STATE OF INDIANA
INDIANA UTILITY REGULATORY COMMISSION

COMPLAINT OF ARCELORMITTAL USA LLC SEEKING TREATMENT OF MERGED INDUSTRIAL OPERATIONS AS A SINGLE CUSTOMER ACCOUNT FOR PURPOSES OF ENERGY SERVICES PROVIDED BY NORTHERN INDIANA PUBLIC SERVICE COMPANY

RESPONDENT: NORTHERN INDIANA PUBLIC SERVICE COMPANY

ORDER OF THE COMMISSION

Presiding Officers:
James F. Huston, Chairman
Brad J. Pope, Administrative Law Judge

On February 20, 2018, ArcelorMittal USA LLC (“ArcelorMittal”) filed its Verified Complaint (“Complaint”) and exhibits with the Indiana Utility Regulatory Commission’s (“Commission”) Consumer Affair Division (“CAD”), seeking relief regarding its industrial operations at Indiana Harbor in East Chicago, Indiana, and naming Northern Indiana Public Service Company LLC (“NIPSCO”) as Respondent. On April 19, 2018, the CAD referred the Complaint1 to the Commission for docketing as a formal proceeding without a CAD determination. The matter was then docketed as Cause No. 45078. NIPSCO filed its Answer on May 9, 2018. The Indiana Office of Utility Consumer Counselor (“OUCC”) has participated as a party pursuant to its statutory authority on behalf of the consuming public served by NIPSCO.


On November 9, 2018, the Presiding Officers directed NIPSCO and ArcelorMittal to respond to specified questions and requests. On November 14, 2018, ArcelorMittal and NIPSCO submitted their respective written responses.

The Commission held an Evidentiary Hearing in this Cause on November 15, 2018, at 9:30 a.m. in Room 224 of the PNC Center, 101 West Washington Street, Indianapolis, Indiana. At the

1 The CAD designated the Complaint by two case numbers, 123078 and 123079, for electric service and gas service, respectively, in order to track the applicable industry, and it kept copies of the same documents in both cases.
hearing, the parties appeared by counsel, and the prefiled testimony and exhibits were admitted into the record without objection. The CAD referral letter was also admitted as IURC Exhibit 1.

The Commission, based on the applicable law and evidence of record, now finds:

1. **Notice and Jurisdiction.** Notice of the hearing in this Cause was given and published as required by law. ArcelorMittal is a retail customer of NIPSCO with respect to both electric and natural gas service. Pursuant to Ind. Code § 8-1-2-34.5(b), the Commission has authority to investigate and enter orders on complaints filed by individual customers. The Commission has established the CAD to resolve customer complaints concerning service and billing disputes, and pursuant to 170 IAC 16-1-5(e), the CAD may refer a complaint to the Commission for review prior to rendering a decision on the merits. The CAD did so in this case. NIPSCO is a public utility within the meaning of Ind. Code § 8-1-2-1(a). Therefore, the Commission has jurisdiction over the parties and the subject matter of ArcelorMittal’s Complaint.

2. **Characteristics of Complainant and Respondent.** ArcelorMittal conducts steelmaking operations at Indiana Harbor in East Chicago, Indiana, as well as other locations, where it is a retail customer of NIPSCO with respect to both electric and natural gas service. NIPSCO is a public utility providing retail electric and natural gas services to members of the public located in its service territories, including ArcelorMittal’s operations at Indiana Harbor.

3. **Relief Requested.** The production facilities at Indiana Harbor were historically distinct operations conducted separately by two different businesses at Indiana Harbor West and Indiana Harbor East. After the facilities were acquired by ArcelorMittal affiliates and became commonly owned, NIPSCO continued to treat Indiana Harbor West and Indiana Harbor East as two separate customer accounts for purposes of service and billing. Following receipt of electric services bills in September 2016, ArcelorMittal requested that NIPSCO recognize Indiana Harbor as a single customer account. NIPSCO declined. In December 2017, the ArcelorMittal affiliate that owned the Indiana Harbor West facilities was formally merged into ArcelorMittal USA LLC, the entity that owns the Indiana Harbor East facilities. ArcelorMittal continued to seek treatment of the merged operations as a single customer account, and NIPSCO continued to decline.

In the Complaint, ArcelorMittal requested treatment of the entirety of the Indiana Harbor operation as a single customer account for purposes of the energy services provided by NIPSCO. ArcelorMittal requested that the Commission find that Indiana Harbor constitutes a single industrial operation and a single industrial premise, and therefore, should be treated as a single customer account for purposes of the retail electric and natural gas services rendered by NIPSCO. ArcelorMittal further asserted that NIPSCO subjected it to overcharges by refusing to recognize Indiana Harbor as a single customer account and sought refunds of the overcharges with interest.

4. **Summary of the Evidence.**

A. **ArcelorMittal’s Case-in-Chief.** ArcelorMittal presented the testimony and exhibits of Paul J. Ciesielski, Sourcing Manager – Electricity and Regulatory Affairs for ArcelorMittal. Mr. Ciesielski described the steelmaking operations conducted by ArcelorMittal at Indiana Harbor. He stated the steel production operations are highly energy-intensive and require
massive volumes of electric power and natural gas. He stated that NIPSCO supplies natural gas and electricity to Indiana Harbor, and in the aggregate for locations served by NIPSCO, ArcelorMittal is NIPSCO’s largest customer.

Mr. Ciesielski stated that the Indiana Harbor operation covers 3,000 acres in East Chicago, Indiana, on the southern shore of Lake Michigan. The facilities there produce hot-rolled, cold-rolled, hot-dipped galvanized and aluminized sheet metal products, which are used in the automotive and appliance industries and other applications. He explained that Indiana Harbor includes a shipping and docking facility, which is used to deliver raw materials from the Great Lakes region, opening south from Lake Michigan toward the middle of the shoreline boundary of the ArcelorMittal operation. The harbor leads to a canal that runs southwest to the end of the ArcelorMittal property and beyond, dividing the location into two areas of comparable size.

Mr. Ciesielski testified that for decades prior to 2005 there were two distinct steelmaking companies active at Indiana Harbor. The portion east of the canal, known as Indiana Harbor East, was owned and operated by Inland Steel and later by Isplat Inland. The portion to the west of the canal, known as Indiana Harbor West, was owned and operated by LTV Steel. During that period, Indiana Harbor East was a distinct and independent business from Indiana Harbor West.

Mr. Ciesielski stated that in 2005, both portions of the Indiana Harbor operations came under the common ownership of Mittal Steel through a series of acquisitions and mergers. In 2006, Mittal Steel became ArcelorMittal. The facilities were acquired through distinct transactions and initially were owned by two ArcelorMittal affiliates. ArcelorMittal Indiana Harbor LLC held the production assets at Indiana Harbor West, and ArcelorMittal USA held the production assets at Indiana Harbor East. He stated that in 2017, ArcelorMittal Indiana Harbor was merged into ArcelorMittal USA, with ArcelorMittal USA as the surviving entity, and since 2017, the entirety of the Indiana Harbor operation has been owned and operated by a single company.

Mr. Ciesielski explained that since he joined ArcelorMittal in 2005, the production facilities at Indiana Harbor have been owned by affiliated entities and have been operated on a coordinated basis as part of the same business enterprise. He stated that shared supplies and resources move across the canal, there is joint utilization of personnel on both sides, and private bridge and rail facilities running over the canal facilitate the flow of personnel and materials. He stated that for a number of years, the ArcelorMittal website and various media outlets have described Indiana Harbor as a single, integrated steelmaking operation.

Mr. Ciesielski testified that ArcelorMittal and NIPSCO commenced the discussions that eventually led to this proceeding after ArcelorMittal received the Indiana Harbor East and Indiana Harbor West electric bills for September 2016. Those bills showed the self-generated electric output at Indiana Harbor West slightly exceeded the metered consumption. The situation resulted from the idling of the Long Carbon facility on the West side of Indiana Harbor, which caused the internal consumption of electricity for Indiana Harbor West to decrease and the gap between the West portion’s power need and self-generation to diminish.

Mr. Ciesielski explained NIPSCO’s standard billing practices for industrial customers with private generation assets. He stated the customer’s private generation facilities are interconnected
to the transmission grid, and output is separately metered from consumption. NIPSCO aggregates the difference between metered consumption and self-generated power each month, then bills the customer for energy that exceeds self-supply. In the September 2016 bill, when self-generated power exceeded internal consumption at Indiana Harbor West, NIPSCO applied an energy charge of zero. He stated that ArcelorMittal asked NIPSCO why the utility priced the excess electricity supplied to the grid in September at zero rather than applying Rider 778 for purchases from cogeneration and other customer-owned facilities. Those discussions led to the present dispute.

Mr. Ciesielski testified that, over the course of discussions from October 2016 through early 2018, ArcelorMittal repeatedly stated to NIPSCO that Indiana Harbor functions as a single operation and requested that NIPSCO combine the billing for the West and East portions of Indiana Harbor and treat all of Indiana Harbor as one customer rather than two. ArcelorMittal asserted that instituting combined billing for electric and gas services would recognize that a single entity was the utility’s customer. NIPSCO declined these requests and continued billing Indiana Harbor West and Indiana Harbor East separately.

Mr. Ciesielski stated that ArcelorMittal informed NIPSCO of the formal merger consolidating ownership of Indiana Harbor in January 2018. ArcelorMittal also enclosed four contractual notices relating to ArcelorMittal’s contracts with NIPSCO for electric and gas service, the changes related to the corporate merger, and status as a single customer account. Mr. Ciesielski testified that NIPSCO responded with a letter dated January 29, 2018. NIPSCO quoted certain tariff provisions and stated that it would continue to treat Indiana Harbor West and Indiana Harbor East as two separate customer accounts. ArcelorMittal proposed another meeting to resolve the billing dispute, but NIPSCO declined. ArcelorMittal then filed its Complaint with the CAD on February 20, 2018, leading to this formally docketed proceeding.

Mr. Ciesielski stated that he disagreed with NIPSCO’s assertion that Indiana Harbor East and Indiana Harbor West are distinct premises. He explained that all of Indiana Harbor’s assets have been held by one business entity since the 2017 merger. According to Mr. Ciesielski, Indiana Harbor constitutes a single industrial operation for the following reasons: a single corporate entity owns and operates the entire operation; it is one production location, conducted on contiguous property; it has one management team, shared personnel and resources, unified procurement and shipping, combined accounting, and consolidated operations; there is physical integration with the private bridge and rail to facilitate deployment of materials throughout the location; and those who work at the site, the news media, and the general public consider it one operation.

Mr. Ciesielski testified that NIPSCO emphasized that because it considered the East and West portions separate premises, there had to be two separate accounts. His impression was that NIPSCO’s position seemed to be the status as two separate premises carried over from the days when two unaffiliated businesses, LTV Steel and Inland Steel, managed two separate operations.

Mr. Ciesielski testified that NIPSCO relied on language in its electric and gas tariffs stating that the rate schedules are predicated on the separate supply of service to each separate premise. Mr. Ciesielski stated, however, that neither tariff defines the scope and extent of a “premise” in relation to an industrial customer. The definition of “Premise” or “Single Premise” appearing in Rule 1.62 of the electric tariff and Rule 1.45 of the gas tariff states:
The main residence, or living quarters for the use of a single family, or the main building of a Commercial Customer, which includes the outlying or adjacent buildings used by the Customer provided the use of the service in the outlying or adjacent buildings is supplemental to the service used in the main residence or building.

Mr. Ciesielski explained that only Residential Customers and Commercial Customers are referenced in that definition. The definition is not applicable to ArcelorMittal, which falls under the distinct classification of an Industrial Customer, defined as a customer “engaged primarily in a process that creates or changes raw or unfinished materials into another form or product.” An Industrial Customer does not have a “main residence” as required for Residential Customers nor does it involve a “main” building with other “supplemental” buildings, as contemplated for Commercial Customers. Rather, an industrial complex often involves multiple buildings, and for large operations like ArcelorMittal’s where a number of processes are simultaneously ongoing, there is not one primary building with the others having secondary status. He noted that NIPSCO’s tariffs do not define “premise” as it relates to Industrial Customers.

Mr. Ciesielski testified that in the absence of an applicable definition of “premise” in NIPSCO’s tariffs, the Commission should apply a functional approach that considers the nature and scope of the particular industrial operation when determining what constitutes a “premise” for Industrial Customers. Such an approach would yield more reasonable results than a mechanical definition because it would require NIPSCO to accommodate and meet the needs of the varied and evolving industrial operations within its service territory.

Mr. Ciesielski stated that Indiana Harbor operates as a single premise under a functional analysis because it functions as one operation by a single customer in every relevant respect, including operational, production-oriented, commercial, business, and process needs. He stated the efficiency of the Indiana Harbor operation is directly related to the consolidation of contiguous production assets, operated in conjunction with each other, with a coordinated flow of materials, personnel, and products—all of which has allowed ArcelorMittal to establish a more efficient operation than the two East and West customers NIPSCO used to serve. Mr. Ciesielski emphasized that ArcelorMittal is not seeking to consolidate all of its industrial locations in NIPSCO’s territory for purposes of energy services and billing, only the Indiana Harbor operation.

Mr. Ciesielski stated there are five primary metered connections and another nine additional meters used to measure electric consumption at Indiana Harbor, and five primary metered gas connections and at least one other meter to measure gas consumption. Mr. Ciesielski testified that there are nine NIPSCO transmission lines between four NIPSCO substations and five ArcelorMittal substations used to provide electric service to the Indiana Harbor, plus additional distribution lines. Indiana Harbor receives high-pressure gas through two direct taps from NIPSCO’s 483-lb. systems, with five gas meters to measure consumption, plus some subsidiary metering. NIPSCO historically has not treated the presence of multiple meters, transmission lines, or service needs at industrial operations as precluding treatment as a single customer account.

Mr. Ciesielski testified that NIPSCO suggested Indiana Harbor could be considered a single premise if the East and West portions were fully interconnected for electric and gas. On
either side, the customer-owned energy infrastructure is integrated within each portion, but not connected with each other. The operation is divided in the middle by the canal, and the distinct internal energy systems relate to when there were two separate operations and different customers.

Mr. Ciesielski criticized NIPSCO’s suggestion that Indiana Harbor can be treated as one customer if it fully interconnects its infrastructure. He stated there is no need to build more infrastructure because the service facilities already in place adequately supply energy needs and measure consumption. He stated that NIPSCO has a duty to provide reliable and efficient service, and it should adapt to changing circumstances and customer needs. In addition, NIPSCO for decades has provided service to Indiana Harbor East as a single account, even though one of the facilities there, the Bar Company, is not integrated with the rest of the internal power system. According to Mr. Ciesielski, NIPSCO’s longstanding billing practice relating to Indiana Harbor East and the Bar Company demonstrates that full electric integration is not a requirement for an industrial operation to be treated as a single customer account.

Mr. Ciesielski testified that NIPSCO has overcharged ArcelorMittal for energy services provided to Indiana Harbor by refusing to implement combined billing. He stated that if NIPSCO treated Indiana Harbor as one account when first requested, then the combined billing through May 2018 would have been less than actual separate billing by a total of $1,747,172. This correlates to an average of about $84,000 per month, compared to an estimated difference of $930,000 annually, or $77,500 monthly, that NIPSCO had provided in previous discussions.

Mr. Ciesielski stated that ArcelorMittal seeks an order requiring NIPSCO to treat the merged operation at Indiana Harbor as a single customer account for purposes of retail electric and gas services. No new service facilities or energy equipment is needed to effectuate this change, and NIPSCO will not be required to implement any special metering or billing practices. He stated that ArcelorMittal further requests that NIPSCO not be allowed to undermine the requested relief through some alteration in its routine, such as new metering requirements, additional customer facilities, or a deviation from established billing practices.

B. NIPSCO’s Case-in-Chief. NIPSCO offered the testimony and exhibits of Karl E. Stanley, Vice President of Commercial Operations at NiSource Inc., the parent of NIPSCO. Mr. Stanley testified that prior to January 2018, the Indiana Harbor East and Indiana Harbor West plants conducted business under different names, and ArcelorMittal merged operations only after discussions with NIPSCO regarding the possibility of aggregating meters. Mr. Stanley agreed that ArcelorMittal is NIPSCO’s largest gas transportation customer when the company’s facilities at Indiana Harbor West, Indiana Harbor East, and ArcelorMittal Burns Harbor are combined, but he disagreed that ArcelorMittal is NIPSCO’s largest electric customer on a combined basis.

Mr. Stanley agreed that after the 2017 merger, the Indiana Harbor operations have been owned and operated by a single company. However, he stated the merger has no impact on whether Indiana Harbor East and Indiana Harbor West should be consolidated into a single bill for electric and gas service because they are not connected electrically. He referenced a diagram of the East and West circuits and explained that the plants have separate and distinct interconnection points with the transmission grid. He explained that there is not any internal conductor that could flow power from one to another. He agreed that East and West are separated by a canal.
Mr. Stanley described the behind-the-meter generation at Indiana Harbor East and Indiana Harbor West. He stated that none of the electricity generated by the behind-the-meter generators located on one side of the canal is able to be delivered to the other side of the canal because there is no circuit that directly ties the electrical systems of the plants together. Excess power from the internal generation facilities would thus be required to flow out to NIPSCO's transmission system before it could be re-delivered to the other plant.

Mr. Stanley testified that NIPSCO's current tariff General Rules and Regulations do not permit aggregation of meters that measure energy usage at different facilities absent a provision allowing aggregation for a particular rate. He explained that currently, NIPSCO allows two customers to aggregate meters under its tariff. Praxair is able to aggregate meters across multiple delivery points under Rate 734, pursuant to tariff provisions approved in NIPSCO's 2011 electric rate case, Cause No. 43969. Also, ArcelorMittal is permitted to aggregate meters that measure energy usage at ArcelorMittal's Bar Company and at Indiana Harbor East. According to Mr. Stanley, the Bar Company aggregation originated from a special contract dated July 24, 1967, which was grandfathered into Rate 732. Currently, ArcelorMittal is not taking service under a rate that permits aggregation across multiple locations.

Mr. Stanley testified that NIPSCO plans to modify its tariff in the electric rate case filed on October 31, 2018, to allow aggregated billing for an Industrial Customer across multiple locations. Under NIPSCO's current tariff, however, NIPSCO denied ArcelorMittal's request for aggregation because no language authorizing aggregation across separate Premises exists, regardless of whether the definition of "Premise" in the current tariff applies to Industrial Customers. Mr. Stanley testified that NIPSCO expends great efforts to assist its industrial customers by providing affordable and reliable electricity and natural gas, and NIPSCO recognizes that industrial customers face international competition. However, NIPSCO must treat all of its customers consistent with its tariffs when determining whether to allow aggregation across multiple locations.

Mr. Stanley explained that if Indiana Harbor East and Indiana Harbor West were electrically connected internally, NIPSCO would consider it one plant location, which NIPSCO could bill under its current tariff as one facility with multiple substations and meters serving one load. At Indiana Harbor East and Indiana Harbor West, however, there are multiple substations and meters serving two locations.

Mr. Stanley explained ArcelorMittal's September 2016 electric bill, stating that Indiana Harbor West was a net producer of energy, while Indiana Harbor East was a net user of electricity. He disagreed with Mr. Ciesielski that the excess energy produced at Indiana Harbor West should have been used to net against the bill for Indiana Harbor East, stating that there is not a provision in NIPSCO's current tariff that would have allowed for such netting. Under Rider 778 (Purchases from Cogeneration and Small Power Production Facilities), ArcelorMittal could have entered into a contract with NIPSCO to purchase any excess energy from Indiana Harbor West at a rate comparable to the energy component of its bill for Indiana Harbor East. However, ArcelorMittal did not move forward to investigate this option. Under Rate 778, the 425,290 kWh of excess energy

7
produced at Indiana Harbor West would have been purchased at the on-peak rate of $0.03514 per kWh, resulting in a $14,944 payment to ArcelorMittal.

Mr. Stanley testified that ArcelorMittal participated as part of the NIPSCO Industrial Group in the 2010 and 2015 electric rate cases. The Industrial Group signed on to the settlement resolving both of the cases. According to Mr. Stanley, a rate case is the appropriate time to address matters such as service structures, especially for a utility with so many large industrial customers.

C. OUCC’s Case-in-Chief. The OUCC’s evidence consisted of the testimony of Eric M. Hand, a Utility Analyst in the OUCC’s Electric Division. Mr. Hand testified that ArcelorMittal’s Complaint raises several complex issues that could have significant impact on rates and on other interested parties not directly involved in this case, including: (1) the appropriateness of bill aggregation; (2) the impact of this requested relief on all other customers, directly and indirectly through other rates, charges, trackers, stranded costs, etc.; (3) load stabilization or peak demand shaving; (4) net metering, self-generation, and the impact on energy charges/credits and customer fixed charges; (5) potential impact on firm loads; and (6) larger combined usage to potentially qualify for lower rates. Mr. Hand stated that these complex issues are more than a simple billing dispute, and they should be examined in a full base rate proceeding.

Mr. Hand testified that public policy, judicial economy, and the public interest would best be served by consolidating this case with NIPSCO’s upcoming electric base rate case because a base rate case provides all interested parties an opportunity to participate directly in a more holistic assessment of how to resolve the issues and the impacts on all parties. Consolidation in a base rate case would avoid piecemeal adjudication. According to Mr. Hand, major policy and tariff changes should not occur outside of a base rate case. He also stated that the OUCC has consistently taken the position that major changes in policy and tariffs should not occur outside of a base rate case, and he proposed that the Commission consolidate this proceeding with NIPSCO’s electric base rate case.

D. ArcelorMittal’s Rebuttal Evidence. Mr. Ciesielski testified on rebuttal that there are no substantial factual disputes in this case. He explained that Mr. Stanley acknowledged that Indiana Harbor operation is owned and operated by a single company; agreed with the account of the discussions between the parties that led to this Complaint; agreed the definition of “premise” in NIPSCO’s electric and gas tariffs does not apply to industrial customers; and agreed that one industrial account could be served with multiple substations and meters without violating the tariffs. Mr. Ciesielski also noted that Mr. Stanley did not raise a question regarding the status of Indiana Harbor as a single consolidated operation.

Regarding the status of ArcelorMittal as NIPSCO’s largest electric customer, Mr. Ciesielski stated he assumes Mr. Stanley is correct and is in a better position to know. Nonetheless, ArcelorMittal is a major NIPSCO customer that pays millions of dollars a month for electric service. He explained that there is no dispute that steelmaking is energy intensive, that ArcelorMittal is engaged in highly competitive global markets, and that ArcelorMittal’s Indiana operations have a material impact on employment and economic conditions in NIPSCO’s territory.
Mr. Ciesielski testified that, while there are no material fact disputes, the parties differ because Mr. Stanley attempted to redefine the issue and assumed his conclusion by suggesting this case concerns a customer with two separate premises that is requesting aggregation of meters. According to Mr. Ciesielski, the operative question is whether Indiana Harbor is one premise rather than two. He stated that the status as a single premise is important because NIPSCO’s electric and gas tariffs both provide that “[t]he Rate Schedules are predicated upon the supply of service to the Customer separately for each Premise and for the ultimate usage of such separate Premise.” Consequently, if ArcelorMittal is correct that Indiana Harbor is a single industrial premise, then the tariff requires a single industrial account.

Mr. Ciesielski testified that the relief sought by ArcelorMittal in this proceeding is not equivalent to the aggregation provided for in Rate 734, which allows aggregation of multiple distinct customer locations. Rather, ArcelorMittal seeks recognition in this proceeding that Indiana Harbor is a single industrial premise.

Mr. Ciesielski stated that Mr. Stanley did not cite any tariff language, did not reference any other authority, and did not present underlying rationale or justification to support his proposition that Indiana Harbor East and Indiana Harbor West need to be electrically connected internally before NIPSCO may treat it as a single premise. Mr. Ciesielski noted the necessary service facilities are already in place, and adding internal infrastructure at Indiana Harbor would not improve NIPSCO’s services or reduce NIPSCO’s costs. He stated that the East and West portions of Indiana Harbor are not connected electrically because years ago they were operated as two separate operations by two different companies.

Mr. Ciesielski stated that the Bar Company illustrates that full electrical integration is not an essential requirement for a single industrial account under NIPSCO’s current tariff and that, whether the Bar Company was grandfathered or not, NIPSCO transitioned its industrial customers from special contracts to tariffs in the 2010 rate case. In Mr. Ciesielski’s view, the 1967 contract attached to Mr. Stanley’s testimony shows that NIPSCO has long recognized that internal connections among all operations at a single premise is not an essential prerequisite to treatment as a single premise. The 1967 contract states the new point of delivery at the time was under construction, so apparently NIPSCO properly determined the efficient facilities to serve the added operation without insisting the customer install unnecessary internal infrastructure connecting the Bar Company to the rest of Indiana Harbor East.

Mr. Ciesielski stated further that Mr. Stanley’s diagram of the electric facilities serving Indiana Harbor shows the extent to which the entire location is interconnected through NIPSCO’s existing service facilities. Both sides of Indiana Harbor are served through multiple lines and multiple meters, with substantially common upstream facilities. In particular, power flows through NIPSCO’s Marktown substation to both Indiana Harbor East and Indiana Harbor West. Treating Indiana Harbor as one industrial premise would not require the installation of any added facilities by NIPSCO.

Mr. Ciesielski testified it is not reasonable to postpone the relief sought in this case until the conclusion of NIPSCO’s electric rate case for several reasons. First, the issue here is distinct from the rate case proposal, which involves proposed tariff modifications to permit aggregation of
industrial load across multiple locations. Second, this is a billing dispute dating back to 2016, and a forward-looking rate case would not address the claim for accumulating overcharges. Third, ArcelorMittal brought this Complaint long before NIPSCO decided to file a rate case, attempted to negotiate with NIPSCO for more than a year, litigated through a CAD phase, and at this point the evidentiary record is complete and the case is ripe for resolution.

5. **Commission Discussion and Findings.** In ArcelorMittal’s CAD Complaint, it requested that the Commission find that Indiana Harbor East and Indiana Harbor West constitute a single industrial premise for purposes of energy services rendered by NIPSCO and therefore, be treated as a single customer account. ArcelorMittal further asserted that NIPSCO overcharged it by failing to treat its premises as a single industrial premise and sought refunds with interest on that basis.

NIPSCO asserted that, while it has allowed netting of power generated internally and consumed internally within a single premise, it has not allowed such netting for separate premises that are not internally interconnected. In response to the Commission’s November 9, 2018 Docket Entry, NIPSCO stated that allowing ArcelorMittal to aggregate the premises as a single location outside a rate case would not impact other rate classes or customers; rather, NIPSCO would be forced to absorb the revenue shortfall caused by the special deviation from NIPSCO’s electric and gas service tariffs.

Under the General Rules and Regulations of NIPSCO’s current electric and gas tariffs, aggregation of meters that measure energy usage at different facilities is not permitted without a provision allowing for aggregation for a specific Rate. While it is true that ArcelorMittal is permitted to aggregate meters at ArcelorMittal’s Bar Company and at Indiana Harbor East absent full electrical interconnection, this aggregation originated from a special contract between Inland Steel and NIPSCO dated July 24, 1967, which was grandfathered into Rate 732. Currently, ArcelorMittal is not taking service under a Rate that permits aggregation across multiple locations.

Many facts in this case are undisputed. Through the end of the 1990s, NIPSCO provided energy services to two distinct industrial customers at Indiana Harbor West and Indiana Harbor East. The steel production facilities at Indiana Harbor West were owned and operated by LTV Steel, and those at Indiana Harbor East were owned and operated by Inland Steel and later Ispat Inland. Those operations were conducted on adjoining but separately owned parcels of land located along the southern shore of Lake Michigan at Indiana Harbor. The boundary between the LTV and Inland facilities was delineated in part by a canal running south from Indiana Harbor, with the LTV operations to the west at Indiana Harbor West and the Inland operations to the east at Indiana Harbor East.

Through a series of acquisitions and mergers, the steel production facilities at both Indiana Harbor West and Indiana Harbor East came under common ownership in 2005 by Mittal Steel, later ArcelorMittal. Indiana Harbor East and Indiana Harbor West both consume electricity and also have cogeneration facilities on their respective sites. Currently, no facilities or interconnections have been constructed that would allow electricity and/or natural gas delivered
to either premise to be used or consumed on the other premise. Consequently, electrons cannot move between those two premises without the use of NIPSCO’s transmission system.

Based on these facts and ArcelorMittal’s requested relief, it appears that ArcelorMittal is actually seeking a form of net metering. The Commission has defined net metering as the “measurement of the difference between the electricity that is supplied by the investor-owned electric utility to a net metering customer and the electricity that is supplied back to the investor-owned electric utility by a net metering customer.” 170 IAC 4-4.2-1(i). ArcelorMittal wants its internal generation to be used to offset its usage, and it wants its internal generation to be used to offset its retail usage at the retail rate in future bills at a property that is not connected by any ArcelorMittal-owned facilities.

In NIPSCO’s pending electric rate case, NIPSCO has proposed a rate that would allow the aggregation of loads at different premises if the premises are commonly owned and at the same qualifying service voltage. In addition, the rate would allow adjacent premises to utilize NIPSCO’s transmission system to provide excess energy from one facility for use at an adjacent, affiliated premise. This proposed service structure would require the customer to pay for the use of NIPSCO’s transmission facilities at a reduced rate, resulting in some transmission revenue from these customers that would not occur if they built their own lines between their premises. We acknowledge that this is not the same relief that ArcelorMittal seeks in this case, in which two locations, not physically connected by customer-owned electric or gas facilities, seek to aggregate loads and use NIPSCO’s transmission systems, while not directly paying for that particular use.

We also note that since ArcelorMittal’s acquisition of the two facilities in 2005, NIPSCO has filed three electric rate cases and three natural gas rate cases. Five of these cases were settled with the NIPSCO Industrial Group, of which ArcelorMittal was a member, and none of those settlements addressed this issue beyond the limited aggregation allowed under NIPSCO’s current Rate 734 and its predecessors. If ArcelorMittal wanted the aggregation of facilities, it could have argued for that rate and tariff proposal in that proceeding, where costs could be properly allocated. Instead, ArcelorMittal raised the issue in a separate complaint, asking NIPSCO’s shareholders to bear any cost-shifting that would result in treating ArcelorMittal differently than other industrial customers.

The analysis above also applies to the natural gas facilities at Indiana Harbor East and Indiana Harbor West, which again are not interconnected by ArcelorMittal facilities. The aggregation of usage, when the facilities are not interconnected by customer-owned facilities is simply not permitted under NIPSCO’s recently approved natural gas tariffs.

Based upon the evidence presented and NIPSCO’s current tariffs, the Commission finds that ArcelorMittal’s requested relief is denied. We find that NIPSCO’s treatment is consistent with its current tariffs. While making this determination, we in no way intend to convey a predisposition.

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2 In its response to the Commission’s November 9, 2018 Docket Entry, ArcelorMittal estimated that the cost of constructing a private line connecting the two sides would be in the range of $5 million to $10 million, or more exclusive of operation and maintenance costs.
of the relief requested in NIPSCO’s pending electric rate case. The determinations in that case will be based upon the evidence presented in that proceeding.

6. **Confidential Information.** On June 29, 2018, ArcelorMittal filed a motion seeking determination that designated confidential information involved in this proceeding be exempt from public disclosure under Ind. Code § 8-1-2-29 and Ind. Code ch. 5-14-3. The request was supported by the affidavit of Paul J. Ciesielski, showing documents offered into evidence at the Evidentiary Hearing were trade secret information with the scope of Ind. Code § 5-14-3-4(a)(4) and Ind. Code § 24-2-3-2. Specifically, ArcelorMittal sought confidential treatment for certain workpapers relating to the computation of the difference between actual, separate bills and combined billing as a single account. On July 9, 2018, the Presiding Officers issued a docket entry finding such information confidential on a preliminary basis. On July 11, 2018, ArcelorMittal submitted its designated confidential information. After reviewing the designated confidential information, we find all such information qualifies as confidential trade secret information pursuant to Ind. Code § 5-14-3-4 and Ind. Code § 24-2-3-2. This information has independent economic value from not being generally known or readily ascertainable by proper means. ArcelorMittal has taken reasonable steps to maintain the secrecy of the information and disclosure of such information would cause harm to ArcelorMittal. Therefore, we affirm the preliminary ruling and find this information should be exempted from the public access requirements contained in Ind. Code ch. 5-14-3 and Ind. Code § 8-1-2-29, and held confidential and protected from public disclosure by this Commission.

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

1. The relief sought in ArcelorMittal’s Verified Complaint is denied, in the respects and to the extent described in Paragraph No. 5.

2. The material submitted to the Commission under seal is declared to contain trade secret information as defined in Ind. Code § 24-2-3-2 and therefore is exempted from the public access requirements contained in Ind. Code ch. 5-14-3 and Ind. Code § 8-1-2-29.

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

**HUSTON, FREEMAN, KREVDA, OBER, AND ZIEGNER CONCUR:**

**APPROVED:** FEB 20 2019

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

Mary M. Bećerra
Secretary of the Commission