

ORIGINAL

Commissioner	Yes	No	Not Participating
Huston			√
Bennett	√		
Freeman	√		
Veleta	√		
Ziegner	√		

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

**PETITION OF NORTHERN INDIANA PUBLIC)
SERVICE COMPANY LLC FOR APPROVAL OF) CAUSE NO. 44155 RA 25
RESOURCE ADEQUACY ADJUSTMENT FACTORS)
TO BE APPLICABLE DURING THE BILLING) APPROVED: APR 30 2024
CYCLES OF MAY THROUGH OCTOBER 2024)
PURSUANT TO IND. CODE § 8-1-2-42.)**

ORDER OF THE COMMISSION

Presiding Officers:

Sarah E. Freeman, Commissioner

Kehinde Akinro, Administrative Law Judge

On February 14, 2024, Northern Indiana Public Service Company LLC (“NIPSCO” or “Petitioner”) filed its Verified Petition for Indiana Utility Regulatory Commission (“Commission”) approval of resource adequacy adjustment (“RA Adjustment”) factors to be applicable during the billing cycles of May 2024 through October 2024. Also on February 14, 2024, Petitioner prefiled its case-in-chief, which consisted of the testimony and attachments of Kelleen M. Krupa, Lead Regulatory Analyst of NiSource Corporate Services Company (“NCSC”), and Katelyn Lorraine Campbell, Manager of Operations & Market Support for NIPSCO.

On March 12, 2024, NIPSCO Industrial Group¹ filed its Petition to Intervene. No objection was made to the NIPSCO Industrial Group’s intervention, which is granted.²

On March 27, 2024, the Indiana Office of Utility Consumer Counselor (“OUCC”) filed the testimony of Brittany L. Baker, Utility Analyst.

On April 3, 2024, Petitioner filed its Notice of Intent Not to File Rebuttal.

The Commission held an evidentiary hearing in this Cause at 10:30 a.m. on April 9, 2024, in Room 222 of the PNC Center, 101 West Washington Street, Indianapolis, Indiana. NIPSCO, the OUCC, and the NIPSCO Industrial Group, by counsel, participated in the evidentiary hearing, during which the testimony and exhibits of NIPSCO and the OUCC were admitted without objection.

¹ The NIPSCO Industrial Group consists of Cargill, Inc.; Cleveland-Cliffs Steel LLC; Jupiter Aluminum Corporation; Linde, Inc.; and United States Steel Corporation.

² Due to administrative oversight, a formal docket entry granting Industrial Group’s Motion to Intervene was not issued, but Industrial Group appeared at the hearing and fully participated.

Based upon the applicable law and the evidence of record, the Commission now finds:

1. Notice and Jurisdiction. Notice of the hearing in this Cause was given as required by law. Petitioner is a limited liability company under the laws of Indiana and is subject to the jurisdiction of this Commission as provided in Indiana Code ch. 8-1-2. Pursuant to Indiana Code § 8-1-2-42, the Commission has jurisdiction over rates and charges for utility service, including tracking mechanisms. Thus, the Commission has jurisdiction over NIPSCO and the subject matter of this Cause.

2. Petitioner's Characteristics. Petitioner's principal office is located at 801 East 86th Avenue, Merrillville, Indiana. Petitioner is engaged in rendering electric public utility service in Indiana and owns, operates, manages, and controls, among other things, plants and equipment within Indiana used for the production, transmission, delivery, and furnishing of such service to the public.

3. Background and Requested Relief. In this proceeding, NIPSCO requests Commission approval of RA Adjustment factors to be applicable and made effective for bills rendered by NIPSCO during the billing cycles of May 2024 through October 2024 or until replaced by different factors approved in a subsequent filing pursuant to provisions of the Public Service Commission Act, as amended; the Commission's August 25, 2010 Order in Cause No. 43526 ("43526 Order"); the Commission's December 21, 2011 Order in Cause No. 43969 ("43969 Order"); the Commission's July 18, 2016 Order in Cause No. 44688 ("44688 Order"); the December 4, 2019 Order in Cause No. 45159 ("45159 Order"); and the August 2, 2023 Order in Cause No. 45772 ("45772 Order"). This filing includes actual costs for capacity purchases during the period July through December 2023, adjusted demand allocators, and forecasted usage for the period May through October 2024. This filing also includes a reconciliation of prior RA costs to actual RA revenues for the period May through October 2023.

The 43526 Order approved a purchase capacity cost recovery mechanism referred to as the RA Adjustment. The 43969 Order approved the implementation of the RA Adjustment approved in Cause No. 43526 by approving NIPSCO's Rider 674 – Adjustment of Charges for Resource Adequacy and NIPSCO's Appendix F – Resource Adequacy Adjustment Factor. The 43969 Order specified that the RA Adjustment will be a semi-annual mechanism coordinated with the fuel adjustment charge ("FAC") audit process.

The 43969 Order specified that the RA Adjustment will allow for recovery of prudently incurred capacity costs and 75% of costs associated with any credits paid as a result of Rider 675 – Interruptible Industrial Service Rider. The 43969 Order also specified that due to the lag between payment and recovery of credits, the actual amount of credits paid will be deferred in a balance sheet account until they are recovered in the RA Adjustment, or in the case of the 25% portion, in the FAC. The 43969 Order set forth the allocators for the RA Adjustment, and it specified that the allocators will be revised to reflect megawatts ("MW") of interruptible service taken by class. The demand allocators were modified to reflect the amount of interruptible load served under Rates 632 and 634 and the impact of customer migration to different rate classes subsequent to the 43969 Order.

The Commission's July 13, 2011 Order in Cause No. 43922 and the March 4, 2015 Order in Cause No. 44393 authorized NIPSCO to defer the costs of purchases of capacity under the Renewable Feed-In Tariff ("FIT") for future recovery through NIPSCO's RA Adjustment or such successor mechanism approved by the Commission.

The 44688 Order authorized Rider 775 – Interruptible Industrial Service as a continuation of Rider 675 with some modifications, including increasing the total megawatts allowed to 530 MW, increasing the total demand credit limit to \$57 million, updating the provision applicable to Option C, and creating a new Option E. The changes to Rider 675 were effective with the first billing cycle in August 2016. The 44688 Order authorized the allocators for the RA Adjustment as set forth in Joint Exhibit C of the Settlement Agreement. The new allocators were effective with the first billing cycle in October 2016.

The 45159 Order approved, among other things (1) the elimination of NIPSCO's Rider 775 – Interruptible Industrial Service Rider; (2) the removal of Utility Receipts Tax; (3) the removal of all embedded capacity costs and/or credits from base rates and tracking of 100% of all capacity costs and/or credits as a charge/credit to customers through the RA Adjustment; and (4) the demand allocators for the RA Adjustment.

The 45772 Order approved, among other things, NIPSCO's Rider 574 – Adjustment of Charges for Resource Adequacy and NIPSCO's Appendix F – Resource Adequacy Adjustment Factor, including tracking capacity purchases in excess of the \$22,414,800 annual capacity costs included in base rates and set forth demand allocators for the RA Adjustment. The 45772 Order became effective August 4, 2023 with the implementation of Step 1 rates.

4. Commission's Discussion and Findings.

A. Billing Period. Ms. Krupa testified that the RA Adjustment factors proposed in this proceeding are for the billing cycles of May through October 2024, and they include actual costs for capacity purchases during the period July through December 2023. She testified that a reconciliation of prior RA costs to actual RA revenues from May through October 2023 is included in NIPSCO's filing in this Cause.

B. Total Recoverable Costs. For the period July through December 2023, Petitioner's total allocated costs of actual capacity purchases and capacity proceeds are a net credit of \$1,344,039. Petitioner's total costs to be recovered during the billing cycles of May through October 2024 is a net credit of \$1,300,788.

Based on our review of the evidence set forth below, we find that these costs are appropriate and shall be included as a recovery credit through the RA Adjustment factors presented in this Cause for bills rendered during the billing cycles of May through October 2024.

5. Purchased Capacity Costs and Capacity Proceeds. Ms. Campbell testified NIPSCO's capacity costs are \$10,683,539, which includes \$469,184 related to NIPSCO's FIT capacity purchases, a net charge of \$9,579,040 related to third-party capacity purchases and sales, and a net charge of \$635,316 for the purchase and sale of capacity in the Planning Resource Auction, for recovery through the RA Adjustment factors in this proceeding.

Based on the record evidence, we find that Petitioner's Midcontinent Independent System Operator auction proceeds are calculated correctly and shall be included in Capacity Purchases through the RA Adjustment for bills rendered during the billing cycles of May through October 2024.

6. Capacity Payments under Renewable FIT. Ms. Krupa testified that Petitioner included \$469,184 of purchased capacity charges made pursuant to NIPSCO's Renewable FIT for recovery through the RA Adjustment factors in this proceeding. Based on the uncontroverted evidence, we find that Petitioner had capacity charges and credits of \$469,184 pursuant to NIPSCO's Renewable FIT. These costs are appropriate and shall be included for recovery through the RA Adjustment factors.

7. Variance from Prior Periods. Ms. Krupa testified that the total RA Adjustment variance included in this proceeding due to the reconciliation of prior RA costs to actual RA revenues from May through October 2023 is an over-collection of \$43,251. Based on the record evidence, we find that Petitioner properly included a variance of \$43,251 for collection through the RA Adjustment factors.

8. Allocation of Total Recoverable Costs. Ms. Krupa testified the demand allocators used to calculate the demand-related costs by rate code for the period May through July 2023 were approved in the Commission's 45159 Order, and the demand allocators used to calculate the demand-related costs by rate code for the period August through December 2023 were approved in the Commission's 45772 Order, which were further adjusted to reflect the migration of customers amongst Rates 521, 524, 526, 531 Tier 1 and 533, and current contractual agreements under Rate 531 Tier 1. She stated that adjustments are appropriate in order to prevent any unintended consequences of the migration of customers to different rate classes and to properly allocate their share of RA charges and credits as well as to properly allocate RA charges and credits in association with current contractual demand volumes for Rate 531 Tier 1 customers.

Based on the record evidence, we find that Petitioner properly adjusted the demand allocators to account for the demand in effect during the time the costs were incurred and the impact of customer migration to different rate classes.

9. OUCC Testimony. Ms. Baker testified regarding the impact of the RA Adjustment in this proceeding and NIPSCO's current resource adequacy status. She recommended the Commission approve the proposed RA adjustment factors, to apply to bills rendered by NIPSCO during the May 2024 through October 2024 billing cycles.

10. Conclusion. Based upon the record evidence, Petitioner's proposed RA Adjustment Factors for the period of May through October 2024, are approved. Based on the factor for Rate Code 511, the typical residential customer using 1,000 kWh per month will experience a \$0.24 charge, which is a bill increase of \$0.76 compared to the effect of the current (\$0.52) bill credit.

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

1. Petitioner's requested RA Adjustment factors to be applicable to bills rendered during the billing cycles of May 2024 through October 2024, are approved.

2. Prior to implementing the rates, Petitioner shall file the tariff and applicable rate schedules under this Cause for approval by the Commission's Energy Division. Such rate(s) shall be effective on or after the Order date subject to Division review and agreement with the amounts reflected.

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

BENNETT, FREEMAN, VELETA, AND ZIEGNER CONCUR; HUSTON ABSENT:

APPROVED: APR 30 2024

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

**Dana Kosco
Secretary of the Commission**