



STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

VERIFIED PETITION OF NORTHERN INDIANA)
PUBLIC SERVICE COMPANY FOR APPROVAL)
OF AN ECONOMIC DEVELOPMENT PROGRAM,)
INCLUDING VARIOUS PILOTS, TO PROMOTE)
THE DEPLOYMENT OF ALTERNATIVE FUEL)
VEHICLES, INCLUDING THE APPROVAL OF)
APPROPRIATE TARIFFS AND ASSOCIATED)
TERMS AND CONDITIONS OF SERVICE, FORMS)
OF STANDARD CONTRACTS AND TIMELY)
RECOVERY OF COSTS IN ACCORDANCE WITH)
IND. CODE § 8-1-2-42(a).)

CAUSE NO. 44016

APPROVED: FEB 01 2012

ORDER OF THE COMMISSION

Presiding Officers:

James D. Atterholt, Chairman

Jeffery A. Earl, Administrative Law Judge

On April 8, 2011 Northern Indiana Public Service Company (“NIPSCO” or “Company”) filed its Verified Petition with the Indiana Utility Regulatory Commission (“Commission”) for approval of an Economic Development Program to promote the deployment of alternative fuel vehicles, including the approval of appropriate tariffs and associated terms and conditions of service, forms of standard contracts, and timely recovery of costs in accordance with Ind. Code § 8-1-2-42(a).

On June 24, and July 29, 2011, the Commission conducted technical conferences during which NIPSCO presented the details of its Economic Development Program. On July 25, 2011, NIPSCO prefiled the prepared testimony and exhibits constituting its case-in-chief. A Prehearing Conference was held on July 29, 2011, and a Prehearing Conference Order was issued on August 3, 2011, which established the procedural schedule for this proceeding.

By docket entry dated October 19, 2011, the Commission granted NIPSCO’s and the Indiana Office of Utility Consumer Counselor’s (“OUCC”) request to amend the procedural schedule to include a date for the parties to prefile a settlement agreement and supporting testimony. NIPSCO and the OUCC (the “Settling Parties”) filed a Stipulation and Settlement Agreement (“Settlement”) and evidence supporting the Settlement on November 10, 2011. A copy of the Settlement is attached to this Order and is incorporated by reference.

Pursuant to proper notice given as provided by law, an evidentiary hearing was held at 1:00 p.m. on November 30, 2011, in Hearing Room 222, 101 West Washington Street, Indianapolis, Indiana. NIPSCO and the OUCC appeared and participated in the evidentiary hearing. The direct testimony and exhibits of NIPSCO, the Settlement, and evidence supporting the Settlement were admitted into evidence. No members of the general public appeared or

sought to participate in the hearing.

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

1. **Notice and Jurisdiction.** Due, legal, and timely notices of the public hearings in this Cause were given and published as required by law. NIPSCO is engaged in rendering electric public utility service in the State of Indiana and owns, operates, manages, and controls, among other things, plant and equipment within the State of Indiana used for the generation, transmission, distribution, and furnishing of such service to the public. NIPSCO is a “public utility” under Ind. Code § 8-1-2-1 and is subject to the jurisdiction of this Commission in the manner and to the extent provided by the Public Service Commission Act, as amended, and other pertinent laws of the State of Indiana. The Commission has jurisdiction over NIPSCO and the subject matter of this proceeding.

2. **NIPSCO’s Characteristics.** NIPSCO is authorized by the Commission to provide electric utility service to the public in all or part of Benton, Carroll, DeKalb, Elkhart, Fulton, Jasper, Kosciusko, LaGrange, Lake, LaPorte, Marshall, Newton, Noble, Porter, Pulaski, St. Joseph, Steuben, Warren, and White Counties in northern Indiana. NIPSCO provides electric utility service to over 456,000 residential, commercial, industrial, wholesale, and other customers.

3. **Relief Requested.** In its case-in-chief, NIPSCO sought approval of an Economic Development Program to promote the deployment of alternative fuel vehicles, including the approval of appropriate tariffs and associated terms and conditions of service, forms of standard contracts, and timely recovery of costs.

4. **NIPSCO’s Evidence.** Prior to the submission of the Settlement, NIPSCO presented extensive evidence, which is briefly summarized here and further considered in the discussion of the Settlement below.

A. **Kevin A. Kirkham.** Kevin A. Kirkham, Director of Regulatory Strategic Analysis, is responsible for all of NIPSCO’s Demand-Side Management (“DSM”) and Energy Efficiency Programs, including the development, implementation, and ongoing management of NIPSCO’s gas and electric DSM programs. Mr. Kirkham would also be responsible for NIPSCO’s proposed 3-year pilot program for plug-in electric vehicles (“PEVs”). He testified NIPSCO’s Phase I pilot program will last for three years with a proposed NIPSCO investment of up to \$1 million and has the following objectives:

- Provide monetary incentives for consumers to purchase PEVs;
- Acquire data to inform NIPSCO’s planning efforts related to future PEV offerings and its distribution system;
- Learn about and take steps to mitigate barriers to adoption of PEVs;
- Obtain information about customer interest in and response to time of use (“TOU”) rates; and

- Provide education for various types of customers regarding PEVs, rates, etc.

Mr. Kirkham testified NIPSCO plans to purchase four THINK CITY vehicles for its operations and to install charging stations at NIPSCO properties for use by its employees and the public. The use of PEVs and charging stations will not only demonstrate NIPSCO's commitment to PEVs, it will also help NIPSCO understand the experience of driving and charging the vehicles and provide insight into the issues encountered by PEV owners. In addition, the charging stations will help NIPSCO understand the process of installing charging stations at a business location and will make the Company more effective in working with customers interested in fleet installations.

Mr. Kirkham testified NIPSCO will offer two types of incentives to residential customers in single family homes during the Phase I pilot program. First, NIPSCO will provide up to \$1,650 toward a Level 2 charging station and any required home electrical upgrades, including the addition of a required meter socket, for the first 250 participants. If sufficient funding exists after the first 250 participants, additional participation will be allowed until all funding has been exhausted. Second, for the initial 3-year implementation period, NIPSCO will offer free off-peak charging of separately metered PEVs between the hours of 10:00 p.m. and 6:00 a.m., local time. Charging that takes place at all other times will be subject to the residential customer's applicable rate. The free PEV off-peak charging will be open to any qualifying customer who owns a PEV and has installed an additional utility-approved meter to record the off-peak consumption. The installation of an additional meter will provide NIPSCO with the ability to separately track the charging activity of the PEV owner to ensure that full credit is given for any off-peak charging.

Mr. Kirkham stated that NIPSCO's proposed free PEV off-peak rate for residential PEV charging will provide an incentive to early adopters, provide a mechanism for NIPSCO to obtain PEV usage data, and encourage customers to adopt the behavior of charging PEVs during off-peak hours. The free PEV off-peak rate could also help NIPSCO learn the extent to which lower price signals can motivate customer behavior.

Mr. Kirkham testified that NIPSCO plans to install what is commonly referred to as an interval data recorder ("IDR") meter, which records and provides hourly usage data. Hourly usage data, which is not recorded by a traditional meter, is necessary in order for NIPSCO to be able to offer free off-peak charging. An IDR meter can also provide data for NIPSCO to determine the extent to which residential charging behavior is related to price. As part of the data collection process, NIPSCO will likely seek energy consumption and demand data, consumer charging behavior activities, process flow timelines identifying pinch points, and potential community charging location identification.

Mr. Kirkham stated that to analyze the effects on the grid, NIPSCO will need to obtain data regarding the rate at which each type of PEV is being adopted (electric only versus hybrid electric) and the location of the PEVs. Knowing the location, preferably by customer address, will allow NIPSCO to better monitor the impact of PEVs on its distribution system. He noted that NIPSCO will also be interested in the type of charging station installed because that can also impact the distribution system.

Mr. Kirkham stated that NIPSCO intends to follow up on customer satisfaction with the charging station installation and inspection process and the PEV off-peak rate. NIPSCO will also seek customer suggestions for improvement. In order to determine the environmental benefits related to PEVs, NIPSCO will attempt to gather information on the type of vehicle, if any, the PEV is intended to replace as well as the average miles driven on a daily, monthly, and annual basis. In considering potential utility upgrades, NIPSCO will want to understand where the charging stations are being installed relative to a breaker box as well as the cost of any electrical upgrades required for the home.

Mr. Kirkham also testified about some of the potential barriers to adoption of PEVs. One potential barrier is the upfront cost of the electric vehicle and charging station. Other barriers include: (1) customer knowledge regarding PEVs relative to internal combustion engines; (2) the potentially lengthy process to install a charging station; (3) lack of understanding about the installation process; (4) knowing how to reach a qualified electrician; (5) an understanding of what upgrades a home might need to install a charging station; and (6) a perceived range anxiety of owning an electric vehicle. Mr. Kirkham noted that since many of these barriers involve education about PEVs, NIPSCO plans to offer information to customers in a variety of formats (website, bill inserts, fairs and festivals, marketing, etc.) to help customers understand the benefits of PEVs, the actual process for installing a charging station, the extent to which a home might need to be upgraded to install a charging station and expectations regarding the range of PEVs, including the availability of public charging stations in NIPSCO's service territory and beyond.

Mr. Kirkham stated NIPSCO intends to promote and take an active part in the establishment of a Northern Indiana PEV Consortium (the "Consortium"), which will be composed of stakeholders including South Shore Clean Cities, the OUCC, the Indiana Department of Transportation, the Northern Indiana Regional Planning Council, the Northern Indiana Regional Development Authority, and municipal agencies responsible for permitting and inspections related to the installation of electric Vehicle Supply Equipment ("EVSE"). The Consortium is also expected to include universities, local automobile dealers, other utilities in Northern Indiana, fleet operators, and original equipment manufacturers. One of the goals of the Consortium will be the establishment of a relatively seamless process that coordinates the activities among various entities in order to obtain, install, and inspect a customer's charging station, along with any necessary metering, in the most efficient and effective way.

Mr. Kirkham testified the free PEV off-peak charging for residential customers provides a substantial financial incentive to charge the PEVs during off-peak hours. By charging a customer more, sometimes significantly more, for charging during peak load, NIPSCO is helping to shape behavior in a way that saves the customer money and benefits other ratepayers as well by not overburdening the distribution system. In addition, the data collected as part of this pilot program could assist NIPSCO in developing a TOU rate structure and educate customers about the benefits and incentives of using energy off-peak. Shifting load to off peak times improves system and equipment load factors and allows more efficient operation of existing electric system infrastructure. In this way, TOU rates could help overall grid reliability and possibly defer the requirements of future generation capacity resources.

Mr. Kirkham described the types of information that NIPSCO expects to provide to

customers. NIPSCO will provide elementary information such as PEV basics, considerations before purchasing a PEV, and how to become plug-in ready. Intermediate level information could include a general outline of how to purchase and install charging stations, the pros and cons of various types of equipment, and information about NIPSCO's PEV incentive program. Other resources to be provided could include information about state and federal tax incentives, links to additional PEV resources, a PEV calculator for helping customers make informed choices about PEVs, and information about dealers and qualified EVSE installers. In addition, NIPSCO will use customer surveys, social media monitoring, and the Consortium to obtain stakeholder feedback.

Finally, Mr. Kirkham testified NIPSCO's proposed budget for the program is approximately \$1 million to be implemented over a 3-year period. NIPSCO is requesting authority to create a regulatory asset up to \$711,000, which includes the 250 residential charging stations incentives (\$413,000), education and outreach costs (\$120,000), administration costs (\$70,000), development of a market study (\$80,000), and information technology upgrades (\$28,000) to create the credit line on the customer's bill for PEV Off-Peak consumption. In addition, NIPSCO is requesting to defer depreciation on \$178,000 for 10 public charging stations located on NIPSCO's property and available for public use (\$70,000) and meter installations (\$108,000). NIPSCO will also be spending \$105,000 for the purchase of four electric vehicles (\$60,000) and six non-public charging stations (\$40,000) and meters (\$5,000) for those vehicles. NIPSCO is not seeking cost recovery of that \$105,000. NIPSCO is still reviewing its options of how best to use Renewable Energy Certificates ("RECs") as part of its PEV pilot and may address that as part of its Phase II pilot program.

B. Karl E. Stanley. Karl E. Stanley, Vice President of Commercial Operations, is responsible for all aspects of customer care including the call center, the billing and payment systems, low income programs, and energy efficiency and demand side management programs. He is also responsible for the purchase, transport, and delivery of natural gas, the dispatch of NIPSCO's generation stations, and the purchase/sale of energy and capacity to and from the Midwest Independent Transmission System Operator, Inc.

Mr. Stanley stated NIPSCO is proposing a 3-year pilot program to promote the purchase of PEVs by residential customers. He explained two key features of the pilot program are (1) the provision of a voucher for up to \$1,650 per residential customer to purchase and install a Level 2 electric charging station within the customer's home and (2) free charging at night (10:00 p.m. to 6:00 a.m.) during the 3-year pilot period. The Phase I pilot program also includes NIPSCO's purchase of four PEVs, the installation of six private charging stations for NIPSCO's PEVs, the installation of up to ten public Level 2 charging stations at NIPSCO facilities (which will allow free charging), and a market study to gain additional information regarding the adoption of PEVs in NIPSCO's service territory. Mr. Stanley testified that NIPSCO will not seek to recover costs associated with its purchase of the four PEV vehicles and six charging stations that will not be made available to the public. In addition, NIPSCO is not seeking recovery of the carrying charges associated with the proposed deferrals or the recovery of lost margins related to the free charging incentives. The vehicles, charging stations, and necessary meters will cost approximately \$113,000, and the carrying charges and lost margins, depending on a number of factors (including the rate customers subscribe to the program) are estimated to be \$190,000.

Mr. Stanley stated that Indiana is already home to a number of businesses that are involved in the plug-in electric vehicle business, including parts suppliers, battery suppliers, and manufacturers of PEVs. Mr. Stanley explained that by encouraging demand for PEVs, this pilot program could help spur investment in the jobs and factories necessary to build the cars, batteries, and charging stations. In addition, adoption of PEVs could help create new jobs for highly skilled technicians and electricians to install and maintain the charging stations needed to support PEVs.

C. **Linda E. Miller.** Linda E. Miller, Executive Director of Rates and Regulatory Finance, has overall responsibility for rate and contract administration, revenue requirements, rate design, gas and electric rates, rules, regulations, and contract filings with the Commission, the preparation and filing of all gas and electric cost adjustment filings with the Commission, the preparation and coordination of other regulatory filings, implementation, and compliance with state and federal regulatory orders, and all regulatory finance matters.

Ms. Miller sponsored NIPSCO's proposed Plug-In Electric Vehicle Off-Peak Charging Rider (the "PEV Off-Peak Rider") for residential charging of electric vehicles. She testified NIPSCO proposes to recover the consumption costs in the Company's existing Fuel Adjustment Clause ("FAC") and other applicable riders, as shown in Appendix A of NIPSCO's Tariff. In the calculation of the FAC and other applicable rider factors, NIPSCO proposes to deduct the consumption that occurs as a result of PEV off-peak usage, which will increase the factor applied to all other electric usage. At this time, NIPSCO is not seeking to recover variable operations & maintenance ("O&M") costs or margin. Usage for the charging of electric vehicles outside the PEV off-peak hours will be billed to the customer at the applicable residential service rate under which the customer receives electric service and there will be no additional impact to FAC customers for such usage.

Ms. Miller testified that in order to receive service under the PEV Off-Peak Rider, a customer must have a separate, dedicated meter installed that is able to record hourly usage. The cost of the meter and the installation is borne by the customer, unless the customer is eligible to receive the EVSE and Installation assistance described in the proposed Rider. The dedicated meter will ensure accurate billing to the customer and will provide the data necessary to identify the PEV off-peak and on-peak usage and the associated costs. In addition, the use of a separate meter enhances the Company's ability to collect the necessary information to report on use of electric vehicles and customer willingness to adopt new behavior (i.e. charging during nighttime hours).

Ms. Miller next described the Company's request for authorization to defer for recovery through rates the costs associated with the voucher to be provided to customers to assist with the purchase and installation of residential electric vehicle charging stations, and also costs related to a market study, technology upgrades, administration of the program, outreach, and education. She also described NIPSCO's proposal to defer for recovery through rates the depreciation expenses on the meters to be provided by NIPSCO to residential customers pursuant to the proposed Rider, and on the public charging stations NIPSCO will be installing. She explained that NIPSCO requests authority pursuant to Ind. Code § 8-1-2-23 to include in base rates in its next rate case the capital costs and ongoing depreciation for NIPSCO-owned equipment related to the pilot program.

Ms. Miller explained that these costs will be charged to two separate regulatory asset accounts on the balance sheet, where they will remain until they receive ratemaking treatment in NIPSCO's next general base rate case. The first regulatory asset account would be used for the deferral of the vouchers and the costs for a market study, technology upgrades, and outreach and education and would be amortized over a period of three years. The second regulatory asset account would be used for the deferral of depreciation expense on the NIPSCO-owned charging stations and any meters provided to customers by NIPSCO pursuant to the proposed Rider and would be amortized over a period of three years. The expenses accumulated in the two regulatory asset accounts would be included in a future general base rate case.

5. The Settlement. The Settlement represents the Parties resolution of their issues in this Cause, and the Settling Parties agree the Settlement is a fair, just, and reasonable resolution obtained by negotiation and compromise. The Settlement provides as follows:

- Rider No. 684 – Plug-In Electric Vehicle Off-Peak Charging Rider is reasonable and consistent with the public interest, and should be approved by the Commission and implemented by NIPSCO on a pilot basis for a three-year period beginning with the date of the Commission's approval ("Effective Date") and ending on the last day of the calendar month in which the period concludes.
- Recovery of the fuel costs (capped at \$250,000) associated with the free nighttime charging incentive offered in Rider 684 through the FAC. Tracking of the Rider 684 fuel costs will be included in the workpapers supporting NIPSCO's quarterly FAC filings.
- Unless the Rider is amended or extended, no recovery of variable O&M costs or margins associated with the Rider 684 fuel costs.
- Subject to review and inclusion in NIPSCO's next general base rate case, NIPSCO is permitted to create a regulatory asset for the deferral of the costs, without carrying charges, of the vouchers, market study, technology upgrades, administration, outreach, and education associated with Phase I. The regulatory asset will be amortized over a three-year period. With the approval of the OUCC, NIPSCO can reallocate between the cost categories amounts within the overall cap of \$711,000. The details of the regulatory asset are summarized in Exhibit A to the Settlement.
- Subject to review and inclusion in NIPSCO's next general base rate case, NIPSCO is permitted to create a regulatory asset for the deferral of depreciation expense, without carrying charges, on the NIPSCO-owned charging stations and any meters provided to customers by NIPSCO pursuant to Rider 684. The cost of such assets does not exceed \$178,000. The regulatory asset will be amortized over a three-year period.
- NIPSCO agrees to forgo deferral of depreciation and carrying costs related to four vehicles and six charging stations that are not for public use.

- NIPSCO agrees not to seek recovery of Phase I RECs related to public charging stations, regardless of whether such purchases are required by the Consent Decree.
- NIPSCO will submit both quarterly and annual reports summarizing the program to the Commission and the OUCC within 60-days of the anniversary of the Effective Date through the life of the pilot program.
- NIPSCO agrees to host an annual meeting of stakeholders to discuss the previous year's activities related to the pilot program.

6. **Testimony in Support of the Settlement Agreement.** NIPSCO witness Kirkham and OUCC witness Ronald L. Keen each presented testimony in support of the Settlement.

A. **Kevin A. Kirkham.** Mr. Kirkham described the notable differences between the Settlement and NIPSCO's original proposal. First, the Settling Parties have agreed to limit the amount of fuel costs to be recovered from all rate classes to \$250,000. The Settling Parties have also agreed to certain budget updates as well as a mechanism for providing further reallocation of funds if necessary during the pilot. Finally, NIPSCO and the OUCC agreed to collaborate on a mechanism for quarterly and annual reports. In addition, NIPSCO will not seek recovery for any RECs required to be purchased to cover the amount of generation or the amount of consumption that flows through any of the charging stations purchased as part of the pilot program.

Concerning NIPSCO's ability to recover fuel costs associated with the free night-time charging, Mr. Kirkham stated the Settling Parties agreed to a cap of \$250,000 on the amount of fuel costs to be recovered from all of the rate classes through the FAC. Once the \$250,000 cap during the 3-year period is reached, no further fuel costs would be recovered through the FAC. Mr. Kirkham testified that assuming an equal number of customers enroll each quarter of the 3-year period, approximately 1,500 customers could be served under the \$250,000 cap. This number also assumes that the customer drives 60 miles per day and does 80% of his or her charging during the free off-peak charging. Customers will still be able to participate in free night-time charging after NIPSCO reaches the \$250,000 cap of fuel cost recovery so long as the customer has a separate, dedicated meter attached to the charging station.

Mr. Kirkham explained that NIPSCO will include the amount of fuel costs associated with the free night-time charging in the workpapers prepared in its quarterly FAC filings. Once the \$250,000 cap is reached, NIPSCO will continue to report the fuel costs in its FAC filing workpapers, but it will be for informative purposes only and no additional recovery will be sought. In addition, NIPSCO will include information regarding the free night-time charging program as part of the annual report outlined in the Settlement.

Mr. Kirkham also provided an update to the market study. He stated that NIPSCO received seven bids to provide the market study ranging from \$74,000 to \$322,000, which NIPSCO is in the process of evaluating. The market study will provide NIPSCO with information relating to the types of installations expected over the 3-year period for Level 2 as

well as Level 3 charging stations. The market study will also provide the expected number of installations per year and general information relating to locations where those charging stations might be installed. The budget originally allocated for the market study was \$80,000, and based on the bids received, NIPSCO does not anticipate needing additional funding. However, the Settlement contemplates that NIPSCO will have the ability, with the agreement of the OUCC, to reallocate dollars so long as the total budget does not change.

Mr. Kirkham next explained an entry for Residential Installation Administrator (“RIA”) that was shown on the proposed program budget (NIPSCO Exh. KAK-S1). The RIA is responsible for the entire installation process of a residential charging station, from the initial contact through the actual installation, including informing customers of any amount they would have to pay above the \$1,650 incentive for installation. If the customer elects to proceed with the installation, the RIA would arrange for any necessary permits and then follow through with the actual installation. The RIA would then invoice NIPSCO for the \$1,650 incentive payment and the customer for any additional amount. If the amount of incentive is greater than \$600, the RIA will also send the customer a Form 1099 for tax purposes. NIPSCO will not dictate any parameters to the RIA concerning the installation equipment. In fact, as part of the Request for Proposal (“RFP”) process, NIPSCO requested bidders to provide up to four different types of charging station equipment so the customer will have a choice. After installation, the residential customer will own the charging station equipment and will be responsible for any maintenance.

Mr. Kirkham explained that NIPSCO received four bids for RIA on November 4, 2011, ranging from \$107,000 to \$339,500. In its original budget, NIPSCO did not contemplate paying the RIA outside of the \$1,650 budgeted for each charging station installed. However, based on the bids that NIPSCO received, it is apparent that the RIA cost per charging station would significantly reduce the amount available for the customer incentive. As such, NIPSCO has added a “Program Administrator” category to the budget and reduced Education and Outreach and the Administration budgets to accommodate this additional expense.

Mr. Kirkham testified NIPSCO will collaborate with the OUCC to determine the format for and the information to be included in the quarterly and annual reports. The purpose of these metrics is to provide NIPSCO, the Commission, the OUCC, and other interested parties with a better understanding of the deployment of electric vehicles in NIPSCO’s service territory. The reports will also show the time of day people charge when they are given incentives to charge during off peak periods. NIPSCO anticipates that the quarterly reports will provide a snapshot of data while the annual reports will provide greater detail.

Mr. Kirkham testified that NIPSCO believes the Settlement is in the public interest. The Settlement increases economic development and provides access to electric vehicles in NIPSCO’s service territory which serves the public interest. In addition, the Settlement provides an opportunity for NIPSCO to gather further information about how and when its customers will charge electric vehicles and whether a separate TOU rate will affect behavior.

B. Ronald L. Keen. Ronald L. Keen, Senior Analyst within the Resource Planning and Communications Division of the OUCC, briefly described NIPSCO efforts in obtaining renewable energy generation resources.

Mr. Keen briefly described the Consent Decree and detailed the requirements imposed by the Consent Decree on NIPSCO that specifically apply to this docket. He stated that in September, 2004, the Environmental Protection Agency (“EPA”) issued a Notice of Violation to NIPSCO, alleging the utility modified a number of its coal-fired power units without first complying with Clean Air Act pre-construction obligations. The EPA and the Department of Justice reached a settlement with NIPSCO on January 13, 2011, over the alleged Clean Air Act violations, which is memorialized in the Consent Decree. The Consent Decree requires the utility to pay a civil penalty of \$3.5 million and spend \$9.5 million on environmental mitigation projects. In addition, the Consent Decree requires NIPSCO to shut down a coal plant and invest approximately \$600 million in pollution control technology at three other coal-fired generation plants.

Mr. Keen stated the mitigation projects specifically addressed in the Consent Decree that are pertinent to this Cause are the Electric Vehicle Infrastructure Enhancement described in Section III, Additional Environmental Mitigation Projects, of Appendix A, Environmental Mitigation Projects. The project envisions NIPSCO undertaking enhancements by funding creation of charging stations for EVs in the Northwest Indiana region, including the development of such infrastructure to encourage Indiana drivers living in the region to purchase EVs for local use and commutes to the Chicago metropolitan area. He noted that the project as described in this section does envision NIPSCO, if the utility chooses to do so, partnering with a third party organization to handle funding and site selection for charging locations.

Mr. Keen testified that under Section III, NIPSCO is allowed to consider and implement other options, which can include:

- Providing a purchase incentive to acquire Plug-in Hybrid Electric Vehicle (“PHEV”), EVs, and, to a lesser extent, conventional vehicles converted to be a plug-in EV;
- Funding low-interest loans through banks and dealers for PHEVs and EVs; and/or
- Providing direct cash incentives to consumers for PHEV and EV purchase.

Mr. Keen stated the OUCC has been supportive of the integration of alternative fueled vehicles (“AFVs”), EV, and EVSE technology into society on a fully-competitive market-based approach. Mr. Keen provided an overview of the position the OUCC has taken regarding the deployment of EVs and other AFV.

Mr. Keen testified that early this year, the city of Chicago and Illinois Governor Pat Quinn announced the city would deploy 280 charging stations in the city and the surrounding region by December 31, 2011. Mr. Keen testified that based on his discussion with Chicago city officials and representatives of the Illinois Public Utilities Commission, there are several stated benefits that have resulted from the project. A number of major automotive manufacturers have decided to roll out new models of EVs in the Chicago area and corporate fleets have or are converting their fleet vehicles to EVs. Additionally, the deployment of corporate-funded EV infrastructure by companies like Walgreens and Best Buy in the Chicago area not only add additional capabilities to supply EV commuters with charging points, but reinforce the viability

of the technology as an effective means of transportation. He stated that because the OUCC assumes a percentage of NIPSCO customers are commuters who work in the Chicago city area, the aggressive deployment of charging infrastructure in the Chicago metropolitan area can be seen as an incentive for NIPSCO customers to consider AFV and particularly EV vehicles as a viable option to commute to and from work in the Chicago metropolitan area. That, in turn, will incent the deployment of EV infrastructure in northwest Indiana to support that transportation option. He stated the OUCC also sees a distinct possibility that corporate transition to EV technology could also expand from the Chicago metropolitan area to the suburbs and surrounding region – including northwest Indiana.

Mr. Keen described the proposed Settlement Agreement and explained why the proposed agreement provides benefits to the consumer, to the region, and to Indiana. Mr. Keen testified the Parties agree that NIPSCO's Proposed Rider 684 is reasonable and consistent with the public interest, and should be approved by the Commission and implemented by NIPSCO on a pilot basis for a three-year period beginning with the date of the Commission's approval. As part of Rider 684, NIPSCO would be authorized to recover fuel costs associated with the free off-peak charging incentive through its FAC. NIPSCO has agreed not to seek recovery of variable operations and maintenance costs or margins associated with the Rider 684 Fuel Costs, provided the Rider is neither amended nor extended, and agreed to limit its aggregate recovery of Rider 684 Fuel Costs during the pilot program to no more than \$250,000 and track those expenditures as part of work papers prepared for the quarterly FAC filing.

Mr. Keen testified the OUCC also agrees, subject to review in a future rate case proceeding, NIPSCO should be permitted to create a regulatory asset for the deferral of the costs of the vouchers, market study, technology upgrades, administration, and outreach and education associated with Phase I with the total expenditures not to exceed a total of \$711,000. He stated that while NIPSCO has projected a budget for each cost category, the OUCC would collaborate with NIPSCO to reallocate between these cost categories amounts within the overall cap of \$711,000. Finally, he stated the Parties have agreed the expenses associated with this regulatory asset should be included in NIPSCO's next general base rate case and amortized over a period of three years.

Mr. Keen testified that under the agreement, NIPSCO would also be permitted to create a regulatory asset for the deferral of the depreciation expense on the NIPSCO-owned charging stations. Any meters provided to customers by NIPSCO pursuant to the proposed Rider, would be included, provided the cost of such assets does not exceed \$178,000. He stated that though NIPSCO projected a budget for each category of assets, the OUCC does see logic in allowing NIPSCO an ability to reallocate amounts between these cost categories within the overall cap of \$178,000. He stated the Parties further agreed that such deferred depreciation expense should be amortized over a period of three years and included in a future general base rate case.

Mr. Keen testified the public interest considerations favor support of this pilot program and the attendant relief proposed by NIPSCO, including the recovery of the costs identified above. The data points which will be gathered by NIPSCO and reported to the Commission and OUCC through collaboration and the submission of regular reports will be invaluable in observing both the behavior associated with EV infrastructure deployments and the impact of EVs on the grid in terms of operational effects and costs.

Mr. Keen testified the OUCC's position in this proposed settlement is highly fact-specific and reflects the agency's views on EV and EVSE. The OUCC's position should not be construed as an abandonment of the OUCC's general opposition to rate recovery of costs incurred, whether classified as penalties, emission allowance surrenders, or environmental mitigation projects, in order to satisfy alleged violations of law. While the OUCC remains concerned about recovery of such costs, in this case, the potential for economic development makes this settlement in the public interest. Therefore, the OUCC recommends the Commission approve the proposed settlement between NIPSCO and the OUCC regarding Phase I.

7. **Commission Discussion and Findings.** 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). When the Commission approves a settlement, that settlement "loses its status as a strictly private contract and takes on a public interest gloss." *Id.* (quoting *Citizens Action Coalition v. PSI Energy*, 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.

Further, 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 at 795 (citing *Citizens Action Coalition v. Public Service Co.*, 582 N.E.2d 330, 331 (Ind. 1991)). The Commission's own procedural rules require that settlements be supported by probative evidence. 170 IAC 1-1.1-17(d). Therefore, before the Commission can approve the Settlement Agreement, we must determine whether the evidence in this Cause sufficiently supports the conclusions that the Settlement Agreement is reasonable, just, and consistent with the purpose of Indiana Code ch. 8-1-2, and that such agreement serves the public interest.

A. **Rider No. 684 – PEV Off-Peak Rider.** Based upon the evidence presented, the Commission finds that the proposed Rider 684 is reasonable and consistent with the public interest. Initially, we point out that NIPSCO's proposal is limited to an initial three-year pilot. The evidence demonstrates a number of benefits from NIPSCO's proposal, including support for the adoption and use of EVs and the shifting of consumption for EV charging to off-peak hours. In addition, the proposal will allow the collection of valuable data such as the impact of EVs on the grid, the ability of time-of-use rates and off-peak incentives to impact behavior, and the distribution of EV use. Therefore, we find that NIPSCO's PEV Off-Peak Rider should be approved on a pilot basis for a three-year period beginning with the date of this Order ("Effective Date") and ending on the last day of the calendar month in which the period concludes.

B. **Recovery of Rider 684 Fuel Costs.** Based upon the evidence presented, the Commission finds that NIPSCO's proposal to recover the fuel costs associated with the free off-peak charging offered in Rider 684 through its FAC is reasonable. The Settling Parties have agreed that the recovery of fuel costs will be limited to \$250,000 and there will be no recovery of variable O&M costs or margins associated with the energy used during the off-peak period. NIPSCO will continue to provide free off-peak charging even after the \$250,000 cap is reached. Thus, the free off-peak charging will be available to all customers who desire to participate in the

program, but the Settling Parties' agreement will limit the cost to NIPSCO's other ratepayers. In addition, NIPSCO will continue to report the Rider 684 fuel costs in the workpapers of its FAC filings during the three year pilot period, even after the \$250,000 cap is reached. Therefore, we find that NIPSCO's proposal to recover the fuel costs associated with Rider 684 as modified in the Settlement should be approved.

C. Creation of Regulatory Asset. Based upon the evidence presented, and subject to review and inclusion in NIPSCO's next general base rate case, the Commission finds that NIPSCO's proposal to create two regulatory assets for the deferral of 1) the costs outlined in Exhibit A to the Settlement, including the costs of the vouchers, market study, technology upgrades, administration, outreach, and education (up to a total of \$711,000) and 2) the depreciation expense of the NIPSCO-owned charging stations and any meters provided to customers by NIPSCO pursuant to Rider 684 (up to a total of \$178,000) is reasonable and in the public interest. Pursuant to the Settlement, NIPSCO can, with the approval of the OUCC, reallocate funds between the cost categories in the first regulatory asset within the overall cap of \$711,000. Both regulatory assets are subject to a three-year amortization following inclusion in NIPSCO's basic rates and shall not incur carrying charges.

As discussed by Mr. Keen, the Consent Decree entered into with the EPA and the Department of Justice requires NIPSCO to make a significant investment in environmental capital projects, including EV infrastructure projects. The Commission has previously addressed the recovery of costs related to Consent Decrees. Most recently in *Duke Energy Ind., Inc.*, we disallowed the recovery of expenses related to the surrender of emission allowances pursuant to a Consent Decree entered into by Duke Energy Indiana with the EPA and the Department of Justice. Cause No. 43956, 2011 Ind. PUC LEXIS 385, at *190-95 (IURC Dec. 28, 2011). However, we did allow recovery of costs related to the installation of pollution control equipment on generation facilities pursuant to the consent decree. *Id.*, at *189-90. We noted that a utility seeking to recover specific costs incurred as a result of its decision to enter a consent decree must "demonstrate that its decision to incur those costs was prudent and that the inclusion of such costs in customer rates is just and reasonable." *Id.*, at *192 (quoting *Ind. Mich. Power Co.*, Cause No. 43992, 2011 Ind. PUC LEXIS 163, at *33 (IURC June 22, 2011)).

Mr. Keen, similarly expressed the OUCC's general opposition to rate recovery of costs incurred to satisfy a Consent Decree intended to settle alleged violations of law. However, Mr. Keen argued that, under the specific facts of this case, the potential for economic development leads the OUCC to believe the Settlement is in the public interest. The Commission also agrees that the evidence in this case demonstrates that the pilot program as agreed to in the Settlement will serve the broader public interest. The Settlement will help to eliminate barriers to EV purchase and use while minimizing the burden of EV charging on the grid. In addition, the Settlement limits the cost of the program that will be recovered from ratepayers. Therefore, we find that NIPSCO's decision to incur the costs of the EV pilot is just and reasonable, and NIPSCO should be allowed to create the proposed regulator assets so that it may seek recovery of those costs subject to further review and inclusion in its next general base rate case.

D. Reporting. As required by the Settlement, NIPSCO shall submit both quarterly and annual reports summarizing the program to the Commission and the OUCC within 60-days of the anniversary of the Effective Date through the life of the pilot program and shall

host an annual meeting of stakeholders to discuss the previous year's activities related to the pilot program.

E. Effect of the Settlement. The parties agree that the Settlement Agreement should not be used as precedent in any other proceeding or for any other purpose, except to the extent necessary to implement or enforce its terms. Consequently, with regard to future citation of the Settlement Agreement, we find that our approval herein should be construed in a manner consistent with our finding in *Richmond Power & Light*, Cause No. 40434, (IURC March 19, 1997).

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

1. The Stipulation and Settlement Agreement between NIPSCO and the OUCC filed in this Cause on November 10, 2011, is approved.

2. The proposed Rider No. 684 – Plug-In Electric Vehicle Off-Peak Charging Rider is approved and shall be effective upon its filing with the Commission's Electricity Division.

3. NIPSCO is authorized to recover the fuel costs associated with Rider No. 684, up to a maximum of \$250,000, through its Fuel Adjustment Clause proceedings.

4. NIPSCO is authorized to create a regulatory asset for the deferral of the costs shown in Exhibit A to the Stipulation and Settlement Agreement up to a maximum of \$711,000.

5. NIPSCO is authorized to create a regulatory asset for the depreciation expense on NIPSCO-owned charging stations and any meters provided to customers pursuant to Rider 684 up to a maximum of \$178,000.

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

ATTERHOLT, MAYS AND ZIEGNER CONCUR; LANDIS AND BENNETT DISSENT WITH SEPARATE OPINION:

APPROVED:

FEB 01 2012

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



Brenda A. Howe,
Secretary to the Commission

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

VERIFIED PETITION OF NORTHERN INDIANA)
PUBLIC SERVICE COMPANY FOR APPROVAL OF AN)
ECONOMIC DEVELOPMENT PROGRAM,)
INCLUDING VARIOUS PILOTS, TO PROMOTE THE)
DEPLOYMENT OF ALTERNATIVE FUEL VEHICLES,) CAUSE NO. 44016
INCLUDING THE APPROVAL OF APPROPRIATE)
TARIFFS AND ASSOCIATED TERMS AND) APPROVED:
CONDITIONS OF SERVICE, FORMS OF STANDARD)
CONTRACTS AND TIMELY RECOVERY OF COSTS)
IN ACCORDANCE WITH IND. CODE § 8-1-2-42(a).)

DISSENTING OPINION OF
COMMISSIONERS LARRY S. LANDIS AND KARI A.E. BENNETT

We respectfully dissent from our colleagues regarding approval of NIPSCO's rate recovery request for its proposed program to promote deployment of alternative fuel vehicles. NIPSCO has termed its proposal an economic development program. We do not dispute or criticize the general value of well-designed and implemented economic development programs, which can provide tangible benefits to communities and utility ratepayers. Nor do we quarrel with efforts to support the development of alternative fuel vehicles as a way to promote home grown energy. However, we find no clear statutory authority for this commission to allow use of ratepayer dollars to fund such programs generally or an electric vehicle deployment program specifically.

While the information-gathering component of the program is laudable, the record does not tie the program sufficiently to ratepayer benefit. We believe that any proposal by a utility to use ratepayer dollars to fund a targeted, industry-specific program should be supported by compelling evidence demonstrating a clear and direct connection to the ratepayers that will fund the program. The record leads us to believe that the proposed program is better conceived and more reasonably priced than recent Washington programs which have spectacularly failed. However, we are troubled by a program which has many of the hallmarks of an industrial policy in which winners are chosen over losers with the explicit backing of government.

In this particular proposal, the potential economic development benefits stated in NIPSCO's testimony are focused on encouraging investment in and expansion of one segment of the alternative vehicle industry. While this is an admirable goal, it is not clear to us that NIPSCO's ratepayers as a whole, outside of the few that participate in the program, will reap any direct benefits as a result of the program. Furthermore, we

believe that any utility that proposes use of ratepayer dollars to fund an economic development program would be better positioned to support such rate recovery if it is able to demonstrate a clear commitment to the proposed program in the form of meaningful investment of its own dollars.

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

VERIFIED PETITION OF NORTHERN INDIANA PUBLIC)
SERVICE COMPANY FOR APPROVAL OF AN ECONOMIC)
DEVELOPMENT PROGRAM, INCLUDING VARIOUS)
PILOTS, TO PROMOTE THE DEPLOYMENT OF)
ALTERNATIVE FUEL VEHICLES, INCLUDING THE) CAUSE NO. 44016
APPROVAL OF APPROPRIATE TARIFFS AND)
ASSOCIATED TERMS AND CONDITIONS OF SERVICE,)
FORMS OF STANDARD CONTRACTS AND TIMELY)
RECOVERY OF COSTS IN ACCORDANCE WITH IND.)
CODE § 8-1-2-42(a).)

STIPULATION AND SETTLEMENT AGREEMENT

This Stipulation and Settlement Agreement ("Agreement") is entered into by and between Northern Indiana Public Service Company ("NIPSCO") and the Indiana Office of Utility Consumer Counselor ("OUCC") (the "Parties"), who stipulate and agree for purposes of settling the issues in this Cause that the terms and conditions set forth below represent a fair and reasonable resolution of the issues, subject to incorporation into a Final Order of the Indiana Utility Regulatory Commission ("Commission") without any modification or condition that is not acceptable to the Parties.

A. Background.

1. This proceeding was initiated by NIPSCO through the filing of its *Verified Petition* on April 8, 2011 seeking approval of an economic development program, including various pilots, to promote the deployment of alternative fuel vehicles. A technical conference was convened on June 24, 2011 at which NIPSCO elicited comments from various stakeholders on a number of topics related to the promotion of plug-in-electric vehicles. A second technical conference was convened on July 29, 2011.

2. On July 25, 2011 NIPSCO filed its case-in-chief, seeking approval of a three-year pilot program that, among other things, will (a) provide incentives to early adopters of plug-in electric vehicles, and (b) lead to the installation of up to ten public charging stations located on NIPSCO property which will be made available to the public for use at no cost. NIPSCO also proposed mechanisms to recover most, but not all, of the costs associated with the proposed pilot program. NIPSCO characterized the proposed pilot program as “Phase I” and indicated a future “Phase II” program will be filed with the Commission focusing on further deployment of publicly-available charging stations.

3. The Parties conducted a series of meetings to discuss the proposed Phase I pilot program, and NIPSCO has responded to numerous discovery requests from the OUCC. This dialogue has led to mutual understanding of each Party’s objectives in this proceeding, which has ultimately resulted in a settlement that both Parties support.

B. Terms and Conditions of Settlement.

4. The Parties agree that Rider No. 684 – Plug-In Electric Vehicle Off-Peak Charging Rider, sponsored by Petitioner’s witness Linda E. Miller as Petitioner’s Exhibit No. LEM-1, is reasonable and consistent with the public interest, and should be approved by the Commission and implemented by NIPSCO on a pilot basis for a three-year period beginning with the date of the Commission’s approval (“Effective Date”) and ending on the last day of the calendar month in which the period concludes.

5. The Parties agree that NIPSCO should be authorized to recover through the Fuel Adjustment Clause (“FAC”), from all customers subject to the FAC, the fuel costs associated with the free night-time charging incentive offered in Rider 684 (“Rider 684 Fuel Costs”).

NIPSCO agrees not to seek recovery of variable operations and maintenance costs or margins associated with the Rider 684 Fuel Costs, provided the Rider is neither amended nor extended. NIPSCO further agrees to limit its aggregate recovery of Rider 684 Fuel Costs during the three-year pilot program to no more than \$250,000 and to track those expenditures as part of the workpapers prepared for its quarterly FAC filings.

6. The OUCC agrees, subject to review in a future rate case proceeding, that NIPSCO should be permitted to create a regulatory asset for the deferral of the costs without carrying charges of the vouchers, market study, technology upgrades, administration, and outreach and education associated with Phase I, as such costs are described by Petitioner's witness Kevin A. Kirkham, with the total expenditures permitted for purposes of the regulatory asset, therefore, not to exceed a total of \$711,000. While NIPSCO has projected a budget for each cost category, which is attached hereto as Exhibit A, the Parties agree NIPSCO, with approval from the OUCC, should have the ability to reallocate between these cost categories amounts within the overall cap of \$711,000. Finally, the Parties agree the expenses associated with this regulatory asset should be included in NIPSCO's next general base rate case, and should be amortized over a period of three (3) years.

7. The OUCC agrees that NIPSCO should be permitted to create a regulatory asset for the deferral of the depreciation expense without carrying charges on the NIPSCO-owned charging stations, and any meters provided to customers by NIPSCO pursuant to Rider 684, provided the cost of such assets does not exceed \$178,000. NIPSCO agrees to forgo deferral of depreciation and carrying costs related to four (4) vehicles and six (6) charging stations that are not for public use. The Parties further agree that such deferred depreciation expense should be amortized over a period of three (3) years, and should be included in a future general base rate

case. Lastly, the Parties agree the Commission should approve NIPSCO's expenditures to acquire such assets pursuant to Ind. Code § 8-1-2-23.

8. NIPSCO agrees not to seek recovery of Renewable Energy Credits that are purchased in conjunction with Phase I related to public charging stations, regardless whether such purchases are required by the U.S. Environmental Protection Agency ("EPA") as a condition of NIPSCO's satisfaction of the terms of the Consent Decree between NIPSCO and the EPA entered into the United States District Court for the Northern District of Indiana on July 22, 2011, resolving allegations that NIPSCO violated the Clean Air Act ("Consent Decree").

9. The OUCC agrees that public interest considerations favor support of this pilot program and the attendant relief proposed by NIPSCO, including the recovery of the costs identified above. This position is highly fact-specific and not intended as an abandonment of the OUCC's general opposition to rate recovery of costs incurred, whether classified as penalties, emission allowance surrenders, or environmental mitigation projects, in satisfaction of alleged violations of law.

10. NIPSCO agrees it will submit both quarterly and annual reports summarizing the program to the Commission and the OUCC within 60-days of the anniversary of the Effective Date through the life of the pilot program. NIPSCO agrees to collaborate with the OUCC on the format and content of the quarterly and annual reports. As part of the report filed at the conclusion of the pilot program, NIPSCO shall include recommendations for further action related to electric vehicles in NIPSCO's service territory.

11. At the agreement of the Parties regarding time and location, NIPSCO agrees to host an annual meeting of stakeholders to discuss the previous year's activities related to the pilot program.

C. **Procedural Aspects of Settlement and Presentation of this Agreement.**

12. The Parties agree to jointly present this Agreement to the Commission for its approval in this proceeding, and agree to present previously-filed testimony, and supplemental testimony, as necessary to provide an appropriate factual basis for such approval.

13. If this Agreement is not approved by the Commission, the Parties agree that the terms hereof shall be privileged and shall not be admissible in evidence or in any way discussed in any subsequent proceeding. Moreover, the concurrence of the Parties with the terms of this Agreement is expressly predicated upon the Commission's approval of the Agreement in its entirety without any material modification or any material further condition deemed unacceptable by any party. If the Commission does not approve the Agreement in its entirety, the Agreement shall be null and void and deemed withdrawn, unless otherwise agreed in writing by the Parties within fifteen (15) days of issuance of a final Order.

14. The terms of this Agreement represent a fair, just and reasonable resolution by negotiation and compromise. As set forth in the Order in *Re Petition of Richmond Power & Light*, Cause No. 40434 at page 10, as a term of this Agreement, neither this Agreement, nor the Order approving it, to be cited as precedent by any person or deemed an admission by any Party in any other proceeding, except as necessary to enforce the terms of this Agreement before the Commission, or any court of competent jurisdiction on these particular issues. This Agreement is solely the result of compromise in the settlement process. Each of the Parties hereto has

entered into this Agreement solely to avoid further disputes and litigation with the attendant inconvenience and expenses.

15. The evidence of record presented by the Parties in this Cause in support of this Agreement constitutes substantial evidence sufficient to support this Agreement and provides an adequate evidentiary basis upon which the Commission can make any findings of fact and conclusions of law necessary for the approval of this Agreement, as filed. The Parties agree to the admission into the evidentiary record of this Agreement, along with testimony supporting it, without objection.

16. The issuance of a final Order by the Commission approving this Agreement without any material modification shall terminate all proceedings in regard to this Cause, except as necessary to enforce the terms of this Agreement. Any enforcement proceedings should be filed as sequentially numbered sub-dockets (e.g., 44016-S1, 44016-S2, etc.) or as otherwise ordered or administered by the Commission.

17. The undersigned represent and agree that they are fully authorized to execute this Agreement on behalf of their designated clients who will be bound thereby.

18. The parties agree that this Agreement may be executed on separate signature pages, and such signature pages shall collectively constitute execution of a single original document.

19. The Parties shall not appeal the final Order or any subsequent Commission order as to any portion of such order that is specifically implementing, without modification, the provisions of this Agreement, and the Parties shall not support any appeal of any portion of such order by a person not a Party to this Agreement. The provisions of this Agreement shall be

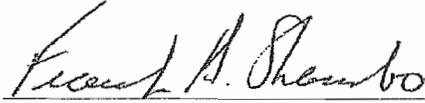
enforceable by any Party at the Commission or in any court of competent jurisdiction, whichever is applicable.

20. The communications and discussions during the negotiations and conferences which produced this Agreement have been conducted on the explicit understanding that they are or relate to offers of settlement and are therefore privileged.

ACCEPTED AND AGREED this 10th day of November, 2011.

Northern Indiana Public Service Company

Indiana Office of Utility Consumer Counselor



Frank A. Shambo
Vice President

11-10-11
Dated



Terry Tolliver
Deputy Consumer Counselor

November 10, 2011
Dated

Revised Petitioner's PEV Budget for Phase I

NIPSCO PEV Phase I Program Summaries

NIPSCO PEV Phase I Budget Summary

	Residential	NIPSCO EV/EVSE	Electric Meter	IT - Customer	Education &	Admin	Program	Market Study	Total
	(EVSE)	& Public EVSE		Information System Upgrade					
Phase I	\$ 413,000	\$ 170,000	\$ 113,000	\$ 21,000	\$ 45,000	\$ 45,000	\$ 107,000	\$ 80,000	\$ 994,000
Total Charging Stations Installed	Residential (EVSE) 250	Public EVSE (up to) 10	NIPSCO Internal EVSE 6	Total Charging Stations 266					

NIPSCO Creation of PEV Regulatory Asset Request Summary

	Residential	Public EVSE	Electric Meter	IT - Customer	Education &	Admin	Program	Market Study	Total
	(EVSE)			Information System Upgrade					
Phase I	\$ 413,000	\$ -	\$ -	\$ 21,000	\$ 45,000	\$ 45,000	\$ 107,000	\$ 80,000	\$ 711,000

NIPSCO PEV Depreciation Deferral Request Summary

	Residential	Public EVSE	Electric Meter	IT - Customer	Education &	Admin	Program	Market Study	Total
	(EVSE)			Information System Upgrade					
Phase I	\$ -	\$ 70,000	\$ 108,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 178,000

NIPSCO PEV Investment (Capital) Summary

	Residential	NIPSCO EV/EVSE	Electric Meter	IT - Customer	Education &	Admin	Program	Market Study	Total
	(EVSE)			Information System Upgrade					
Phase I	\$ -	\$ 100,000	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 105,000

NIPSCO PEV Phase I Program - Honorable Mention

	Lost Margin	Lost Variable O&M	Grossed-Up Residential Voucher Amount	Residential Voucher Amount	Manual Billing (% of FTE)	Number of PEV Miles Driven Daily
	Phase I	\$ 113,000	\$ 3,000	N/A	\$ 1,650	60%