission approves and NIPSCO implements new large industrial service tariffs for NIPSCO in either the 2008 Electric Rate Case or the 2010 Electric Rate Case.

Mr. Shambo pointed out that the terms of service in the Special Contract are consistent with Rate 632 as filed in the 2010 Electric Rate Case, except that the demand and energy rates represent a compromise based on an average of the "across-the-board" allocation and the full allocated cost of service study filed by NIPSCO in the 2010 Electric Rate Case. In addition, NLMK will receive an interruptible credit consistent with Rider 675, Option B as filed in the 2010 Electric Rate Case, except that the amount of the credit will be $5.00 per kilowatt, which represents a compromise between the $6.75 credit previously approved by the Commission in the 2008 Electric Rate Case for Rider 581 and the $3.00 credit proposed by NIPSCO in the 2010 Electric Rate Case. Mr. Shambo stated that both parties recognize that Rider 581 and Rider 675, Option B, are somewhat different, but comparable.

Mr. Shambo clarified that the Special Contract rate includes a component for NLMK's share of environmental tracker costs, which are embedded in the contract rate. In addition, he noted that if the Special Contract is approved, NLMK will no longer be able to participate in the customer credit of $55 million approved in Cause No. 41746. Finally, Mr. Shambo pointed out that unless and until the Special Contract is approved, NLMK will continue to be billed for electric service pursuant to Rate 845. If the Special Contract is approved, NIPSCO will re-bill NLMK back to March 4, 2011 in accordance with the terms of the Special Contract.

Mr. Shambo testified that the demand and energy charges set forth in the Special Contract are designed to exceed the incremental marginal costs of serving NLMK, and therefore the rates provide a contribution to NIPSCO's fixed costs. Mr. Shambo sponsored as an exhibit the relevant portion of NIPSCO's allocated cost of service study filed in the 2010 Electric Rate Case showing the cost of service under Rate 632. Mr. Shambo testified that the exhibit clearly demonstrates that the rates incorporated in the Special Contract exceed the cost of service in the 2010 Electric Rate Case, and therefore contribute to the fixed costs in this interim period.

Mr. Shambo testified that the electricity purchases made possible by the Special Contract will not adversely impact NIPSCO's generation, transmission or distribution capabilities or facilities. To the contrary, Mr. Shambo pointed out that an added benefit of the Special Contract is

the potential 90 megawatts of interruptible demand, which could reduce NIPSCO's near term need for additional summer capacity, saving additional charges for all customers. Additionally, since Rider 675 provides for "economic" interruptions, NIPSCO will be able to avoid some higher priced purchases or generation that would flow through to all customers in the fuel adjustment clause proceedings. According to Mr. Shambo, this means that all customers, not only NLMK, will benefit from the Special Contract.

Mr. Shambo noted that the Special Contract will result in a reduction in NIPSCO's margins during 2011, primarily attributable to the interruptible credit being provided to NLMK under the contract. He stated that NIPSCO continues to support its position in the rate case that interruptible credits are for the benefit of all customers and should be recovered from all customers. Furthermore, he testified that these lower rates for NLMK continue to support business in NIPSCO's service territory, which is to the benefit of all rate payers. Although NIPSCO is not seeking recovery of the reduced margins associated with the Special Contract, Mr. Shambo stated that NIPSCO reserves the right in the 2010 Electric Rate Case to continue to propose mechanisms for the recovery of costs associated with interruptible credits, including the use of the Reliability Adjustment ("RA") tracker to recover such costs.

In his supplemental testimony, Mr. Shambo acknowledged that NIPSCO filed revised testimony, exhibits and workpapers in the 2010 Electric Rate Case to reflect a revised cost of service study. Nevertheless, Mr. Shambo confirmed that the rates and charges contained in the Special Contract still recover NIPSCO's incremental cost to provide electric service to NLMK. He testified that the Special Contract is still in the public interest. He further stated he discussed the revised cost of service study with the other parties in this proceeding, and all were willing to go forward with the Commission's consideration of the Special Contract.

5. <u>Commission Discussion and Findings</u>. Pursuant to the Commission's procedural rules, and prior determinations by this Commission, a settlement agreement will not be approved by the Commission unless it is supported by probative evidence. 170 IAC 1-1.1-17. Settlements presented to the Commission are not ordinary contracts between private parties. *United States Gypsum, Inc. v. Indiana Gas Co.*, 735 N.E.2d 790, 803 (Ind. 2000). Any settlement agreement that is approved by the Commission "loses its status as a strictly private contract and takes on a public interest gloss." *Id.* (quoting *Citizens Action Coalition v. PSI Energy, Inc.*, 664 N.E.2d 401, 406 (Ind. Ct. App. 1996)). Thus, the Commission "may not accept a settlement merely because the private parties are satisfied; rather [the Commission] must consider whether the public interest will be served by accepting the settlement." *Citizens Action Coalition*, 664 N.E.2d at 406. Furthermore, any Commission decision, ruling or order - including the approval of a settlement - must be supported by specific findings of fact and sufficient evidence. *United States Gypsum*, 735 N.E.2d 790 at 795 (citing *Citizens Action Coalition v. Public Service Co.*, 582 N.E.2d 330, 331 (Ind. 1991)). Therefore, before the Commission can approve the Settlement Agreement, we must determine whether the evidence in this Cause sufficiently supports the conclusion that the Settlement Agreement serves the public interest.

In this case, the Settlement Agreement between NIPSCO and NLMK is premised on the approval of a special contract rate between the parties. When reviewing a contract between a public utility such as NIPSCO and its customers for utility service at rates other than allowed in that utility's tariff, Ind. Code §§ 8-1-2-24 and -25 require the Commission to determine whether the

contract is reasonable and just, practicable and advantageous to the parties, and not inconsistent with the purposes of the public utility regulatory regime.

In making that determination in past proceedings, we have considered whether the rates negotiated between the utility and the customer will be sufficient for the utility to cover the incremental cost of providing service to the customer and also provide a contribution to the recovery of Petitioner's fixed costs. We also have considered whether the utility has sufficient capacity to meet the customer's needs. Finally, we have recognized the importance of special contracts that help assure a utility's retention of a large customer and preservation of that customer's contribution to the utility's fixed cost recovery. *See, e.g., Indiana Gas Company, Inc.*, Cause No. 43298 at 25 (IURC Feb. 13, 2008).

Our review of the Special Contract and testimony in support of it filed by NIPSCO and NLMK indicates that the rates and charges to be imposed under the contract will allow NIPSCO to recover its incremental cost of providing service to that NLMK and provide a contribution to the recovery of Petitioner's fixed costs. NIPSCO's provision of service under the Special Contract will not alter any of NIPSCO's existing rates or charges or adversely affect the adequacy or reliability of service provided to NIPSCO's other customers. The Commission, therefore, finds the Special Contract and rates, charges, terms and conditions contained therein are reasonable and just, as well as non-discriminatory, and should be approved. Further, the Commission finds that the Settlement Agreement in this Cause is adequately supported by the evidence and is in the public interest.

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

1. The Settlement Agreement and Special Contract dated March 4, 2011 between NLMK and NIPSCO, which is attached to this Order, shall be and hereby is approved in its entirety.

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

ATTERHOLT, BENNETT, LANDIS, MAYS AND ZIEGNER CONCUR:

APPROVED: APR 27 2011

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

Shala Coe

Shala Coe,
Acting Secretary to the Commission

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STATE OF INDIANA

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IN THE MATTER OF THE COMPLAINT OF BETA STEEL CORPORATION FOR EMERGENCY RELIEF AND AN INTERIM ORDER EXTENDING ELECTRIC SERVICE CONTRACT AGAINST NORTHERN INDIANA PUBLIC SERVICE COMPANY ("NIPSCO") AND REQUEST FOR EXPEDITED ADJUDICATION. RESPONDENT: NORTHERN INDIANA PUBLIC SERVICE COMPANY	CAUSE NO. 43866

JOINT MOTION OF NLMK INDIANA CORP. AND NORTHERN INDIANA PUBLIC SERVICE COMPANY TO APPROVE "BRIDGE" CONTRACT

Complainant NLMK Indiana Corp., formerly known as Beta Steel Corporation (hereinafter referenced as "NLMK")[1] and Northern Indiana Public Service Company ("NIPSCO") jointly request that the Indiana Utility Regulatory Commission ("IURC" or "Commission") approve the appended contract, which serves as a "bridge" from March 4, 2011 until such time as new tariffs for industrial power service are accepted and approved pursuant to NIPSCO's pending electric rate case (Cause No. 43969), and resolves all issues in this Cause. In support of this motion, the movants state as follows:

Background

1. NLMK and NIPSCO were parties to a long-term electric supply agreement, approved by the Commission on November 9, 2005 in Cause No. 42846. That agreement expired on April 25, 2010. On March 3, 2010, prior to the expiration of the contract, NLMK filed its Complaint initiating this Cause in which NLMK requested an extension of the electric supply agreement between the parties until such time as NIPSCO's tariffs for electric service were revised

[1] NLMK acquired Beta Steel Corporation in September 2008.

pursuant to a final Commission order in NIPSCO's 2008 electric rate case, Cause No. 43526. On April 7, 2010, the Commission issued an order establishing a procedural schedule for this Cause.

2. On April 25, 2010, NLMK and NIPSCO executed a contract for electric service pursuant to NIPSCO's existing Rate 845, and on April 28, 2010 the Parties filed an unopposed motion to vacate the procedural schedule in this Cause, indicating that the Rate 845 contract would accommodate NLMK's needs for the immediate future. The motion was granted in a docket entry issued on May 12, 2010. At the time the Parties filed their unopposed motion, the record in Cause No. 43526, had closed and the Parties anticipated that NLMK would take electric service under different rates and terms once revised rate schedules were implemented following a final Commission order in that rate case. (In fact, the Rate 845 contract would automatically terminate upon the proper filing of new approved rates for industrial service, pursuant to Article 5.2 of the contract.) On August 25, 2010, the Commission issued its final order in Cause No. 43526. In its final order, the Commission established a process for the filing of compliance rates by NIPSCO and permitting parties to raise challenges or objections to those rates. NLMK is among the active parties that filed objections to the NIPSCO compliance filing.

3. On November 19, 2010, NIPSCO filed a new base rate case, docketed as Cause No. 43969. The Commission established a procedural schedule for Cause No. 43969 in a Prehearing Conference Order issued on January 5, 2011. On January 7, 2011, NIPSCO filed a motion, in which the Indiana Office of Utility Consumer Counselor ("OUCC"), the City of Hammond, and LaPorte County, Indiana joined, to vacate the compliance filing schedule in Cause No. 43526, based on administrative efficiency. NLMK and the NIPSCO Industrial Group opposed the Motion to Vacate.

4. In this proceeding, NLMK has consistently maintained that, given the unusual nature of its operations, the full tariff rates presently available from NIPSCO present a hardship for

NLMK. As indicated in the attached settlement, NIPSCO agrees that its existing full tariff rates pose difficulties for a manufacturing operation like NLMK. NLMK and NIPSCO have negotiated a Bridge Contract, based on rates that have been proposed by NIPSCO in its pending 2010 electric rate case, Cause No. 43969, to "bridge" the gap between March 1, 2011 and the time that new rates and charges are approved for NIPSCO. NLMK and NIPSCO request that the Commission re-activate this case, establish a procedural schedule for filing testimony, and set this matter for hearing to consider and approve the "bridge" contract negotiated by NLMK and NIPSCO.

5. Upon approval by the Commission of the proposed "bridge" contract, and in accordance with the attached settlement agreement, NLMK has agreed to request the dismissal of this Cause, with prejudice.

WHEREFORE, NLMK and NIPSCO respectfully request that the Commission:

(1) reactivate this case and establish a procedural schedule for filing testimony;

(2) set this matter for evidentiary hearing at its earliest convenience; and

(3) approve the attached Bridge Contract as just, reasonable and in the public interest.

Respectfully submitted,

NLMK Indiana

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that the foregoing *Joint Motion of NLMK and NIPSCO to Approve "Bridge" Contract* was served on March 4th, 2011 by electronic transmission, addressed to:

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INDIANA UTILITY REGULATORY COMMISSION

IN THE MATTER OF THE COMPLAINT OF BETA STEEL CORPORATION FOR EMERGENCY RELIEF AND AN INTERIM ORDER EXTENDING ELECTRIC SERVICE CONTRACT AGAINST NORTHERN INDIANA PUBLIC SERVICE COMPANY ("NIPSCO") AND REQUEST FOR EXPEDITED ADJUDICATION. RESPONDENT: NORTHERN INDIANA PUBLIC SERVICE COMPANY	CAUSE NO. 43866

SETTLEMENT AGREEMENT

Complainant NLMK Indiana Corp., formerly known as Beta Steel Corporation (hereinafter referenced as "NLMK")[1], and Respondent Northern Indiana Public Service Company ("NIPSCO")(each individually, a "Party", collectively, "the Parties") hereby stipulate and agree that the terms and conditions of this Settlement Agreement, as set forth below, represent a just, reasonable and complete resolution of the issues in this Cause.

WHEREAS, NLMK is a corporation operating under the laws of Indiana in the manufacturing business with its principal place of business located in Portage, Indiana; and

WHEREAS, NLMK initiated a complaint against NIPSCO on March 3, 2010 out of concern that new rates would not be implemented in Cause No. 43526 prior to the April 25, 2010 expiration of a special contract with NIPSCO; and

WHEREAS, on a temporary basis and in anticipation that new rates would soon be implemented pursuant to Cause No. 43526, the Parties agreed to suspend the procedural schedule in this proceeding, and NLMK chose to receive electric service on a month-to-month basis under Rate 845, but NLMK now has serious concerns about the price risk associated with Rate 845 and

[1] NLMK acquired Beta Steel Corporation in September 2008.

desires a lower, more stable price for energy; and

WHEREAS, NIPSCO agrees that Rate 845 poses difficulties for a manufacturing operation like NLMK; and

WHEREAS, the implementation of proposed rates pursuant to either Cause No. 43526 or Cause No. 43969 is many months away, but NIPSCO is willing to implement, on an interim basis, rates for NLMK that will "bridge" the gap between presently available and future rates, provided such "bridge" rates are based on rates that NIPSCO reasonably believes could result from the rate case, Cause No. 43969; and

WHEREAS, NLMK and NIPSCO desire to reach a resolution that will result in the dismissal of NLMK's complaint.

NOW, THEREFORE, for material and sufficient consideration, in accordance with the agreement of the Parties and in resolution of the issues presented in this Cause, NLMK and NIPSCO hereby enter into and agree on the following terms and provisions.

1. NLMK and NIPSCO agree to execute a "bridge" contract ("Bridge Contract") with an effective initial term beginning March 4, 2011 and terminating on December 31, 2011. Thereafter, the contract shall continue on a month-to-month basis unless terminated upon written notice by either party. Also, the contract automatically terminates once the Commission approves new large industrial service tariffs for NIPSCO.

2. Such Bridge Contract shall include the following provisions:

A. Terms of service consistent with Rate 632 as filed in Cause No. 43969, except that the demand and energy rates shall represent a compromise based on an average of the across-the-board allocation and the full ACOSS study filed by NIPSCO in Cause No. 43969.

B. An interruptible credit consistent with Rider 675, Option B as filed in Cause No. 43969, except that the amount of the credit shall be $5.00 per kilowatt, which represents a compromise between the $6.75 credit proposed by NLMK and other industrial customers in Cause No. 43525, and the $3.00 credit proposed by NIPSCO in Cause No. 43969.

C. The effectiveness of the Bridge Contract is subject to Commission approval.

D. Unless and until the Bridge Contract is approved, NLMK shall continue to be billed for electric service pursuant to Rate 845. If the Bridge Contract is approved, NIPSCO shall re-bill NLMK back to March 4, 2011 in accordance with the terms of the Bridge Contract.

3. The Parties agree that the above provisions represent a reasonable solution to NLMK's immediate needs and present a reasonable solution to the complex cost allocation / rate design challenges presented in NIPSCO's electric rate case, Cause No. 43969.

4. The parties agree that the Bridge Contract will result in a significant reduction in NIPSCO's margins during 2011, and that the reduced margin is primarily attributable to the interruptible credit being provided to NLMK under the terms of the Bridge Contract.

5. Although NIPSCO is not seeking recovery of the reduced margins associated with the Bridge Contract, NIPSCO reserves the right in the 2010 electric rate case to continue to propose mechanisms for the recovery of costs associated with interruptible credits, including the

use of the RA tracker to recover such costs. NLMK does not object to an appropriate tracking mechanism for recovering the cost of interruptible credits.

6. The Parties agree that the Commission's approval of the Bridge Contract is not a pre-disposition of NIPSCO's 2010 Electric Rate Case (Cause No. 43969), and does not preclude the Parties to this agreement, or any party in the 2010 Electric Rate Case, from taking an alternative position.

7. The Parties agree that this Settlement Agreement will be included with the evidence presented in support of the Bridge Contract, but shall not seek Commission approval of this Settlement Agreement itself.

8. The Parties shall jointly seek Commission review and approval of the Bridge Contract in its entirety without change or condition unacceptable to any party. The Parties shall cooperate with each other in submitting to the Commission all evidence and submissions in support of the Bridge Contract as may be necessary and appropriate to facilitate and secure such Commission approval.

9. The Parties agree that a final order by the Commission approving the Bridge Contract in its entirety, without change or condition unacceptable to any Party, will fully and completely resolve all issues that have been raised and that could have been raised in this Cause. In the event such an order is entered by the Commission, the Parties agree not to seek rehearing or judicial review, and will actively support the effectiveness of the Bridge Contract in any

rehearing or judicial review sought by any other entity. Within ten (10) days of the issuance of a Commission order approving the Bridge Contract, NLMK shall file a motion with the Commission requesting dismissal of its complaint, with prejudice.

10. In the event the Commission does not approve the Bridge Contract in its entirety, or with changes or conditions unacceptable to any Party, the Parties agree that the proceedings in this Cause should resume if either Party wishes to do so, and should continue to a Commission determination on the merits, with both Parties fully capable of presenting and supporting their positions on the issues.

11. By entering into this Settlement Agreement, neither NLMK nor NIPSCO shall be foreclosed from asserting any contention or taking any position in any other proceeding, except that neither Party shall in any way challenge the validity and binding effect of this Settlement Agreement, or the statements set forth herein. The Parties further agree that there shall be no restriction on either Party's ability to cite in any other proceeding the provisions of this Settlement Agreement or the related Bridge Contract and testimony.

12. This Agreement shall be binding on and inure to the benefit of the successors and assigns of the Parties.

AGREED and ACCEPTED this 4th day of March, 2011

NLMK INDIANA CORP.

By: [signature]

Title: Counsel for NLMK

NORTHERN INDIANA PUBLIC SERVICE COMPANY

By: [signature]

Title: Counsel for NIPSCO

CONTRACT FOR ELECTRIC INDUSTRIAL POWER SERVICE
NLMK INDIANA CORP.

THIS AGREEMENT is entered into this 4 day of March 2011, between **NLMK INDIANA CORP.**, an Indiana corporation, with offices at 6500 S. Boundary Road, Portage, Indiana 46368 (hereinafter called "Customer") and **NORTHERN INDIANA PUBLIC SERVICE COMPANY**, an Indiana corporation, with offices at 801 East 86th Avenue, Merrillville, Indiana 46410 (hereinafter called "Company").

WITNESSETH:

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

WHEREAS, Customer is a corporation operating under the laws of Indiana in the manufacturing business with its principal place of business located in Portage, Indiana; and

WHEREAS, Customer has a complaint against Company pending before the Indiana Utility Regulatory Commission, which complaint is docketed as Cause No. 43866; and

WHEREAS, in resolution of its complaint, Customer desires to obtain electric power service from Company pursuant to the terms of this Contract, subject to approval by the Indiana Utility Regulatory Commission.

NOW THEREFORE, in consideration of the premises and the mutual covenants herein contained, and subject to the terms and conditions herein contained, the Parties hereby agree as follows:

ARTICLE 1
DEFINITIONS

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

A. "Commission" shall mean the Indiana Utility Regulatory Commission, the regulatory agency having jurisdiction over the retail electric service of Company in Indiana, including the electric service covered by this Agreement, or any successor thereto.

B. "Agreement" and "Contract" shall mean this Contract for Electric Service between Company and Customer, as the same may, from time to time, be amended. Said Contract is set forth in its entirety herein.

C. "Parties" shall mean Company and Customer.

D. "Party" shall mean either Company or Customer.

E. "Customer" shall mean NLMK Indiana Corp.

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 Agreement rather than any particular part of the same. Certain other definitions, as required, appear in subsequent parts of this Agreement.

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 energy of the character specified herein that shall be purchased by the Customer at its manufacturing facility located in Portage, Indiana.

2.2 The Delivery Points for electric power and energy delivered hereunder shall be at a voltage of approximately 34,500 volts and the Customer shall take delivery at (1) the point where the incoming supply line terminates at the bus pedestal defined as serving the electric furnace facility auxiliary services; (2) the point where the incoming supply line terminates at the bus pedestal defined as serving the hot strip facility; and (3) the point where the incoming supply line terminates at the bus pedestal defined as serving the electric furnace and ladle metallurgy facility, all of which are located within Customer's facilities in Portage, Indiana.

ARTICLE 3
DELIVERY/CONSUMPTION LIMITATIONS

3.1 The electric energy delivered hereunder shall be three-phase alternating current having a frequency of approximately sixty (60) cycles per second at the voltage specified in Article 2.2 and shall be delivered to Customer at the Delivery Point specified in Article 2.2. Such electric energy shall be delivered and maintained reasonably close to constant potential and frequency according to standard utility practices and shall be measured by a meter or meters owned and installed by Company and located at Customer's facilities.

3.2 Company will own all necessary sub-transmission and/or distribution facilities to provide service under this Agreement and such facilities will comply in all material respects with standards observed by Company with respect to other similar facilities and with all applicable laws, rules, regulations and orders.

3.3 Company will maintain, and replace all necessary components of, the facilities in accordance with the maintenance and replacement standards observed by Company with respect to its system.

3.4 The Company will retain all ownership rights with respect to the facilities. The Company will not allow service to other customers connected directly to the facilities to impair service to the Customer. Upon termination of the Contract, the Customer will have the right to receive service over the facilities in accordance with the rates, terms and conditions established by a regulatory authority having jurisdiction over the transaction.

ARTICLE 4
CONTRACT DEMAND, RATES AND PAYMENT TERMS

4.1 Beginning with the commencement of service hereunder, the Contract Demand contracted for by the Customer shall be 100,000 kilowatts for each month of service (the "Contract Demand").

4.2 The Company shall provide electric power service to Customer pursuant to the terms of Company's proposed Rate Schedule 632 as filed in Cause No. 43969, a copy of which is attached hereto, except as expressly modified below:

A. The Demand charge shall be as follows:

$10.19 per kilowatt per month for the first 50,000 kilowatts of Billing Demand
$9.48 per kilowatt per month for all over 50,000 kilowatts of Billing Demand

B. The Energy Payment shall be as follows:

$0.037138 per kilowatt hour for energy used per month for the first 660 hours of the Billing demand for the month
$0.034888 per kilowatt hour for energy used per month in excess of 660 hours of the Billing Demand for the month

C. The energy charge set forth above may be adjusted from time to time as approved by the Commission to reflect the Company's currently-effective Cost of Fuel Charge set forth in Appendix B of Company's tariff.

D. The contract term shall be governed by Article 5, below.

4.3 The Customer elects to receive electric service pursuant to the terms of proposed Rider 675 filed by the Company in Cause No. 43969, a copy of which is attached hereto, with the following specifications and revisions:

A. Customer elects Option B as stated in Rider 675 in an amount equal to 90,000 kilowatts as its Interruptible Contract Demand.

B. Customer designates 10,000 kilowatts as its Firm Contract Demand under Rate 632.

C. The Demand Credit to be applied to the Demand Charge shall be $5.00 per kilowatt per Interruptible Billing Demand per month.

4.4 The Company and the Customer shall work together expeditiously when necessary to insure the technical coordination of the electric furnace operations resulting in no adverse impact to the Company's electric system and its operation.

ARTICLE 5
EFFECTIVE DATE, TERM AND TERMINATION OF AGREEMENT

5.1 The Company shall begin to supply electric service hereunder in accordance with the terms of this Agreement on March 4, 2011. This shall begin an interim period during which the Contract is pending, subject to Commission approval. During this interim period, Customer shall be billed in accordance with the provisions of the Rate 845 contract previously executed by the parties on April 25, 2010. Customer will be re-billed in accordance with the terms of this Contract if and when it has been approved by the Commission.

5.2 This Agreement shall be subject to any and all initial and continuing regulatory approvals required, including but not limited to that of the IURC. This Agreement shall continue in full force and effect for an initial term ending December 31, 2011. Thereafter the contract shall continue from calendar month to calendar month unless either party provides thirty (30) days written notice to terminate.

5.3 Notwithstanding Article 5.2 above, this Agreement shall automatically terminate upon (1) lawful, proper filing of the Company's new tariffs for industrial power service following acceptance and approval by the Commission of same or (2) enactment of legislation which (a) mandates a modification to Company's base electric rates or (b) requires Company to unbundle its retail electric rates and services, only if such legislation referenced in subparagraphs (a) and (b) alters Company's tariffs or rates without further Commission action.

ARTICLE 6
SERVICE CONDITIONS

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

6.2 All wiring and other electrical equipment owned by Customer shall be maintained by Customer at all times in conformity with the requirements of Company standards, the National Board of Fire Underwriters, the National Electrical Code, and National Electrical Safety Code, which may apply, and other authorities having jurisdiction. The Customer shall protect, indemnify and hold harmless the Company against damages incurred by the Company that are caused by the negligence of the Customer or which are due to defective electrical equipment

belonging to the Customer. The Company shall protect, indemnify and hold harmless the Customer against damages incurred by the Customer that are caused by the negligence of the Company or which are due to defective electrical equipment belonging to the Company. Neither the Customer nor the Company shall be liable for consequential damages or loss of profits due to business interruptions or otherwise in computing any claim, damage, liability or expense.

6.3 Company's General Rules and Regulations Applicable to Electric Service, on file with the Commission, are incorporated herein by reference and made a part hereof. Customer acknowledges receipt of the currently approved General Rules and Regulations Applicable to Electric Service.

6.4 In addition to the provisions set forth in Company's General Rules and Regulations Applicable to Electric Service and notwithstanding any other term or condition in this Contract, any service being provided under this Contract may be interrupted or reduced (a) by operation of equipment installed for power system protection, (b) for routine installation, maintenance, inspection, repairs, or replacement of equipment, after consultation with, and one (1) business day notice to, Customer or (c) when, in Company's sole judgment, such action is necessary to preserve the integrity of, or to prevent or limit any instability or material disturbance on its electric system or an interconnected system. This Article shall not apply to voltage flicker and harmonic distortions covered by Article 6.6.

6.5 Notwithstanding any other terms and conditions of this Contract, Company reserves the right to disconnect from its system Customer's conductors or apparatus without notice when, in the exercise of reasonable care, Company determines that it is necessary in the interest of preserving or protecting life and/or property and/or Company's system integrity.

6.6 Customer shall adhere to Company's Power Quality Specifications contained in Company Electric Standard ER 16-600-C, revised 10/1/10, or updates to standards as applicable.

Said Standard is made a part hereof, and a copy is attached hereto. Any equipment required by such standard shall be installed by Customer at its own expense. Company reserves the right to disconnect Customer from Company's system immediately, without notice and without prejudice to any other remedies at law or in equity, when Customer fails to comply with these conditions and requirements.

6.7 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.

6.8 In case of impaired or defective service, Customer shall immediately give notice to Company by telephone, confirming such notice in writing or by electronic mail within one (1) business day of when telephone notice is given.

6.9 Customer shall notify Company in advance of any changes to be made to its facilities that have the potential of materially affecting Company's system.

6.10 Nothing contained in this Agreement is intended to waive Company's right to recover some or all of its investment in utility property previously incurred to provide electric service to Customer, if such investment cannot be fully recovered because Customer chooses to purchase electric services from suppliers other than Company. Such recovery may be in the form of increased rates and charges, exit, termination, stranded cost or similar fees filed with the appropriate regulatory authority or contained in subsequent agreements between the parties hereto; provided, however, nothing herein shall waive Customer's right to intervene in such proceedings to oppose Company's recovery of such costs.

6.11 Service under this contract must be in compliance with the rules and regulations of NERC and RFC and MISO (or any successors in interests of each). The parties understand

that NERC, RFC, and MISO or their successors in interest may allocate charges for non-compliance with their rules and regulations (*see e.g.*, NERC Policy 1, Section E, Performance Standard). Company and Customer will use their respective best efforts to minimize these charges and their impact.

ARTICLE 7
REGULATORY AUTHORITIES

7.1 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.

ARTICLE 8
GENERAL

8.1 Any waiver at any time of any rights as to any default or other matter arising hereunder shall not be deemed a waiver of 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.

8.2 In the event any of the provisions, or portions thereof, of this Contract are 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.

8.3 Any notice given pursuant to this Contract shall be in writing and addressed as follows:

If to Customer: Attn: Mr. Todd Goodwin
NLMK Indiana
6500 S. Boundary Road
Portage, IN 46368

If to Company: Attn: Mr. Michael Pasky
Northern Indiana Public Service Company
801 East 86th Avenue
Merrillville, IN 46410
Email: mrpasky@nisource.com

The above names and addresses may change at any time by written notice to the other Party.

8.4 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.

8.5 All terms and stipulations made or agreed to by the Parties in relation to the subject matter of this Contract are completely expressed and merged in this Agreement, and no previous promises, representations or agreements made by Company's officers or agents shall be binding on either Party unless herein contained. The terms of this Agreement cannot be added to, varied or waived, either verbally or in writing, by any agent, solicitor or any other person connected with Company or Customer, excepting executive officers of Company and Customer; provided, however, any changes in the terms and conditions by the officers of Company and Customer shall be in writing in the form of an amendment or supplement to this Agreement.

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

ARTICLE 9
ASSIGNMENT

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

9.2 This Contract shall not be assigned by Customer without the written consent of Company, which consent shall not be withheld unreasonably.

9.3 Any assignment by Customer shall not relieve Customer of its financial obligation hereunder unless Company so consents in writing.

ARTICLE 10
DISPUTE RESOLUTION

10.1 Whenever the Parties have a dispute in good faith regarding a monthly bill or any other matter regarding this contract, either Party may initiate the dispute resolution processes set forth in Article 10.2. The initiation of the dispute resolution process shall not relieve the Customer of its obligation to pay in a full and timely manner any portion of Customer's monthly bill which is not the subject of a good faith dispute or of Company's obligation to continue to provide service (provided, however, that this Article 10.1 shall in no event limit the Company's right to terminate service pursuant to Company's General Rules and Regulations Applicable to Electric Service or otherwise under applicable law).

10.2 The Parties shall attempt in good faith to resolve all disputes promptly in the normal course of business. The parties agree that they shall attempt to resolve any dispute which is not resolved in the normal course of business by utilizing the following process. When a dispute arises, and it cannot be resolved to the mutual satisfaction of the parties in the ordinary course of business, either Party (the "Aggrieved Party") may give written notice to the other Party of its desire to attempt to resolve the dispute as set forth in this paragraph. The notice shall contain, at a minimum, a restatement of the dispute, the basis for the dispute and the arguments that support the aggrieved party's position, a proposed solution to the dispute, and suggested meeting place(s), date(s) and time(s) when an individual with appropriate authority to bind

("Authorized Individual") of the Aggrieved Party is available for further discussions. An Authorized Individual of each Party at levels at least one level above the personnel who have previously been the primarily responsible contacts relative to the dispute, as determined by each Party in its sole discretion, shall meet at a mutually acceptable time and place within ten (10) days after delivery of such notice, and thereafter as often as is reasonably necessary, to exchange relevant information and to attempt to resolve the dispute within the time frame set forth herein. If the Authorized individuals are able to resolve the dispute, then any written resolution of the dispute executed by both Parties shall be binding upon the Parties. If the matter has not been resolved within thirty (30) days from the delivery of the notice, or if no meeting of Authorized Individuals has taken place within fifteen days after such delivery of the notice, either party may pursue such remedies as it may have hereunder, at law or in equity.

ARTICLE 11
LIABILITY

11.1 Neither Company nor 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 consequence of, any of the following causes or contingencies: acts of God, the elements, storms, hurricanes, tornadoes, cyclones, sleet, floods backwaters caused by floods, lightning, earthquakes, landslides, washouts or other revulsion of nature, epidemics, accidents, fires, failures of facilities, collisions, explosions, strikes, lockouts, differences with workmen and other labor disturbances, vandalism, sabotage, riots, inability to secure cars, 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 the public enemy, 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, lockouts or other labor disturbances shall be wholly within the discretion of the Party having the difficulty. Such causes or contingencies affecting performance shall not relieve 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, provided that the settlement of strikes, lockouts, or other labor disturbances shall be within the discretion of the party experiencing the difficulty.

11.2 Company assumes no responsibility of any kind with respect to construction, maintenance or operation of the electric facilities or other property owned or controlled by 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 Customer or others, of said energy and/or capacity provided by Company except to the extent such damage or injury shall be caused by the gross negligence or willful misconduct of Company, its agents, or employees. Customer shall provide and maintain suitable protective devices on its equipment to prevent any loss, injury or damage that might result from any irregularity, fluctuation or interruption of service. Company shall not be liable for any loss, injury or damage that could have been prevented by the use of such protective devices.

11.3 To the extent permitted by law, Customer shall protect, defend, indemnify, and hold harmless 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 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 or which are due to or arise out of defective electrical equipment belonging to Customer. 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, Company shall protect, defend, indemnify, and hold harmless Customer from and against any losses, liabilities, costs, expense, suits, actions, claims, and all other obligations whatsoever, including, without limitation, all judgments rendered against and all fines and penalties imposed upon 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 Company, its employees, agents or contractors.

11.4 No responsibility or liability of any kind shall attach to or be incurred by Company for, or on account of, any loss, cost, expense or damage caused by or resulting from, either directly or indirectly, an interruption of service provided hereunder.

11.5 Any indemnification 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 Parties' directors, officers, employees and agents, and to the Parties' affiliated companies, and any directors, officers, employees and agents thereof.

11.6 Any causes or contingencies as enumerated above 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 due diligence to remedy the situation and remove the cause in an

adequate manner and with all reasonable dispatch, nor shall such causes or contingencies or any thereof relieve either from its obligation to pay amounts due hereunder or to pay demand charges or minimum bills accruing during such interruption or suspension of service.

IN WITNESS WHEREOF, the Parties hereto have caused this Contract to be duly executed in their respective corporate names by their respective duly-authorized officers which are attested to, all thereunto duly authorized in quadruplicate as of the day and year first above written.

NLMK INDIANA

Todd E. Goodwin
(Signature)

Todd E. Goodwin
(Printed Name)

Director of Procurement
(Title)

ATTEST:
Norma Blackwell

NORTHERN INDIANA PUBLIC SERVICE COMPANY

(Signature)

MICHAEL R. PASKY
(Printed Name)

EXECUTIVE DIRECTOR MAJOR ACCOUNTS
(Title)

ATTEST:
Nancy Garnicki

RATE 632
RATE FOR ELECTRIC SERVICE
INDUSTRIAL POWER SERVICE

TO WHOM AVAILABLE

Available to Industrial Customers whose plants are located adjacent to existing electric facilities having capacity sufficient to meet the Customer's requirements.

The Customer shall contract for a definite amount of electrical capacity which shall be not less than 3,000 kilowatts. The Company shall not be obligated to supply capacity in excess of that specified in the contract.

CHARACTER OF SERVICE

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 electric 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, relaying equipment that may be supplied by the Company.

DETERMINATION OF AMOUNT OF ELECTRIC SERVICE SUPPLIED

The electric service to be supplied under this rate shall be measured as to Maximum Demand, Energy consumption and kVAR by an IDR Meter to be installed by the Company.

RATE

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

The electric service and energy supplied hereunder shall be billed under a two-part rate consisting of a Demand Charge plus an Energy Charge and applicable Riders. The Demand Charge and Energy Charge are as follows:

RATE 632
RATE FOR ELECTRIC SERVICE
INDUSTRIAL POWER SERVICE

RATE (continued)

Demand Charge

$17.66 per kilowatt per month for the first 50,000 kilowatts of Billing Demand
$16.45 per kilowatt per month for all over 50,000 kilowatts of Billing Demand

Energy Payment

$0.043365 per kilowatt hour for energy used per month for the first 660 hours of the Billing Demand for the month.
$0.041115 per kilowatt hour for energy used per month in excess of 660 hours of the billing Demand for the month.

DETERMINATION OF DEMAND

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

DETERMINATION OF BILLING DEMAND

The Billing Demand for the month except during the Termination Period shall be the greatest of the following demands:

(1) Seventy five percent (75%) of the greatest obligation to serve for the month.
(2) The maximum half-hour demand registered for the month during the Peak Period.
(3) The largest of the number of kilowatts determined by subtracting from the demand for each half-hour interval of the Off-Peak Period of the month the Surplus Capacity allotted for such half-hour interval.
(4) Seventy five percent (75%) of the highest Billing Demand established in the immediately preceding eleven (11) months, adjusted, if the Company's obligation to serve is increased or decreased. Each time the Company's obligation to serve is increased or decreased, the highest Billing Demand established in the immediately preceding eleven (11) months shall be adjusted by a ratio of the Company's current obligation to serve the Company's obligation to serve in the month of the highest Billing Demand before multiplying by seventy five percent (75%).

RATE 632
RATE FOR ELECTRIC SERVICE
INDUSTRIAL POWER SERVICE

DETERMINATION OF LAGGING REACTIVE KILOVOLT AMPERES

The Customer's requirements in Lagging Reactive Kilovolt Amperes shall be determined for each half-hour interval of the month and shall be two times the number of Lagging Reactive Kilovolt Ampere Hours recorded during such half-hour interval. No effect whatsoever shall be given hereunder to Customer's leading Reactive Kilovolt Amperes, if any.

ADJUSTMENT FOR CUSTOMER'S PEAK PERIOD LAGGING REACTIVE KILOVOLT AMPERES

The number of Reactive Kilovolt Amperes shall be computed each month for a Power Factor of 85% lagging using as the basis of said computation the Customer's maximum kilowatt demand for the month during the Peak Period hours thereof.

If the Customer's Maximum Peak Period Requirement in Lagging Reactive Kilovolt Amperes for the month is greater than the number of Reactive Kilovolt Amperes at a Power Factor of 85% lagging, determined as above, an amount equal to the product of $0.31 times said difference shall be added to the Customer's bill.

If the Customer's Maximum Peak Period Requirement in Lagging Reactive Kilovolt Amperes for the month is less than the number of Reactive Kilovolt Amperes at a Power Factor of 85% lagging, determined as above, an amount equal to the product of $0.31 times said difference shall be deducted from the Customer's bill.

The Customer agrees to control and limit Maximum Off-Peak Period Requirement in Lagging Reactive Kilovolt Amperes so that, as related to the Maximum Off-Peak Period Kilowatt Demand, it shall not exceed in ratio or numerical proportion the ratio of the Maximum Peak Period Requirement in Lagging Reactive Kilovolt Amperes and the Maximum Peak Period Kilowatt Demand; except that if such Maximum Off-Peak Period Kilowatt Demand is less than the Maximum Peak Period Kilowatt Demand, the Customer's Maximum Off-Peak Period Requirement in Lagging Reactive Kilovolt Amperes may equal the Customer's Maximum Peak Period Requirement in Lagging Reactive Kilovolt Amperes.

CUSTOMER LOAD INFORMATION

If requested by the Company, the Customer shall cooperate with the Company by furnishing the Company in writing on or before the first day of August each year a statement of its estimates of the Customer's future load on the Company by months for a subsequent Period of thirty (30) months.

The Customer shall make a reasonable effort to provide the Company in writing with a reasonably accurate hourly load forecast on a daily basis.

RATE 632
RATE FOR ELECTRIC SERVICE
INDUSTRIAL POWER SERVICE

The Customer shall include with each such annual statement, and more often if changes occur, the plans of the Customer to increase or decrease its electrical generating or conversion equipment, or any major change by the Customer which will affect the Customer's load or load factor on the Company. The Customer shall also advise the Company when it plans to order such equipment, the estimated date construction shall begin, and the estimated date the equipment will be in service.

CUSTOMER LOAD INFORMATION (Continued)

The Customer shall advise the Company in writing of any change in the operation of its generating and conversion equipment which will affect the Customer's load on the Company as such changes occur.

The Customer's dispatcher shall cooperate with the Company's dispatcher by furnishing, from time to time, such load information and operating schedules which will enable the Company to plan its generating operations.

Failure to comply with requested information on an ongoing basis may result in Customer being moved to another Rate Schedule.

SURPLUS CAPACITY

The Company, at its option may make available from time to time to the Customer without any additional Demand Charge, "Surplus Capacity" that may be available in the generating, transmission, and distribution system of the Company used in serving the Customer. Such Surplus Capacity allotted by the Company will not exceed the number of kilowatts that the Customer requests and is ready, able, and willing to use, and when allotted, shall be available to the Customer only during the Off-Peak Period.

1. The Off-Peak Period shall be as follows:

   The Company will by written notice select the periods of time to be included in the Off-Peak Period, which periods of time shall be not less than a total of nine (9) hours or more than a total of thirteen (13) 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 periods of time so selected by the Company shall be such
   that at no time shall a period of time be less than six (6) consecutive hours in duration.

2. The quantity of Surplus Capacity available to the Customer shall be allotted as follows:

RATE 632
RATE FOR ELECTRIC SERVICE
INDUSTRIAL POWER SERVICE

The quantity of Surplus Capacity allotted to the Customer by the Company and the hours to be included in the Off-Peak Period will be by written notice to the Customer from the Company, and will be available to the Customer for the period of time specified, but not in excess of three calendar months. The Company may, from time to time, upon not less than 4 hours' notice reduce or withdraw in entirety, the quantity of Surplus Capacity allotted in the Off-Peak Period of any day or days.

3. The "Peak Period" shall mean all time not included in the Off-Peak Period.

ADJUSTMENT FOR LOAD FACTOR

If the energy in kilowatt hours for any month is less than the product of 365 multiplied by the number of kilowatts constituting the Billing Demand for that month, then there shall be added to the Energy Payment one mill per kilowatt hour for such deficiency in kilowatt hours.

GENERAL TERMS AND CONDITIONS OF SERVICE

1. Contract

Any Customer requesting service under this rate shall enter into a written contract for an initial period of not less than one year, and such contract shall continue from month to month for a period of not more than five years thereafter unless cancelled by either party giving to the other 60 days' prior written notice of the termination of such contract at the end of the initial period or any yearly period thereafter.

RULES AND REGULATIONS

Service hereunder shall be subject to the Company Rules and IURC Rules.

RIDER 675
INTERRUPTIBLE INDUSTRIAL SERVICE RIDER

TO WHOM AVAILABLE

Available to Customers taking service under either Rate 632 or Rate 633 whose facilities are located adjacent to existing electric facilities having capacity sufficient to meet the Customer's requirements, subject to the conditions set forth in this Rider and the Company Rules. The total capacity to be made available under this Rider is limited to 500 MW. If initial requests for capacity exceed the 500 MW cap, The priority of allocation will be first to existing Rate 836 customers and then the remaining capacity will be allocated on a pro rata share.

Customers shall contract for and specify an Interruptible Contract Demand of 5,000 kW or greater under this Rider. The Company shall not be obligated to supply interruptible capacity in excess of the Interruptible Contract Demand specified in the contract. Interruptible Contract Demand is the demand (kW) that the Customer intends to make available for Interruptions and/or Curtailments. Customers electing service under this Rider shall specify a Firm Contract Demand that the Customer intends to exclude from Interruptions and Curtailments. The Firm Contract Demand amount shall be specified in the customer's agreement. The Interruptible Contract Demand shall not exceed the rate 632 or 633 Demand.

Customers electing this rider shall be required to have the ability of Curtailment or Interruption at the stated notice by the Company and meet the applicable Load Modifying Resource requirements pursuant to Midwest ISO Tariff Module E or any successor. Customers electing this Rider shall provide information necessary to satisfy these requirements, including information demonstrating to Company's satisfaction that the Customer has the ability to reduce load to the level of curtailability and/or interruptibility they contract for.

CHARACTER OF SERVICE

There are three options of interruptible service. The Customer shall contract for the interruptible option which shall remain in effect for the duration of the contract.

The Company shall dispatch customers for the Curtailments or Interruptions at its own discretion in accordance with the limitations below.

Option A – Curtailments only

Curtailments shall be limited to the following:

1. No more than one (1) per day;
2. No more than twelve (12) hours per day;
3. No more than five (5) days during the summer (May – September).

RIDER 675
INTERRUPTIBLE INDUSTRIAL SERVICE RIDER

CHARACTER OF SERVICE (continued)

The Company shall provide at least four (4) hours advanced notice before a Curtailment. Adjustment to the requested Curtailment demand may be increased with a minimum of 4 hour notice during the period of Curtailment. This service will be billed as second through the meter.

Option B – Curtailment and Limited Interruptions

1. Customer will be subject to the curtailments defined in Option A plus
2. Interruptions shall be limited as follows:
   a. No more than one (1) per day.
   b. No more than ten (10) consecutive hours.
   c. No more than 2 consecutive days.
   d. No more than three (3) in any seven (7) day of the week, and
   e. No more than 100 hours per rolling 365 days.

The Company shall provide at least four (4) hours advanced notice before an Interruption. Adjustments to the requested Interruptible demand may be increased with a minimum of four (4) hour notice during the Interruption. This service will be billed as second through the meter.

Option C – Short notice Interruptions

1. Interruptions shall be limited as follows:
   a. No more than one (1) per day
   b. No more than 10 hours per day

The Company shall provide at least ten (10) minute advanced notice before a Interruption. Adjustments to the requested Interruptible demand may be increased with a minimum of ten (10) minutes notice during the Interruption. This service will be billed as first through the meter.

The Company shall dispatch customers for the Curtailments or Interruptions at its own discretion.

INTERRUPTIONS

Company may call an Interruption when the applicable LMPs are in excess of the purchased power benchmark.

Customers may elect to buy-through an Interruption subject to the Energy rate provided in this Rider.

RIDER 675
INTERRUPTIBLE INDUSTRIAL SERVICE RIDER

RATE

Demand Credit

Option A

$1.00 per kilowatt per Interruptible Billing Demand per month will be applied to the Rate 632 or Rate 633 bill.

Option B

$3.00 per kilowatt per Interruptible Billing Demand per month will be applied to the Rate 632 or Rate 633 bill.

Option C

$7.00 per kilowatt per Interruptible Billing Demand per month will be applied to the Rate 632 or Rate 633 bill.

Energy

During Interruptions, all kilowatt hours used above the Interruptible Contract Demand plus the firm Contract Demand less the amount requested for Interruption shall be subject to an energy charge equal to the greater of:

1. Day-Ahead LMP; or
2. Real-Time LMP

Plus the non-fuel energy charge in Rate 632 or 633.

If a Customer fails to comply with a Curtailment, the Customer shall be immediately disqualified and removed from service under this Rider and shall not be eligible for this Rider for a period of three (3) years. In addition, a Customer failing to comply with a Curtailment shall be subject to the above energy charge during a Curtailment and, the Customer shall be liable for any charges and/or penalties from any outside agency(ies) or duly applicable organization including Midwest ISO, FERC and Reliability*First* Corporation for failure to comply with a Curtailment. Penalties and charges may be, but are not limited to, penalties associated with disqualification as a Load Modifying Resource.

DETERMINATION OF INTERRUPTIBLE BILLING DEMAND

Interruptible billing demand shall be calculated as follows:

RIDER 675
INTERRUPTIBLE INDUSTRIAL SERVICE RIDER

Options A & B

The lessor of:
(1) the Interruptible Contract Demand, or
(2) Billing demand of the either Rate 632 or Rate 633 less firm Contract Demand.

Option C

The lessor of:
(1) the Interruptible Contract Demand, or
(2) Billing demand of either Rate 632 or Rate 633.

The customer's monthly Rate 632 or Rate 633 Billing Demand shall be calculated in accordance with Rate 632 or Rate 633.

The interruptible demand credit will not apply to Temporary Service demands taken under Rider 676.

CUSTOMER'S FAILURE TO COMPLY WITH REQUESTED INTERRUPTIONS OR CURTAILMENT

A Customer is deemed to have failed to comply with a Curtailment or Interruption when the Customer's current integrated Demand, as measured by the meters installed by the Company, has not decreased to a level equal to or less than its Firm Contract Demand plus its Interruptible Contract Demand less the amount requested within four (4) hours after notification of Curtailment or within the notification period of the interruptible option for Interruptions..

GENERAL TERMS AND CONDITIONS OF SERVICE - CONTRACT

Any Customer requesting service under this rate shall enter into a written contract for an initial period of not less than three years.

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 special terms and conditions under which service is to be furnished hereunder, including but not limited to, amount of Contract Demand, voltage to be supplied, and facilities to be provided by each party in accordance with the Company Rules.

RULES AND REGULATIONS

Service hereunder shall be subject to the Company Rules and IURC Rules

POWER QUALITY
Customer Electric

10-01-10
ER 16-600-C

USE: Provides Power Quality Specifications for Customer adherence.

PREVIOUS REVISION	ORIGINATED	PREVIOUS NUMBER
04-01-05	06-94	ER 10-100 (02-94), ER 10-101 (02-94), ER 16-610 (06-94)

LATEST REVISION: General Clarification and Revision.

11/17/10

REFERENCE: IEEE Standard 519, latest revision, NIPSCO Standard E 23-490, IURC Electric Service Tariff Original Volume Number 10. ANSI Standard C84.1, latest revision ANSI/IEEE Standard C57.110, latest revision, ANSI/IEEE Standard 141, latest revision, ITIC Curve, latest revision, Indiana Administration Code (170 IAC 4-1-19, 20,21), latest revision.

SPECIFICATIONS:

1. DEFINITIONS:

1.1 Company - NIPSCO.

1.2 Customer - Any Retail Customer who buys electric service and energy from NIPSCO.

2. ELECTRICAL CHARACTERISTICS AND EQUIPMENT REQUIREMENTS:

2.1 The Customer shall only install electric equipment that has the approval of the Company as being suitable for operation with the character of service designated and supplied by the Company, and the electrical energy must not be used in any manner to cause unreasonable voltage fluctuations in the Company's distribution or transmission system, or in the premises of other Customers. The Company may require the Customer to make such changes in their equipment, or of their use of the equipment, or to install such corrective equipment as may be necessary to eliminate fluctuating or unbalanced loads.

2.2 Customers shall abide by industry standards, ANSI/IEEE 519, ANSI/IEEE C57.110, ITIC Curve, or the IEEE/GE voltage flicker criteria, when operating their equipment. The Company may refuse or disconnect service to Customers for using electricity or equipment that adversely affects distribution or transmission service to other customers.

3. POWER FACTOR:

The Customer's power factor shall be in compliance with the Customer's current rate class and schedule.

4. IMPLEMENTATION:

4.1 All new Customers shall be subject to this Electric Power Quality Standard on their turn-on date.

POWER QUALITY
Customer Electric

4.2 All existing Customers shall be subject to this Power Quality Standard, ER 16-600, per the IURC Electric Service Tariff, General Rules and Regulations applicable to Electric Service, Rule 21, *Description of Service to be Furnished*, Rule 31, *Notify Company before Increasing Load*, and Rule 36, *Customer's Equipment*.

4.3 Compliance:

4.3.1 The Company reserves the right to monitor customer's electrical characteristics to determine compliance.

4.3.2 Company shall record violations, notify Customers, and solicit compliance.

4.3.3 Failure to comply may result in termination of service.