ORIGINAL

**STATE OF INDIANA**

**INDIANA UTILITY REGULATORY COMMISSION**

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| **JOINT PETITION OF NORTHERN INDIANA PUBLIC SERVICE COMPANY AND UNITED STATES STEEL CORPORATION FOR APPROVAL OF TWO SPECIAL CONTRACTS FOR TEMPORARY ELECTRIC SERVICE.** | ) | **CAUSE NO. 44073** |
| | ) | **APPROVED:** NOV 30 2011 |

**ORDER OF THE COMMISSION**

**Presiding Officers:**
**David E. Ziegner, Commissioner**
**Gregory R. Ellis, Administrative Law Judge**

On September 21, 2011, Northern Indiana Public Service Company ("NIPSCO") and United States Steel Corporation ("U.S. Steel") (collectively "Joint Petitioners") filed a petition with the Indiana Utility Regulatory Commission ("Commission") for approval of two (2) special contracts for electric service.

Joint Petitioners, NIPSCO and U.S. Steel, filed direct testimony and exhibits on October 12, 2011. On October 19, 2011 Joint Petitioners and the Office of Utility Consumer Counselor ("OUCC") filed an agreed procedural schedule. In the submission of agreed procedural schedule, the OUCC indicated they did not intend to file testimony in this Cause. The agreed procedural schedule was approved by the Commission through a Docket Entry dated October 21, 2011.

Pursuant to notice of hearing given as provided by law, proof of which was incorporated into the record by reference and placed in the official files of the Commission, an Evidentiary Hearing was held on November 3, 2011 at 9:00 a.m., in Room 224 of the PNC Center, 101 W. Washington Street, Indianapolis, Indiana. Joint Petitioners and the OUCC participated in the hearing. At that time, the evidence prefiled by Joint Petitioners was admitted into the record without objection. No members of the general public appeared at the hearing.

Based upon the applicable law and evidence presented herein, the Commission now finds as follows:

**1. <u>Notice and Jurisdiction</u>.** Due, legal and timely notice of the public hearing in this Cause was given and published as required by law. NIPSCO is a public utility as defined in Ind. Code § 8-1-2-1(a) and is subject to the jurisdiction of the Commission in the manner and to the extent provided by the laws of the State of Indiana. This Commission has jurisdiction over NIPSCO and the subject matter of this proceeding.

**2. <u>Joint Petitioners' Characteristics.</u>** NIPSCO is a public utility corporation organized and existing under the laws of the State of Indiana and having its principal office at

801 East 86th Avenue, Merrillville, Indiana. 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 authorized by the Commission to provide electric utility service to the public in all of part of Benton, Carroll, DeKalb, Elkhart, Fulton, Jasper, Kosciusko, LaGrange, Lake, LaPorte, Marshall, Newton, Noble, Porter, Pulaski, Saint 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.

U.S. Steel is a corporation operating under the laws of Indiana in the manufacturing business with its main office located at 600 Grant Street, Pittsburgh, Pennsylvania 15219. U.S. Steel has facilities located in Gary, Indiana and Portage, Indiana. The Gary Works plant is the company's largest manufacturing operation in the United States and currently has 4,759 employees. The Midwest plant in Portage is a steel production facility and currently has 892 employees. Both facilities receive electric service from NIPSCO.

**3. Relief Requested.** Pursuant to the terms of a Stipulation and Settlement Agreement that was filed as part of the Joint Petition (the "Settlement"), Joint Petitioners request Commission approval of two "bridge" contracts ("Bridge Contracts") to implement the Temporary Service provisions of the Back-up, Maintenance and Temporary Industrial Service Rider contained in the July 18, 2011 Stipulation and Settlement Agreement filed in Cause No. 43969 prior to its approval and implementation. Each Bridge Contract has an effective initial term beginning at 12:01 a.m. on September 1, 2011. The term of the Bridge Contracts shall continue until either (i) December 31, 2011, or (ii) both (a) upon implementation of new rates under either the 2008 Electric Rate Case (Cause No. 43526) or 2010 Electric Rate Case (Cause No. 43969) and (b) execution by the Parties of Rate 632 (Midwest Plant) or Rate 633 (Gary Works) and Rate 676 contracts, whichever occurs sooner, but in no event longer than ten (10) business days of implementation of new rates. If new basic rates and charges have not been implemented by December 31, 2011, the Bridge Contracts will continue on a month-to-month basis unless terminated upon 60 days written notice by either party, or automatically terminated under specified conditions.

**4. Joint Petitioners' Evidence.**

**A. NIPSCO's Testimony.** NIPSCO presented the testimony and exhibits of Frank A. Shambo, Vice President of Regulatory and Legislative Affairs for NIPSCO. Mr. Shambo testified Joint Petitioners are parties to a (1) Contract for Electric Service Industrial Power Service dated July 8, 2011 under NIPSCO's Rate 833 and (2) Contract for Electric Service Industrial Power Service dated April 13, 2011 under NIPSCO's Rate 832, for the furnishing and supply of electrical energy to U.S. Steel's Gary Works Plant and Midwest Plant, respectively (the "U.S. Steel Contracts").

Mr. Shambo stated on June 27, 2008, NIPSCO filed a Verified Petition with the Commission for approval of revised base rates and charges in Cause No. 43526 ("2008 Electric

Rate Case"), which case is still pending. On November 19, 2010, NIPSCO filed a Verified Petition with the Commission for approval of revised base rates and charges in Cause No. 43969 ("2010 Electric Rate Case"), which case is also still pending.

Mr. Shambo stated that on July 18, 2011, U.S. Steel, as part of the NIPSCO Industrial Group, and NIPSCO executed a Stipulation and Settlement Agreement in Cause No. 43969 ("Stipulation") and submitted it to the Indiana Utility Regulatory Commission for approval to resolve Cause No. 43526 and Cause No. 43969.

Mr. Shambo testified that NIPSCO and U.S. Steel desire to implement the temporary service provisions in the Back-up, Maintenance and Temporary Industrial Service Rider ("Rider 676") contained in the Stipulation prior to approval and implementation of the Stipulation. Recognizing that implementation of new rates under either the 2008 or 2010 Electric Rate Case or approval of the Stipulation is at least a few weeks away, NIPSCO is willing to implement, on an interim basis, the provisions for temporary service under Rider 676 for U.S. Steel that would serve as a "bridge" from 12:01 a.m. on September 1, 2011 until such time as new tariffs for industrial power are accepted and approved pursuant to either the 2008 or 2010 Electric Rate Case or the Stipulation is approved.

Mr. Shambo described the major provisions of the Bridge Contract as follows:

- Temporary Service of Attachment A to the Bridge Contracts, which includes the proposed Rider 676 Tariff filed under the Stipulation in the 2010 Electric Rate Case as Joint Exhibit G.

- The effectiveness of the Bridge Contracts is subject to Commission approval.

- Beginning at 12:01 a.m. on September 1, 2011, NIPSCO will begin billing U.S. Steel pursuant to the terms of the Bridge Contracts. If one or both of the Bridge Contracts is/are subsequently disapproved, NIPSCO shall re-bill U.S. Steel back to September 1, 2011 for service rendered under Rider 676 in accordance with the rates and charges of temporary service under Rate 833 or Rate 832, as applicable, plus, during any buy-through periods, an additional energy charge equal to the Real-Time Locational Marginal Price less the applicable energy charge of Rate 833 or Rate 832, as applicable, but in no event shall NIPSCO ratchet U.S. Steel's demand under Rate 832 or 833 as part of such rebilling.

Mr. Shambo testified that the Bridge Contract is in the public interest. He indicated NIPSCO is able to provide the temporary service to U.S. Steel under the Bridge Contracts without adversely affecting the adequacy of service to existing customers. NIPSCO will continue to have sufficient generating capacity to meet the electric service requirements of all of its customers. The rates and terms of the Bridge Contracts are just and reasonable, beneficial to the Parties and to NIPSCO's customers, not inconsistent with the provisions of the Public Service Commission Act and in the best interest of NIPSCO's service area.

Mr. Shambo testified that U.S. Steel agrees to pay NIPSCO monthly for all Temporary Service supplied under the Bridge Contracts, or minimum provisions, in accordance with the rates provided for under the provisions of the Rider 676 referred to above, as such rates are in effect from time to time during the term of the Agreement.

Mr. Shambo testified the charges set forth in the Bridge Contracts are designed to exceed the incremental marginal costs of serving U.S. Steel; specifically, the energy charge for all energy volumes will still be charged at the applicable Commission-approved tariff rate according to the U.S. Steel Contracts.

Mr. Shambo explained the Bridge Contracts are subject to any and all initial and continuing regulatory approvals required, including but not limited to that of the Commission. Notwithstanding the above, the Bridge Contracts will automatically terminate upon (i) both (a) lawful, proper filing of NIPSCO's new tariffs for industrial power service following acceptance and approval by the Commission of same and (b) execution by the Parties of Rate 632 (Midwest Plant) or Rate 633 (Gary Works) and Rate 676 contracts; or (ii) enactment of legislation which (a) mandates a modification to NIPSCO's base electric rates or (b) requires NIPSCO to unbundle its retail electric rates and services, only if such legislation referenced in subparts (a) and (b) alters NIPSCO's tariffs or rates without further Commission action.

Mr. Shambo stated that the Bridge Contracts supersede and otherwise amend and modify only the temporary service provisions of the U.S. Steel Contracts, and all other provisions of the U.S. Steel Contracts remain in full force and effect according to their terms.

Mr. Shambo testified the benefits associated with the Bridge Contracts permit the early implementation of certain temporary service provisions to assist U.S. Steel's operation before the effectiveness of new industrial service tariffs in either the 2008 or 2010 Electric Rate Case. He confirmed that the electricity purchases made possible by the Bridge Contracts will not adversely impact NIPSCO's generation, transmission or distribution capabilities or facilities. He noted that the rates incorporated in the Bridge Contracts exceed the variable costs in this interim period consistent with the energy charges found in the U.S. Steel Contracts. No customer is expected to contribute to any reduction in gross margin during this interim period. Mr. Shambo testified that the Bridge Contracts, and the terms and rates contained therein, are just and reasonable, in the public interest, practical and advantageous to the Parties, and are not inconsistent with the purposes of the Public Service Commission Act.

**B. U.S. Steel's Testimony.** U.S. Steel presented the testimony of Ralph Riberich, Manager – Energy & Consumables for U.S. Steel. Mr. Riberich testified Gary Works is located in Gary, Indiana on approximately 3,000 acres of properly along the south shore of Lake Michigan and is comprised of a variety of steel production and finishing operations. He stated Gary Works is U.S. Steel's largest manufacturing operation in the United States, has been in operation since 1908 and currently has 4,759 employees. He explained that the Midwest Plant is a steel production facility in Portage, Indiana. He stated U.S. Steel acquired the facility in 2003 in connection with National Steel's bankruptcy proceeding. The Midwest Plant currently has 892 employees.

Mr. Riberich testified Gary Works had received service from NIPSCO under a special contract, which expired on July 7, 2009. He stated that since that time Gary Works has been on Rate 833. Mr. Riberich testified Midwest was on a special contract until April 12, 2009 and is now on Rate 832. He noted that both tariffs require a contract. He stated the latest contract under Rate 833 for Gary Works is dated July 8, 2011 and the latest contract under Rate 832 for Midwest is dated April 13, 2011.

Mr. Riberich explained that the purpose of the Bridge Contracts is to allow U.S. Steel to acquire temporary service from NIPSCO under the terms of the Backup, Maintenance and Temporary Industrial Service Rider ("Rider 676"), which was negotiated as part of the settlement agreement in Cause No. 43969. He noted that the settlement agreement in Cause No. 43969, if accepted by the Commission, would also conclude Cause No. 43526, the 2008 Electric Rate Case. He stated that Rider 676 is Exhibit F to the Stipulation. He noted that U.S. Steel is a member of the NIPSCO Industrial Group in both the 2008 and 2010 Electric Rate Cases.

Mr. Riberich testified the Bridge Contracts do not change the demand and energy rates in the current tariffs and only relate to temporary service to be provided by NIPSCO at both plants under the negotiated terms of Rider 676.

In describing the importance of U.S. Steel receiving temporary service pursuant to the provisions of Rider 676, Mr. Riberich testified that although temporary service is provided under current Rate 833 and 832, there are limitations on those Rates that do not work well within the current environment. He further explained that Rate 832 and 833 were approved in the late 1980s and many things have changed in both the electric market and NIPSCO's service territory since then. Mr. Riberich stated that recognizing these changes, the NIPSCO Industrial Group worked intensely with NIPSCO in arriving at the various service options under Rider 676, including the temporary service provisions. He noted that Rider 676 remains pending before the Commission as part of the 2010 Electric Rate Case and, consequently, the Bridge Contracts are a way of allowing U.S. Steel to receive temporary service under updated terms and conditions pending the outcome of the 2010 Electric Rate Case.

Mr. Riberich testified that the Bridge Contracts resolve the uncertainty surrounding the implementation of new temporary service under either the 2008 or 2010 Electric Rate Case by implementing, on an interim basis, temporary service that will serve as a "bridge" from the current tariff provision until such time as a new tariff or rider for temporary service is accepted and approved pursuant to either the 2008 or 2010 Electric Rate Case. He stated that if new basic rates and charges have not been implemented by December 31, 2011, the Bridge Contracts will continue on a month-to-month basis unless terminated by either party upon 60 days written notice. Mr. Riberich also stated that the Bridge Contracts provide U.S. Steel with necessary temporary service that is not currently offered by NIPSCO's 800 series tariff. He stated the Bridge Contracts provide temporary service on more flexible terms than Rates 832 and 833, including a buy-through rate with an Energy Charge equal to Real-Time LMP plus a non-fuel energy charge per kWh if NIPSCO denies temporary service for economic reasons. He explained there is no buy-through provision under Rates 832 and 833 and, consequently, on those occasions when NIPSCO has not provided temporary service, U.S. Steel has had no other option than to cut back on production, which can result in a significant economic impact.

Mr. Riberich testified the Bridge Contracts fall within the broader public interest by allowing NIPSCO increased revenue from providing U.S. Steel temporary service and therefore providing a more solid foundation from which it can invest in northern Indiana's energy infrastructure. The Bridge Contracts also help U.S. Steel remain competitive in the global market in which U.S. Steel competes, which helps fuel job creation and economic growth in Northwest Indiana.

**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 between NIPSCO and U.S. Steel is premised on the approval of two special contract rates 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 Ind. Code § 8-1-2-25 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 the service to the customer and also provide a contribution to the recovery of NIPSCO'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 ensure 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, 2008 Ind. PUC LEXIS 104, at 25 (IURC, Feb. 13, 2008).

Our review of the Bridge Contracts and Joint Petitioners' testimony in support of same indicates that the rates and charges to be imposed under the contracts on an interim basis will allow NIPSCO to recover its incremental cost of providing service to U.S. Steel and provide a contribution to the recovery of NIPSCO's fixed costs. Although the Joint Petition seeking approval of Bridge Contracts with an effective date of September 1, 2011 was not filed with the Commission until September 21, 2011, the Joint Petitioners initiated approval of the terms of the Bridge Contracts on a permanent basis when they filed their Stipulation and Settlement Agreement with the Commission in Cause No. 43969 on July 18, 2011. NIPSCO's provision of service under the Bridge Contracts 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 finds the Bridge Contracts and rates, charges, terms and conditions contained therein are reasonable and just, as well as non-discriminatory, and should be approved. Further, the Commission has reviewed the terms of the Parties' Settlement Agreement and finds that the Settlement Agreement in this Cause is adequately supported by the evidence and is in the public interest. A copy of the Settlement Agreement is attached hereto and made a part of this Order. The Parties further 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, 1997 Ind. PUC LEXIS 459, (IURC March 19, 1997).

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

1. The Stipulation and Settlement Agreement and the two "bridge" contracts to provide temporary electric service under Rider 676 to U.S. Steel's Midwest Plant and Gary Works Plant, all of which are attached to this Order, shall be and hereby are approved in their entirety.

2. Joint Petitioners' request to begin billing U.S. Steel under the Bridge Contracts as of September 1, 2011, shall be and hereby is approved.

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

**ATTERHOLT, BENNETT, LANDIS, MAYS AND ZIEGNER CONCUR:**

**APPROVED:** NOV 30 2011

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

Brenda A. Howe

**Brenda A. Howe**
**Secretary to the Commission**

Exhibit 1

## SETTLEMENT AGREEMENT

United States Steel Corporation (hereinafter referred to as "U. S. Steel") and Northern Indiana Public Service Company ("NIPSCO") (each individually a "Party" and collectively the "Parties") hereby stipulate and agree that the terms and conditions of this Settlement Agreement represent a just, reasonable and complete resolutions of the certain issues between the Parties as set forth below.

WHEREAS, U. S. Steel is a corporation operating under the laws of Indiana in the manufacturing business with its main office located at 600 Grant Street, Pittsburgh, Pennsylvania 15219; and

WHEREAS, NIPSCO is a public utility with its principal place of business located at 801 East 86th Avenue, Merrillville, Indiana 46410 and owns and operates facilities for the generation, transmission and distribution of electric power and energy in the State of Indiana;

WHEREAS, U. S. Steel and NIPSCO are parties to a Contract for Electric Service Industrial Power Service dated July 8, 2011, under NIPSCO's Rate 833 and are parties to a Contract for Electric Service Industrial Power Service dated April 13, 2011, under NIPSCO's Rate 832 for the furnishing and supply of electrical energy to U. S. Steel's facilities located in Gary, Indiana and Portage, Indiana respectively ("U. S. Steel Contracts");

WHEREAS, on June 27, 2008, NIPSCO filed a Verified Petition with the Commission for approval of revised base rates and charges in Cause No. 43526 ("2008 Electric Rate Case"), which case is still pending;

WHEREAS, on November 19, 2010, NIPSCO filed a Verified Petition with the Commission for approval of revised base rates and charges in Cause No. 43969 ("2010 Electric Rate Case"), which case is also still pending;

WHEREAS, on July 18, 2011, U. S. Steel, as part of the NIPSCO Industrial Group, and NIPSCO executed a Stipulation and Settlement Agreement in the 2010 Electric Rate Case ("Stipulation") and submitted it to the Indiana Utility Regulatory Commission for approval to resolve the 2008 Electric Rate Case and 2010 Electric Rate Case;

WHEREAS, the Parties desire to implement the Temporary Service provisions ("Temporary Service") of the Back-up, Maintenance and Temporary Industrial Service Rider ("Rider 676") contained in the Stipulation prior to approval and implementation of the Stipulation; and

WHEREAS, recognizing that implementation of new rates under either the 2008 or 2010 Electric Rate Case or approval of the Stipulation is perhaps months away, NIPSCO is willing to implement, on an interim basis, Temporary Service for U. S. Steel that would serve as a "bridge" from 12:01 a.m. on September 1, 2011 until such time as new tariffs for industrial power are accepted and approved pursuant to either the 2008 or 2010 Electric Rate Case or the Stipulation is approved.

**NOW, THEREFORE,** for material and sufficient consideration, in accordance with the agreement of the Parties, the Parties hereby enter into an agreement on the following terms and provisions.

1. The Parties agree to execute "bridge" contracts ("Bridge Contracts"), each with an effective initial term beginning at 12:01 a.m. on September 1, 2011, and terminating on December 31, 2011, or upon implementation of new rates under either the 2008 or 2010 Electric Rate Case, whichever occurs sooner. U. S. Steel agrees to support the implementation of new rates under the Stipulation. If new basic rates and charges have not been implemented by December 31, 2011, the Bridge Contracts shall continue on a month-to-month basis unless terminated upon 60 days written notice by either Party. Notwithstanding the previous sentence, within ten (10) business days of the Commission's approval of the new tariffs for industrial power in either the 2008 or 2010 Electric Rate Case, the Bridge Contracts will automatically terminate upon the execution by the parties of a Rate 632 contract for Midwest Plant, a Rate 633 contract for Gary Works, and a Rate 676 contract for each of Gary Works and Midwest Plant..

2. Such Bridge Contracts shall include the following provisions:

(a) Temporary Service of Attachment A to the Bridge Contracts, which includes the proposed Rider 676 Tariff filed under the Stipulation in the 2010 Electric Rate Case as Joint Exhibit G.

(b) The effectiveness of the Bridge Contracts is subject to Commission approval.

(c) Beginning at 12:01 a.m. on September 1, 2011, NIPSCO will begin billing U. S. Steel pursuant to the terms of the Bridge Contracts. If one or both of the Bridge Contracts is/are subsequently disapproved, NIPSCO shall re-bill U. S. Steel back to September 1, 2011 for Temporary Service in accordance with the rates and charges of temporary service under Rate 833 or Rate 832, as applicable, plus, during any buy-through periods, an additional energy charge equal to the Real-Time Locational Marginal Price less the applicable energy charge of Rate 833 or Rate 832, as applicable, but in no event shall NIPSCO ratchet U. S. Steel's demand under Rate 832 or 833 as part of such rebilling.

3. The Parties agree that the above provisions, including the rates, terms and conditions of service, represent a reasonable solution to U. S. Steel's needs.

4. The Parties shall jointly seek Commission review and approval of the Bridge Contracts in their entirety without change or condition unacceptable to any Party. The Parties shall cooperate with each other in submitting to the Commission all evidence and submission in support of the Bridge Contracts as may be necessary and appropriate to facilitate and secure such Commission approval.

5. In the event such a final order is issued by the Commission approving the Bridge Contracts, the Parties agree not to seek rehearing or judicial review, and will actively support the effectiveness of the Bridge Contracts in any rehearing or judicial review sought by any other entity.

6. In the event the Commission does not approve of one or both of the Bridge Contracts in their entirety, or with changes or conditions unacceptable to any Party, the Parties agree that U. S. Steel will, subject to the above terms and conditions regarding Temporary Service, continue to receive electric service pursuant to NIPSCO's current Tariff Rates pursuant to the applicable U. S. Steel Contracts until such time as new rates are established in either the 2008 or 2010 Electric Rate Case. The Parties also agree that in this event they shall meet and discuss other service arrangements that may be applicable to U. S. Steel until such time as new rates are established in either the 2008 or 2010 Electric Rate Case.

7. By entering into this Settlement Agreement, neither U. S. Steel 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 Stipulation, or the statements set forth in either document. The Parties further agree that there shall be no restrictions on either Party's ability to cite in any other proceeding the provisions of this Settlement Agreement or the related Bridge Contracts and testimony in support of same.

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

AGREED AND ACCEPTED this 13th day of September, 2011.

| Northern Indiana Public Service Company | United States Steel Corporation |
|---|---|
| By: ________________ | By: ________________ |

Exhibit 2

NORTHERN INDIANA PUBLIC SERVICE COMPANY
AGREEMENT FOR ELECTRIC SERVICE
Temporary Service

This Agreement for Electric Service ("Agreement"), made this 1st day of September 2011, by and between NORTHERN INDIANA PUBLIC SERVICE COMPANY, an Indiana corporation (the "Company"), and United States Steel Corporation ("Customer").

For and in consideration of the mutual covenants and agreements hereinafter contained, the parties agree as follows:

The Company agrees to furnish to Customer during the term of this Agreement, and Customer agrees to take from the Company, all the electric energy of the character specified herein that shall be purchased by Customer for use by Customer at:
its Midwest Plant, located at6300 U. S. Highway 12 , Portage, Indiana ("Address"), Account Number 073-524-002 and Site Identification Numbers 873-000-001 and 873-000-000.

The electric service supplied and taken hereunder shall be 3 phase, 60 cycle, alternating current, at a voltage of approximately 138,000 volts, and shall be metered at a voltage of 138,000 volts.

Temporary Service:

The Company shall begin to supply only Temporary Service under Rider 676 attached hereto on or about September 1, 2011, and the term of this Agreement shall continue until either (i) December 31, 2011, or (ii) both (a) upon implementation of new rates under either the 2008 Electric Rate Case (IURC Cause No. 43526) or 2010 Electric Rate Case (IURC Cause No. 43969) and (b) execution by the Parties of Rate 632 and Rate 676 contracts for Midwest Plant but in no event longer than ten (10) business days of implementation of new rates, whichever occurs sooner. If new basic rates and charges have not been implemented by December 31, 2011, this Agreement shall continue on a month-to-month basis unless terminated upon 60 days written notice by either Party. This Agreement shall be subject to any and all initial and continuing regulatory approvals required, including but not limited to that of the Commission. Notwithstanding the above, this Agreement shall automatically terminate upon (i) both (a) lawful, proper filing of the Company's new tariffs for industrial power service following acceptance and approval by the Commission of same and (b) execution by the Parties of Rate 632 and 676 contracts for Midwest Plant; or (ii) 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 subparts (a) and (b) alters Company's tariffs or rates without further Commission action.

Customer agrees to pay the Company monthly for all Temporary Service supplied hereunder, or minimum provisions, in accordance with the rates provided for in the Temporary Service provisions of the Rider 676 referred to above, as such rates are in effect from time to time during the term of this Agreement.

This Agreement incorporates by reference the Temporary Service provisions of the Rider 676 referred to above.

There are no oral understandings or agreements other than as set forth in this Agreement relating to Temporary Service and this Agreement cancels and supersedes all previous agreements relating to the purchase by Customer and sale by the Company of Temporary Service at Customer's premises specified above. Company and Customer agree that this Agreement supersedes and otherwise amends and modifies only the temporary service provisions of the Contract for Electric Service Industrial Power Service dated April 13, 2011, under

**Exhibit 2**

NIPSCO's Rate 832 for the furnishing and supply of electrical energy to U.S. Steel's facilities ("U.S. Steel Contract"), and all other provisions of the U.S. Steel Contract remain in full force and effect according to its terms.

The parties agree to all terms and conditions set forth above and on the reverse side of this Agreement and this Agreement shall be in full force and effect when signed by the authorized representatives of both parties.

| NORTHERN INDIANA PUBLIC SERVICE COMPANY | UNITED STATES STEEL CORPORATION |
|---|---|
| By: [signature] | By: [signature] |
| Its: VP, COMMERCIAL OPERATIONS | Its: Manager - Energy & Consumables |

Exhibit 2

TERMS AND CONDITIONS OF SERVICE

1. Customer agrees to notify the Company prior to any significant changes in its electric requirements.

2. If the service is not commenced by Customer on the date specified in this Agreement, the term of this Agreement shall be extended for a period of time equal to the period between the date specified herein for commencement of service and the date upon which Customer commenced taking service under this Agreement.

3. All wiring and other electric equipment installed by Customer shall be maintained by Customer at all times in conformity with the requirements of National Board of Fire Underwriters, National Electric Code, National Electric Safety Code and local laws and regulations, if applicable. An inspector from the Company shall be permitted to inspect Customer's wiring and apparatus and the Company may transmit its recommendations in connection with any inspections to Customer, but nothing herein shall be construed to mean that the Company shall be required to inspect or examine, or in any way be responsible for the conditions of the conduits, pipes, wires or appliances on Customer's premises.

4. Customer agrees that the Company's provision of service under this Agreement is subject to the rules and regulations of North American Electric Reliability Council ("NERC"), Reliability First Corporation regional reliability council ("RFC") and Midwest Independent Transmission System Operator ("MISO") or any successor organizations. Customer understands that NERC, RFC and MISO or their successors may allocate charges for noncompliance with their rules and regulations (see, by way of example and not limitation, NERC Policy 1, Section E, Performance Standard). Upon approval by the Indiana Utility Regulatory Commission, the rates paid by Customer pursuant to this Agreement may be subject to adjustments for any charges Company is assessed by NERC, RFC or MISO or any agency having jurisdiction relative to existing or future control performance criteria arising from the acts or omissions of Customer. Customer shall use its best efforts to minimize these charges and their impact on Customer and the Company.

5. The Company and Customer shall attempt in good faith to resolve all disputes promptly in the normal course of business. In the event a dispute is not resolved in the normal course of business, the Company and Customer shall follow the procedures set forth in the Indiana Utility Regulatory Commission's Rules on Customer Complaints (170 IAC 16-1-1 *et seq.*).

6. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the parties. This Agreement shall not be assigned by either party without the written consent of the other party, which consent shall not be withheld unreasonably. Any assignment by one party to this Agreement shall not release that party of its financial obligations hereunder unless the other party to this Agreement consents to such release in writing.

Exhibit 3

NORTHERN INDIANA PUBLIC SERVICE COMPANY
AGREEMENT FOR ELECTRIC SERVICE
Temporary Service

This Agreement for Electric Service ("Agreement"), made this 1st day of September 2011, by and between NORTHERN INDIANA PUBLIC SERVICE COMPANY, an Indiana corporation (the "Company"), and United States Steel Corporation ("Customer").

For and in consideration of the mutual covenants and agreements hereinafter contained, the parties agree as follows:

The Company agrees to furnish to Customer during the term of this Agreement, and Customer agrees to take from the Company, all the electric energy of the character specified herein that shall be purchased by Customer for use by Customer at:
its Gary Works Plant, located at One North Broadway, Gary, Indiana ("Address"), Account Number 751-000-004 and Site Identification Numbers 216-198-007, 102-000-004, 550-600-001, and 127-000-008.

The electric service supplied and taken hereunder shall be 3 phase, 60 cycle, alternating current, at a voltage of approximately 138,000 volts, and shall be metered at a voltage of 138,000 volts.

Temporary Service:

The Company shall begin to supply only Temporary Service under Rider 676 attached hereto on or about September 1, 2011, and the term of this Agreement shall continue until either (i) December 31, 2011, or (ii) both (a) upon implementation of new rates under either the 2008 Electric Rate Case (IURC Cause No. 43526) or 2010 Electric Rate Case (IURC Cause No. 43969) and (b) execution by the Parties of Rate 633 and Rate 676 contracts for Gary Works), whichever occurs sooner, but in no event longer than ten (10) business days of implementation of new rates. If new basic rates and charges have not been implemented by December 31, 2011, this Agreement shall continue on a month-to-month basis unless terminated upon 60 days written notice by either Party. This Agreement shall be subject to any and all initial and continuing regulatory approvals required, including but not limited to that of the Commission. Notwithstanding the above, this Agreement shall automatically terminate upon (i) both (a) lawful, proper filing of the Company's new tariffs for industrial power service following acceptance and approval by the Commission of same and (b) execution by the Parties of Rate 633 and Rate 676 contracts for Gary Works; or (ii) 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 subparts (a) and (b) alters Company's tariffs or rates without further Commission action.

Customer agrees to pay the Company monthly for all Temporary Service supplied hereunder, or minimum provisions, in accordance with the rates provided for in the Temporary Service provisions of the Rider 676 referred to above, as such rates are in effect from time to time during the term of this Agreement.

This Agreement incorporates by reference the Temporary Service provisions of the Rider 676 referred to above.

There are no oral understandings or agreements other than as set forth in this Agreement relating to Temporary Service and this Agreement cancels and supersedes all previous agreements relating to the purchase by Customer and sale by the Company of Temporary Service at Customer's premises specified above. Company and Customer agree that this Agreement supersedes and otherwise amends and modifies only the temporary service provisions of the Contract for Electric Service Industrial Power Service dated July 8, 2011, under NIPSCO's Rate 833 for the furnishing and supply of electrical energy to U.S. Steel's facilities ("U.S. Steel Contract"), and all other provisions of the U.S. Steel Contract remain in full force and effect according to its terms.

**Exhibit 3**

The parties agree to all terms and conditions set forth above and on the reverse side of this Agreement and this Agreement shall be in full force and effect when signed by the authorized representatives of both parties.

| NORTHERN INDIANA PUBLIC SERVICE COMPANY | UNITED STATES STEEL CORPORATION |
|---|---|
| By: [signature] | By: [signature] |
| Its: VP, Commercial Operations | Its: Manager - Energy & Consumables |

**Exhibit 3**

TERMS AND CONDITIONS OF SERVICE

1. Customer agrees to notify the Company prior to any significant changes in its electric requirements.

2. If the service is not commenced by Customer on the date specified in this Agreement, the term of this Agreement shall be extended for a period of time equal to the period between the date specified herein for commencement of service and the date upon which Customer commenced taking service under this Agreement.

3. All wiring and other electric equipment installed by Customer shall be maintained by Customer at all times in conformity with the requirements of National Board of Fire Underwriters, National Electric Code, National Electric Safety Code and local laws and regulations, if applicable. An inspector from the Company shall be permitted to inspect Customer's wiring and apparatus and the Company may transmit its recommendations in connection with any inspections to Customer, but nothing herein shall be construed to mean that the Company shall be required to inspect or examine, or in any way be responsible for the conditions of the conduits, pipes, wires or appliances on Customer's premises.

4. Customer agrees that the Company's provision of service under this Agreement is subject to the rules and regulations of North American Electric Reliability Council ("NERC"), Reliability First Corporation regional reliability council ("RFC") and Midwest Independent Transmission System Operator ("MISO") or any successor organizations. Customer understands that NERC, RFC and MISO or their successors may allocate charges for noncompliance with their rules and regulations (see, by way of example and not limitation, NERC Policy 1, Section E, Performance Standard). Upon approval by the Indiana Utility Regulatory Commission, the rates paid by Customer pursuant to this Agreement may be subject to adjustments for any charges Company is assessed by NERC, RFC or MISO or any agency having jurisdiction relative to existing or future control performance criteria arising from the acts or omissions of Customer. Customer shall use its best efforts to minimize these charges and their impact on Customer and the Company.

5. The Company and Customer shall attempt in good faith to resolve all disputes promptly in the normal course of business. In the event a dispute is not resolved in the normal course of business, the Company and Customer shall follow the procedures set forth in the Indiana Utility Regulatory Commission's Rules on Customer Complaints (170 IAC 16-1-1 *et seq.*).

6. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the parties. This Agreement shall not be assigned by either party without the written consent of the other party, which consent shall not be withheld unreasonably. Any assignment by one party to this Agreement shall not release that party of its financial obligations hereunder unless the other party to this Agreement consents to such release in writing.