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STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF NORTHERN INDIANA PUBLIC)
SERVICE COMPANY ("PETITIONER") FOR)
APPROVAL OF AND AUTHORITY FOR: (1))
MODIFICATION TO ITS RATES AND)
CHARGES FOR GAS UTILITY SERVICE; (2))
NEW SCHEDULES OF RATES AND CHARGES)
APPLICABLE THERETO; (3) REVISIONS TO)
ITS DEPRECIATION ACCRUAL RATES; (4))
DEFERRAL OF ACCRUED DEPRECIATION)
EXPENSE; (5) DEFERRAL IN A BALANCING)
ACCOUNT OF OVER AND UNDER)
RECOVERIES OF PENSION AND OPEB)
EXPENSES; (6) CONTINUATION OF)
NIPSCO'S ENERGY EFFICIENCY PROGRAM)
WITH MODIFICATIONS; (7))
IMPLEMENTATION OF A NEW LOW-)
INCOME PROGRAM; (8) CERTAIN)
RATEMAKING TREATMENTS FOR)
REVENUES AND EXPENSES RELATING TO)
SERVICES AND PROGRAMS OFFERED)
PURSUANT TO PETITIONER'S CUSTOMER)
CHOICE ALTERNATIVE REGULATORY)
PLAN; (9) TO THE EXTENT NECESSARY,)
GRANTING THE REQUESTED RELIEF AS AN)
ALTERNATIVE REGULATORY PLAN)
PURSUANT TO IND. CODE CHAPTER 8-1-2.5;)
(10) MODIFICATION OF PETITIONER'S GAS)
COST ADJUSTMENT PROCESS TO INCLUDE)
UNACCOUNTED FOR GAS AND THE GAS)
COST COMPONENT OF BAD DEBT)
EXPENSE; AND (11) VARIOUS CHANGES TO)
ITS TARIFF FOR GAS SERVICE INCLUDING)
IMPLEMENTING A STRAIGHT-FIXED)
VARIABLE RATE DESIGN, REMOVAL OF)
GAS COSTS FROM BASE RATES AND)
CHANGES TO ITS GENERAL TERMS AND)
CONDITIONS FOR SERVICE)

CAUSE NO. 43894

PREHEARING CONFERENCE ORDER

APPROVED: JUN 16 2010

BY THE COMMISSION:

James D. Atterholt, Commissioner

Angela Rapp Weber, Administrative Law Judge

On May 3, 2010, Northern Indiana Public Service Company (“Petitioner”) filed with the Indiana Utility Regulatory Commission (“Commission”) its Verified Petition to modify its rates and charges for gas utility service, for approval of new schedules of rates and charges applicable thereto, and for approval of certain other requests.

In accordance with 170 IAC 1-1.1-15 and pursuant to proper notice given as provided by law, a Prehearing Conference and Preliminary Hearing (“Prehearing Conference”) was commenced on June 4, 2010, at 10:30 a.m., EDT, in Judicial Room 222, National City Center, 101 West Washington Street, Indianapolis, Indiana. Proofs of publication of notice of the Prehearing Conference were incorporated into the record and placed in the official files of the Commission. Petitioner, the Indiana Office of Utility Consumer Counselor (“Public”) and Intervenor NIPSCO Industrial Group participated in the Prehearing Conference. Also participating in the Prehearing Conference were NIPSCO Marketer Group and Citizens Action Coalition of Indiana, Inc. whose petitions to intervene will be granted by Docket Entry.

Prior to the opening of the record in this Cause and with the agreement and consent of all parties at the Prehearing Conference, an informal discussion was held regarding procedural scheduling and certain other matters pertinent to this Cause. An agreed upon proposed procedural order was submitted to the Presiding Officer.

Pursuant to the matters presented to the Commission at the Prehearing Conference and the agreement of the parties, the Commission now enters the following findings and order which shall become a part of the record in this proceeding: Petitioner stated at the hearing that upon approval of the proposed schedule, Petitioner withdraws its request that this proceeding be processed under the deadlines in the Commission’s Rules on Minimum Standard Filing Requirements, 170 IAC 1-5-1 *et seq.*

1. **Test Year and Accounting Method.** The test year to be used in determining Petitioner’s actual and pro forma operating revenues, expenses and operating income under present and proposed rates shall be the twelve months ended December 31, 2009, adjusted for changes that are fixed, known and measurable for ratemaking purposes and that will occur within twelve months following the end of the test.

2. **Cut-Off Date.** The general rate base cutoff shall reflect used and useful property at the end of the test year.

3. **Cost of Capital.** Economic and financial data used in determining Petitioner’s cost of capital should not be restricted as to time or manner of adjustment used for financial and accounting exhibits.

4. **Petitioner’s Prefiling Date.** Petitioner filed with the Commission and served on all parties of record the prepared testimony and exhibits constituting its case-in-chief on May 3, 2010, except for Petitioner’s Exhibit No. SMT-5 (Confidential) for which Petitioner

sought confidential treatment and which was submitted under seal on May 14, 2010 after the granting of Petitioner's First Motion For Protective Order.

5. **Working Papers.** Petitioner filed with the Commission and served on all parties of record the working papers required by the Minimum Standard Filing Requirements ("MSFRs") on May 3, 2010, except for an electronic copy of its cost of service study model and other information for which Petitioner sought confidential treatment which were submitted under seal on May 14, 2010 after the granting of Petitioner's First Motion For Protective Order.

6. **Hearing On Petitioner's Case-In-Chief.** An Evidentiary Hearing in this Cause shall commence on November 1, 2010 at 9:30 a.m., EDT, in Judicial Room 222, National City Center, 101 West Washington Street, Indianapolis, Indiana and continue as necessary, from day to day thereafter through November 12, 2010. At such time, Petitioner's case-in-chief shall be presented and its witnesses cross-examined.

7. **Public's And Intervenors' Prefiling Date.** Public and Intervenors shall prefile with the Commission and serve on all parties of record the prepared testimony and exhibits constituting their respective cases-in-chief on or before August 16, 2010. On or before August 18, 2010, Public and Intervenors shall provide to the Commission two sets of their respective working papers and other supporting materials normally generated in association with the production of their technical evidence. At the same time, a copy of such documents shall be served on Petitioner and on any Intervenor requesting a copy thereof in writing.

8. **Technical Conference.** The parties shall participate in a Technical Conference on August 31, 2010 at 9:30 a.m., EDT, in Judicial Courtroom 222, National City Center, 101 West Washington Street, Indianapolis, Indiana to discuss with the Commission Staff tariff-related issues and any other issues deemed appropriate by the Commission.

9. **Settlement Hearing.** If the parties have a settlement agreement to present by that time, a Settlement Hearing shall be conducted in this cause on September 1-2, 2010, beginning at 9:30 a.m., EDT, in Judicial Room 222, National City Center, 101 West Washington Street, Indianapolis, Indiana. Evidence in support of any such settlement agreement shall be filed with the Commission and served on the parties at least five (5) business days before the Settlement Hearing. In the event a settlement of all of the parties or to which no party objects is presented at the Settlement Hearing that covers any or all issues in this Cause and which is supported by substantial evidence, the Commission may proceed to issue an order or orders resolving the settled issues without the need for further evidentiary hearings concerning those issues. The Commission may continue the Settlement Hearing to another date if the Commission believes a continuance would facilitate the prospects for settlement. Settlements may also be presented to the Commission five (5) days prior to the evidentiary hearings scheduled pursuant to Paragraph 6 or 11 hereof.

10. **Cross-Answering Testimony.** Public and Intervenors shall prefile with the Commission and serve on all parties of record any cross-answering testimony and exhibits

responding to the cases-in-chief prefiled by parties other than Petitioner on or before September 13, 2010. Any party filing cross-answering testimony shall provide to the Commission two sets of its respective working papers and other supporting materials normally generated in association with the production of their technical evidence on or before September 15, 2010. At the same time, a copy of such documents shall be served on Petitioner and on the party or parties to whom the cross-answering testimony is addressed. In addition, a copy shall be served on any other party requesting a copy thereof in writing.

11. Petitioner's Rebuttal Prefiling. Petitioner shall prefile with the Commission and serve on all parties of record its rebuttal testimony and exhibits on or before September 30, 2010. Petitioner shall submit to the Commission two sets of the working papers and other supporting materials normally generated in association with the production of its technical evidence on or before October 4, 2010. At the same time, Petitioner shall serve a copy of such working papers on Public and on any Intervenor requesting a copy thereof in writing.

12. Hearing On Public's And Intervenors' Cases-in-Chief And For Petitioner's Rebuttal. The Evidentiary Hearing in this Cause shall resume on November 30, 2010 at 9:30 a.m., EST, in Judicial Room 222, National City Center, 101 West Washington Street, Indianapolis, Indiana and continue as necessary, from day to day thereafter through December 10, 2010. At such time, Public and Intervenors shall present their respective cases-in-chief and cross-answering evidence and their witnesses shall be cross-examined. Thereafter, Petitioner may offer its rebuttal evidence and its rebuttal witnesses shall be made available for cross-examination.

13. Field Hearings. Public Field Hearings to provide interested ratepayers with an opportunity to offer comments concerning this Cause shall be held at times and locations to be determined by the Commission in the following cities: (1) the City of Gary on July 8, 2010 and (2) the City of Fort Wayne (the largest municipality in Petitioner's gas utility service area) on July 26, 2010.

14. Witness Order. Each party shall submit its intended order of its witnesses to the Commission and the parties in writing at least two business days in advance of the commencement of each hearing.

15. Post-Hearing Submissions. Petitioner shall file and serve on all parties of record its Proposed Order and any supporting brief on or before January 10, 2011. Public and Intervenors shall file and serve on all parties of record their Exceptions, Proposed Orders and briefs on or before February 14, 2011. Public and Intervenors shall file and serve on all parties of record any cross-answering Exceptions, Proposed Orders and briefs on or before February 21, 2011. Petitioner shall file and serve on all parties of record its replies to the post-hearing submissions of the other parties on or before February 28, 2011.

16. Objection to Prefiled Testimony and Exhibits. Any objections to the admissibility of prefiled testimony or exhibits shall be filed with the Commission and served on all parties of record no less than two (2) business days prior to the commencement of the hearing at which the testimony or exhibit will be offered into the record. This deadline shall

not apply to any objections to the admissibility of corrections, revisions or amendments to prefiled testimony submitted less than five (5) business days prior to the commencement of the hearing at which the testimony or exhibit will be offered into the record.

17. Corrections and Copies. Any corrections to prefiled testimony or exhibits shall be filed with the Commission and served on all parties of record no less than two (2) business days prior to the date scheduled for commencement of the hearing at which the testimony or exhibit will be offered into the record. If corrections to an exhibit appear in multiple iterations or are extensive, the exhibit with corrections incorporated shall be rebound as necessary to minimize confusion over the substance and pagination of the exhibit.

Parties shall provide copies of any exhibits or materials used in cross-examination during the proceeding to the other parties, the assigned staff advisors and the presiding Commissioner and administrative law judge at the time said exhibits and materials are so used in cross- examination.

Although the Commission's rules require that original copies be one-sided, it is the Commission's preference that duplicate hard copies use both sides of the paper.

18. Sworn Testimony. Any witness testimony to be offered into the record of this proceeding shall be made under oath or affirmation. In accordance with 170 IAC 1-1.1-18(h), if the prefiled testimony of a witness is to be offered into evidence at the Evidentiary Hearing, and the witness sponsoring the prefiled testimony is not required to, and does not, attend the Evidentiary Hearing, the prefiled testimony shall be accompanied by the witness's sworn affidavit or written verification at the time the evidence is offered into the record.

19. Stipulations. Prior to the Evidentiary Hearing, the parties are encouraged to consider whether they will stipulate to: (1) the qualifications of expert witnesses; (2) the admissibility of prefiled testimony and exhibits; and (3) the waiver of cross-examination of witnesses. The parties may consult as to whether any prefiled evidence can result in the narrowing of issues presented for determination by the Commission.

20. Intervention. Pursuant to 170 IAC 1-1.1-11, any party permitted to become an Intervenor in this Cause shall be bound by the record as it stands at the time its Petition to Intervene is granted.

21. Discovery. Discovery shall be conducted on an informal basis and available for all parties. Any party receiving a discovery request prior to the pre-filing of the Public's and Intervenors' cases-in-chief shall respond to or object to the discovery request within ten (10) business days following receipt absent agreement of the affected parties or the granting of an extension by the Commission, provided that: (a) from the pre-filing of the Public's and Intervenors' cases-in-chief until the filing of cross-answering testimony, responses to discovery from the Public and Intervenors' to one another shall be provided within five (5) business days; (b) responses to discovery received after Petitioner's pre-filing of its rebuttal evidence shall be provided within five (5) business days; and (c) responses to discovery received between the conclusion of the initial hearing and the commencement of the second

hearing shall be provided within five (5) calendar days. Discovery requests received after 4:30 p.m. on Monday through Thursday or after noon on a Friday or the day before a state holiday will be deemed received the next business day. Objections not made within the applicable time period shall be deemed waived unless an extension is agreed upon or obtained from the Commission. If more time is needed to respond to a discovery request, the parties will attempt in good faith to reach agreement upon the amount of time needed. If the parties are unable to agree, the party desiring more time may seek and obtain an extension from the Commission for good cause shown.

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

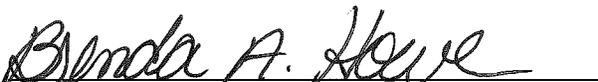
1. The determinations of the Prehearing Conference and other determinations set forth in this Order are made a part of the record in this Cause and shall be binding on all parties of record during the proceedings in this Cause.

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

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

APPROVED JUN 16 2010

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


Brenda A. Howe
Secretary to the Commission