

February 26, 2016

Via Electronic Filing – 30 Day Filings - Electric

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.

To Whom It May Concern:

In accordance with 170 IAC 1-6-1, enclosed please find NIPSCO's (1) Fifth Revised Sheet No. 127 and (2) Fifth Revised Sheet No. 128 – to Rider 678 – Purchases from Cogeneration and Small Power Production Facilities. The referenced filing consists of NIPSCO's proposed revisions to update its energy and capacity rate schedule for purchases from cogeneration and small power production facilities pursuant to 170 IAC 4-4.1 *et seq.* The revisions are shown in the attached redlined tariff sheet. NIPSCO notes that although NIPSCO's most recently submitted IRP in 2014 identifies a Combined Cycle Gas Turbine ("CCGT") as NIPSCO's avoidable or deferrable unit, NIPSCO has based the rates for capacity purchases on the cost estimates for a Combustion Turbine ("CT") by operation of 170 IAC 4-4.1-9(c). The revisions impact any cogeneration and/or small power production facilities that qualify under the IURC Rules (170 IAC 4-4.1 *et seq.*) ("Qualifying Facilities") and that have executed a contract with NIPSCO setting forth all terms and conditions governing the purchase of electric power from the Qualifying Facility.

The proposed revisions are intended to revise the purchase rates applicable to participating customers under Rider 678. 170 IAC 1-6-3(6) states that a filing for which the Commission has already approved or accepted the procedure for the change is an allowable filing under the referenced procedures. NIPSCO is filing this tariff revision pursuant to 170 IAC 4-4.1, the Cogeneration and Alternate Energy Production Facilities Rule. Specifically, Rule 10 requires that on or before February 28 of each year a generating electric utility shall file with the Commission a standard offer for purchase

of energy and capacity at rates derived from the appropriate sections of this rule. Thus, this filing is an allowable request under 170 IAC 1-6-3. 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
Director, 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

In accordance with 170 IAC 1-6-5(3), the proposed tariff sheet is attached. In accordance with 170 IAC 1-6-5(4), the work papers supporting this filing are attached.

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").

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.

Indiana Utility Regulatory Commission
February 26, 2016
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Please let me know if the Commission Staff has any questions or concerns about this submission.

Sincerely,

A handwritten signature in black ink, appearing to read "Timothy R. Caister".

Timothy R. Caister
Director, Regulatory Policy

Encl.

cc (w/ encl. – via email transmission)

A. David Stippler, Indiana Office of Utility Consumer Counselor
(dstippler@oucc.in.gov, infomgt@oucc.in.gov)

RIDER 678
PURCHASES FROM COGENERATION AND SMALL POWER PRODUCTION FACILITIES

No. 1 of 4 Sheets

TO WHOM AVAILABLE

Available to cogeneration and/or small power production facilities which qualify under the IURC Rules (170 IAC 4-4.1 *et seq.*). A contract shall be required between the Company and each cogenerator or small power producer (Qualifying Facility), setting forth all terms and conditions governing the purchase of electric power from the Qualifying Facility.

INTERCONNECTION STANDARDS

The cogenerator or small power producer shall comply with the interconnection standards as defined in Rider 679 Interconnection Standards Rider.

PURCHASE RATES

	<u>Current Rate Per KWH</u>
Summer period (May - Sept.)	
on-peak ⁽¹⁾	\$0.03514
off-peak ⁽²⁾⁽⁵⁾	\$0.02374
Winter period (Oct. - Apr.)	
on-Peak ⁽³⁾	\$0.03177
off-Peak ⁽⁴⁾⁽⁵⁾	\$0.02623

- (1) Monday through Saturday 8 a.m. to 11 p.m.
- (2) Monday through Saturday 11 p.m. to midnight and midnight to 8 a.m. and all day Sunday.
- (3) Monday through Friday 8 a.m. to 11 p.m.
- (4) Monday through Friday 11 p.m. to midnight and midnight to 8 a.m. and all day Saturday and Sunday.
- (5) The twenty-four (24) hours of New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day will be included in the Off-Peak period.

For those qualifying facilities for whom metering not capable of recognizing different rating periods is installed:

	<u>Current Rate Per KWH</u>
Summer Period	\$0.02971
Winter Period	\$0.02867

Energy metered during any month more than half of which is in any month of May to September, inclusive, shall be calculated under the summer rates listed above. Energy credited during other periods of the year shall be calculated under the winter rates listed above.

RIDER 678
PURCHASES FROM COGENERATION AND SMALL POWER PRODUCTION FACILITIES

No. 2 of 4 Sheets

Current Capacity Component

\$11.05 per KW per month.

The monthly capacity component shall be adjusted by the following factor:

$$F = \frac{E_p}{K(T_p)}$$

Where F = Capacity component adjustment factor.

E_p = Kilowatt-hours delivered to the Company during the on-peak period defined as:

Summer - Monday through Saturday 8 a.m. to 11 p.m.

Winter - Monday through Friday 8 a.m. to 11 p.m.

The twenty-four (24) hours of New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day will not be included in the On-Peak period.

K = Kilowatts of capacity the qualifying facility contracts to provide.

T_p = Number of hours in the peak period.

The KW capacity available and the kilowatt-hours in the peak period shall be determined by a suitable recording type instrument.

For intended purchases of 72,000 kilowatt-hours or more per month from a Qualifying Facility, the Company and the Qualifying Facility may agree to increase or decrease the rate for Energy purchase in recognition of the following factors:

1. The extent to which scheduled outages of the qualifying facility can be usefully coordinated with scheduled outages of the Company generation facilities; or
2. The relationship of the availability of Energy from the Qualifying Facility to the ability of the Company to avoid costs, particularly as is evidenced by the Company's ability to dispatch the qualifying facility; or
3. The usefulness of Energy from the qualifying facility during system emergencies, including the ability of the Qualifying Facility to separate its load from its generation.

The Company and Qualifying Facility may negotiate a rate for Energy or capacity purchase which differs from this filed rate.

NORTHERN INDIANA PUBLIC SERVICE COMPANY
IURC Electric Service Tariff
Original Volume No. 12
Cancelling All Previously Approved Tariffs

~~Fifth Revised Sheet No. 127~~
Superseding
~~Fourth Revised Sheet No. 127~~

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RIDER 678
PURCHASES FROM COGENERATION AND SMALL POWER PRODUCTION FACILITIES

No. 1 of 4 Sheets

TO WHOM AVAILABLE

Available to cogeneration and/or small power production facilities which qualify under the IURC Rules (170 IAC 4-4.1 *et seq.*). A contract shall be required between the Company and each cogenerator or small power producer (Qualifying Facility), setting forth all terms and conditions governing the purchase of electric power from the Qualifying Facility.

INTERCONNECTION STANDARDS

The cogenerator or small power producer shall comply with the interconnection standards as defined in Rider 679 Interconnection Standards Rider.

PURCHASE RATES

	<u>Current Rate Per KWH</u>
Summer period (May - Sept.)	
on-peak ⁽¹⁾	\$0.03514
off-peak ⁽²⁾⁽⁵⁾	\$0.02374
Winter period (Oct. - Apr.)	
on-Peak ⁽³⁾	\$0.03177
off-Peak ⁽⁴⁾⁽⁵⁾	\$0.02623

(1) Monday through Saturday 8 a.m. to 11 p.m.
(2) Monday through Saturday 11 p.m. to midnight and midnight to 8 a.m. and all day Sunday.
(3) Monday through Friday 8 a.m. to 11 p.m.
(4) Monday through Friday 11 p.m. to midnight and midnight to 8 a.m. and all day Saturday and Sunday.
(5) The twenty-four (24) hours of New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day will be included in the Off-Peak period.

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For those qualifying facilities for whom metering not capable of recognizing different rating periods is installed:

	<u>Current Rate Per KWH</u>
Summer Period	\$0.02971
Winter Period	\$0.02867

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Energy metered during any month more than half of which is in any month of May to September, inclusive, shall be calculated under the summer rates listed above. Energy credited during other periods of the year shall be calculated under the winter rates listed above.

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Issued Date
4/1/2016

Effective Date
4/1/2016



NORTHERN INDIANA PUBLIC SERVICE COMPANY
IURC Electric Service Tariff
Original Volume No. 12
Cancelling All Previously Approved Tariffs

~~Fifth Revised Sheet No. 128~~
Superseding
~~Fourth Revised Sheet No. 128~~

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RIDER 678
PURCHASES FROM COGENERATION AND SMALL POWER PRODUCTION FACILITIES

No. 2 of 4 Sheets

Current Capacity Component

~~\$11.05~~ per KW per month.

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The monthly capacity component shall be adjusted by the following factor:

$$F = \frac{E_p}{K(T_p)}$$

Where F = Capacity component adjustment factor.

E_p = Kilowatt-hours delivered to the Company during the on-peak period defined as:

Summer - Monday through Saturday 8 a.m. to 11 p.m.

Winter - Monday through Friday 8 a.m. to 11 p.m.

The twenty-four (24) hours of New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day will not be included in the On-Peak period.

K = Kilowatts of capacity the qualifying facility contracts to provide.

T_p = Number of hours in the peak period.

The KW capacity available and the kilowatt-hours in the peak period shall be determined by a suitable recording type instrument.

For intended purchases of 72,000 kilowatt-hours or more per month from a Qualifying Facility, the Company and the Qualifying Facility may agree to increase or decrease the rate for Energy purchase in recognition of the following factors:

1. The extent to which scheduled outages of the qualifying facility can be usefully coordinated with scheduled outages of the Company generation facilities; or
2. The relationship of the availability of Energy from the Qualifying Facility to the ability of the Company to avoid costs, particularly as is evidenced by the Company's ability to dispatch the qualifying facility; or
3. The usefulness of Energy from the qualifying facility during system emergencies, including the ability of the Qualifying Facility to separate its load from its generation.

The Company and Qualifying Facility may negotiate a rate for Energy or capacity purchase which differs from this filed rate.

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Issued Date
4/1/2016

Effective Date
4/1/2016

NIPSCO

Avoided Cost 1215.xls
IURC Filing Summary Page

NORTHERN INDIANA PUBLIC SERVICE COMPANY
Rate Schedule For Purchases From Cogeneration And Small Power Production Facilities

Revised Sheet No. 127
Page 2 of 4

Purchase Rates (Continued)

YEAR 2016
Rate Per kWh

Summer Period (May - Sept.)

On-Peak (1) **3.514** cents
Off-Peak (2) (5) **2.374** cents

Winter Period (Oct. - Apr.)

On-Peak (3) **3.177** cents
Off-Peak (4) (5) **2.623** cents

- (1) Monday - Saturday, 8 AM - 11 PM
- (2) Monday - Saturday, 11 PM - midnight & midnight - 8 AM & all day Sunday
- (3) Monday - Friday, 8 AM - 11 PM
- (4) Monday - Friday, 11 PM - midnight & midnight - 8 AM & all day Saturday & Sunday
- (5) 24 hours of New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day & Christmas Day will be included in the Off-Peak period.

B. For those qualifying facilities for whom metering not capable of recognizing different rating periods is installed:

YEAR 2016
Rate Per kWh

Summer Period **2.971** cents
Winter Period **2.867** cents

YEAR 2016

Capacity Component

\$ 11.05 per KW per month

NORTHERN INDIANA PUBLIC SERVICE COMPANY

SUMMARY OF AVOIDED ENERGY COSTS

YEAR 2016

<u>Period</u>	Avoided Cost Without Start-Up & Econ. (mils/kWh)	Avoided Cost With Start-Up & Econ. (mils/kWh)	Avoided Cost Adjusted For Losses (mils/kWh)
<u>Summer</u>			
Peak Period	34.29	34.29	35.14
Off-Peak Period	23.17	23.17	23.74
Average	28.99	28.99	29.71
<u>Winter</u>			
Peak Period	31.00	31.00	31.77
Off-Peak Period	25.60	25.60	26.23
Average	27.98	27.98	28.67
Annual Average	28.40	28.40	29.10

The avoided costs have been adjusted for losses of 1/2 of: **4.95%**
 The above costs are based on estimated **YEAR 2016** utilizing **YEAR 2016** fuel budget.

NORTHERN INDIANA PUBLIC SERVICE COMPANY

Calculation of Unadjusted Monthly Capacity Payment Per KW
December 2015 Capital Structure - End of Year Cost

<u>t</u> <u>Year</u>	<u>D</u> <u>(Col. 1)</u>	<u>A</u> <u>(Col. 2)</u>	<u>B</u> <u>(Col. 3)</u>	<u>A/B</u> <u>(Col. 4)</u>	<u>E</u> <u>(Col. 5)</u>	<u>D*V*A/B*E</u> <u>(Col. 6)</u>	<u>O*F</u> <u>(Col. 7)</u>	<u>C</u> <u>(Col. 8)</u>
1	1.32074	0.059717	0.842329	0.070895578	1.000000	118.81639	10.54	\$ 11.05

PV of carrying costs = D = **1.32074**
 Investment = V = **\$ 1,269**
 Life of Plant = n = **30**
 Plant Cost Inflation = ip = **0.019016979**
 O & M Inflation = io = **0.019016979**
 After tax Rate of Return = r = **0.083734797**
 O & M in first year = O = **\$ 11.21**
 Average Annual Losses = l = **4.95%**
 Year of Contract = t = 1 to 25

Column 2 = A = 1 - $\left[\frac{(1+ip)}{(1+r)} \right]$

Column 3 = B = 1 - $\left[\frac{(1+ip)}{(1+r)} \right]^n$

Column 3 = B = 1 - $(1+ip)^{(t-1)}$

C = Unadjusted Monthly Capacity Payment per KW

$F = \left[\frac{(1+ip)}{(1+r)} \right] * (1+io)^{(t-1)}$

$$= \frac{(1/12) * ((D * V (A/B) * E) + (O * F))}{1 - (l/2)}$$


**Verified Statement of Northern Indiana Public Service Company
Concerning Notification of Customers Affected by February 26, 2016 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, a newspaper of general circulation that has a circulation encompassing the highest number of the utility's customers affected by the filing on February 25, 2016. A copy of the Publisher's Affidavit will be submitted promptly upon receipt; and

I affirm under penalties for perjury that the foregoing representations are true to the best of my knowledge, information and belief.

Dated this 26th day of February, 2016.



Timothy R. Caister
Director, Regulatory Policy

NOTICE OF 30-DAY FILING

On or about February 26, 2016, 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 Rider 678 – Purchases from Cogeneration and Small Power Production Facilities (“Cogen Rider”). The referenced filing will consist of NIPSCO’s proposed revisions to update its energy and capacity rate schedule for purchases from cogeneration and small power production facilities. A decision on the 30-Day Filing is anticipated at least thirty days after the February 26, 2016 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.