

May 26, 2017

Via Electronic Filing – 30 Day Filings – Gas

Mary M. Becerra  
Secretary to the Commission  
Indiana Utility Regulatory Commission  
101 West Washington Street  
Suite 1500 East  
Indianapolis, Indiana 46204

**RE: NIPSCO 30 Day Filing Pursuant to 170 IAC 1-6-1 et seq.**

Dear Ms. Becerra:

In accordance with 170 IAC 1-6-1, enclosed please find a clean and redlined version of NIPSCO's proposed revisions to Rule 15 – Gas Cost Incentive Mechanism of its IURC Gas Service Tariff, Original Volume No. 7 ("Gas Tariff"). NIPSCO's proposed changes impact customers currently taking service under Rates 411, 415, 421 and 425.

Rule 15 – Gas Cost Incentive Mechanism ("GCIM") was a program included in NIPSCO's Alternative Regulatory Plan first approved on a pilot basis on October 8, 1997 in Cause No. 40342. The ARP was renewed and modified in Cause No. 41338, consolidated Cause Nos. 42800 and 42884, and Cause No. 43837. The ARP was most recently extended and modified and became a permanent part of the Current Tariff on March 15, 2012 in Cause No. 44081.

NIPSCO is proposing three (3) revisions to Rule 15. First, NIPSCO is proposing to cite in the Gas Tariff only the Commission's most recent approval of the Gas Cost Incentive Mechanism (*i.e.*, Cause No. 44081), as opposed to listing all of the Commission proceedings in which the tariff was previously approved.

Second, NIPSCO is proposing to change the publications to be used to determine the average of the first of month spot market natural gas commodity prices. NIPSCO currently subscribes to three (3) different publications for benchmarking purposes. NGI is a more recognized publication and does a better job of publishing new trading points / indices at the market changes. Changing the Gas Tariff so that NGI's Bidweek Survey is used, rather than Natural Gas Week, as the monthly benchmark would be consistent with how NIPSCO benchmarks daily purchases.

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Third, NIPSCO is proposing to remove a date range for the sharing of the dollar differences between the Company and the Customers. From 1997 through 2012, NIPSCO's Alternative Regulatory Program ("ARP"), which was first approved in Cause No. 40342, was treated as a pilot program subject to periodic renewal. In its 44081 Order, the Commission approved the parties' proposal that the ARP programs and services be incorporated into NIPSCO's gas tariff going forward on an indefinite basis. Specifying a period of time for which the sharing of the dollar differences between the Company and the Customers is unnecessary and should be removed to reflect the 44081 Order.

170 IAC 1-6-3(3) states that changes to rules and regulations are an allowable type of filing and the proposed revision is a change to the operating rules of the Gas Tariff. Thus, this filing is an allowable filing under the 30-day filing procedures. This filing does not require confidential treatment nor does it seek any other relief identified in 170 IAC 1-6-4, so it is not prohibited under the Commission's Rule.

In accordance with 170 IAC 1-6-5(2), contact information for the utility regarding this filing is:

Timothy R. Caister  
Vice President, Regulatory Policy  
Northern Indiana Public Service Company  
150 West Market Street, Suite 600  
Indianapolis, Indiana 46204  
317-684-4908  
317-684-4918 (Fax)  
[tcaister@nisource.com](mailto:tcaister@nisource.com)

In accordance with 170 IAC 1-6-5(3), the proposed tariff sheet is attached. There are no work papers necessary to support this filing in compliance with 170 IAC 1-6-5(4).

In accordance with 170 IAC 1-6-5(5), I have verified this letter as to these representations in compliance with 170 IAC 1-6-5(5). A copy of this filing is being provided via electronic mail to the Indiana Office of Utility Consumer Counselor ("OUCC"). NIPSCO shared a draft of the proposed tariff changes with the OUCC prior to filing.

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In accordance with 170 IAC 1-6-6, NIPSCO has posted notice of this change in its local customer service office at 3229 Broadway, Gary, Indiana and has placed the notice on its website under pending tariffs (see <http://www.nipSCO.com/About-us/Rates-Tariffs/30-Day-Filings.aspx>). A copy of the notice to be published in a newspaper of general circulation that has a circulation encompassing the highest number of NIPSCO customers affected by this filing is attached hereto. A copy of the proof of publication will be provided immediately upon its receipt.

Please let me know if the Commission Staff has any questions or concerns about this submission.

Sincerely,



Timothy R. Caister  
Vice President, Regulatory Policy

Encl.

cc: (w/ encl. – via email transmission) to William Fine and Scott A. Franson, Indiana Office of Utility Consumer Counselor ([wfine@oucc.in.gov](mailto:wfine@oucc.in.gov), [sfranson@oucc.in.gov](mailto:sfranson@oucc.in.gov), [infomgt@oucc.in.gov](mailto:infomgt@oucc.in.gov))

**GENERAL RULES AND REGULATIONS**  
**Applicable to Gas Service**

**15. GAS COST INCENTIVE MECHANISM**

The Company will adjust the Gas Cost Adjustment factors for billing purposes by the effect of the application of the Gas Cost Incentive Mechanism most recently approved in Cause No. 44081.

The Gas Cost Incentive Mechanism rewards and/or penalizes the Company for its performance of gas supply acquisition when compared to a market standard (“Benchmark”).

The Benchmark shall incorporate a “Benchmark Price” that (1) for first of month purchases will be an average of the first of month (“FOM”) spot market natural gas commodity prices as published in in NGI’s Bidweek Survey as the “(Applicable Month Bidweek, Avg)”, and in Inside FERC’s Gas Market Report, and (2) for purchases designated as not made on the first of the month will be the average of the published Gas Daily “Daily Price Survey, Daily Midpoint” and NGI’s Daily Gas Price Index “Cash Market Prices” natural gas commodity price applicable as of the date of purchase. These gas prices shall reflect the gas prices for the geographic locations representative of the supply basin/location where the gas was purchased and delivered to the primary and secondary receipt points of the Company’s transportation capacity. The “Benchmark Price” will be determined for each month (“FOM pricing”) and each day (“Daily Pricing”) of the year.

The Benchmark Dollars are calculated by applying the Benchmark Prices from the indices to the actual units purchased within the geographic supply zones. The aggregated dollars are the Benchmark Dollars which will be compared to the Company’s actual gas commodity purchases on a monthly basis in order to determine the Company’s performance under the Gas Cost Incentive Mechanism. If the Company’s actual gas commodity purchase dollars are less than the Benchmark Dollars, a Positive Performance exists. If the Company’s actual gas commodity purchase dollars are greater than the Benchmark Dollars plus the Tolerance Band, a Negative Performance exists. Sharing of the dollar differences between the Company and the Customers will be as follows:

Negative Differential (Actual cost > Benchmark Price)

% of Benchmark Price <u>above Benchmark Price</u> >0%	% of Sharing <u>Customer</u> 50	% of Sharing Company 50
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Positive Differential (Actual cost < Benchmark Price)

% of Benchmark Price <u>above Benchmark Price</u> >0%	% of Sharing <u>Customer</u> 50	% of Sharing Company 50
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The Customers’ share of dollars as determined on a monthly basis will be included in the Gas Cost Adjustment calculations for Sales Customers.

Effective 7/1/2017



**GENERAL RULES AND REGULATIONS**  
**Applicable to Gas Service**

**15. GAS COST INCENTIVE MECHANISM**

The Company will adjust the Gas Cost Adjustment factors for billing purposes by the effect of the application of the Gas Cost Incentive Mechanism most recently approved in Cause No. 44081, approved in Cause No. 40342, as modified and extended in Cause Nos. 42800, 42884 and 43837.

The Gas Cost Incentive Mechanism rewards and/or penalizes the Company for its performance of gas supply acquisition when compared to a market standard (“Benchmark”).

The Benchmark shall incorporate a “Benchmark Price” that (1) for first of month purchases will be an average of the first of month (“FOM”) spot market natural gas commodity prices as published in in NGI’s Bidweek Survey as the “(Applicable Month Bidweek, Avg Natural Gas Week as the “Spot Market on Interstate Pipeline Systems, Bid Week for \_\_\_ (Applicable Month)”, and in Inside FERC’s Gas Market Report, and (2) for purchases designated as not made on the first of the month will be the average of the published Gas Daily “Daily Price Survey, Daily Midpoint” and NGI’s Daily Gas Price Index “Cash Market Prices” natural gas commodity price applicable as of the date of purchase. These gas prices shall reflect the gas prices for the geographic locations representative of the supply basin/location where the gas was purchased and delivered to the primary and secondary receipt points of the Company’s transportation capacity. The “Benchmark Price” will be determined for each month (“FOM pricing”) and each day (“Daily Pricing”) of the year.

The Benchmark Dollars are calculated by applying the Benchmark Prices from the indices to the actual units purchased within the geographic supply zones. The aggregated dollars are the Benchmark Dollars which will be compared to the Company’s actual gas commodity purchases on a monthly basis in order to determine the Company’s performance under the Gas Cost Incentive Mechanism. If the Company’s actual gas commodity purchase dollars are less than the Benchmark Dollars, a Positive Performance exists. If the Company’s actual gas commodity purchase dollars are greater than the Benchmark Dollars plus the Tolerance Band, a Negative Performance exists. Sharing of the dollar differences between the Company and the Customers will be as follows:

For the period, May 1, 2006 to April 30, 2012:

Negative Differential (Actual cost > Benchmark Price)

<u>% of Benchmark Price</u> <u>above Benchmark Price</u>	<u>% of Sharing</u> <u>Customer</u>	<u>% of Sharing</u> <u>Company</u>
>0%	50	50

Positive Differential (Actual cost < Benchmark Price)

<u>% of Benchmark Price</u> <u>above Benchmark Price</u>	<u>% of Sharing</u> <u>Customer</u>	<u>% of Sharing</u> <u>Company</u>
>0%	50	50

The Customers’ share of dollars as determined on a monthly basis will be included in the Gas Cost Adjustment calculations for Sales Customers.

Effective ~~7/1/2017~~ ~~1/2011~~

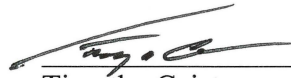


**Verified Statement of Northern Indiana Public Service Company  
Concerning Notification of Customers Affected by May 26, 2017 30-Day Filing**

Northern Indiana Public Service Company complied with the Notice Requirements under 170 IAC 1-6-6 in the following manner:

- The attached notice was posted in a public place at NIPSCO's customer service office at 3229 Broadway, Gary, Indiana;
- The same notice was posted on NIPSCO's website under 30-Day Filings (see <http://www.nipSCO.com/About-us/Rates-Tariffs/30-Day-Filings.aspx>).
- A legal notice was published in the Post Tribune (Lake County), a newspaper of general circulation that has a circulation encompassing the highest number of the utility's customers affected by the filing, on May 24, 2017; and
- I affirm under penalties for perjury that the foregoing representations are true to the best of my knowledge, information and belief.

Dated this 26<sup>th</sup> day of May, 2017.



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Timothy Caister  
Vice President, Regulatory Policy

## **NOTICE OF 30-DAY FILING**

On or about May 26, 2017, Northern Indiana Public Service Company (“NIPSCO”) will submit to the Indiana Utility Regulatory Commission for approval under its 30-Day Filing procedures, 170 IAC 1-6-1, *et seq.* a revised Rule 15 – Gas Cost Incentive Mechanism of its IURC Gas Service Tariff, Original Volume No. 7. The revisions impact customers currently taking service under Rates 411, 415, 421 and 425. A decision on the 30-Day Filing is anticipated at least thirty days after the May 26, 2017 filing date. Any objection to the filing should be directed to (a) the Secretary of the Indiana Utility Regulatory Commission, PNC Center, 101 West Washington Street, Suite 1500 East, Indianapolis, IN 46204 or (b) the Indiana Office of Utility Consumer Counselor, PNC Center, 101 West Washington Street, Suite 1500 South, Indianapolis, IN 46204.