ORIGINAL

| Commissioner | Yes | No | Not Participating |
|---|---|---|---|
| Huston | √ | | |
| Freeman | √ | | |
| Krevda | √ | | |
| Ziegner | √ | | |

**STATE OF INDIANA**

**INDIANA UTILITY REGULATORY COMMISSION**

| | | |
|---|---|---|
| **PETITION OF NORTHERN INDIANA PUBLIC SERVICE COMPANY LLC FOR APPROVAL OF (1) A FUEL COST ADJUSTMENT TO BE APPLICABLE DURING THE BILLING CYCLES OF AUGUST, SEPTEMBER, AND OCTOBER 2022, PURSUANT TO IND. CODE § 8-1-2-42 AND CAUSE NO. 45159, AND (2) RATEMAKING TREATMENT FOR THE COSTS INCURRED UNDER WHOLESALE PURCHASE AND SALE AGREEMENTS FOR WIND ENERGY APPROVED IN CAUSE NOS. 43393, 45194, 45195, AND 45310.** | ) | **CAUSE NO. 38706 FAC 135**<br><br>**APPROVED: JUL 27 2022** |

**ORDER OF THE COMMISSION**

**Presiding Officer:**
**Carol Sparks Drake, Senior Administrative Law Judge**

On May 19, 2022, Northern Indiana Public Service Company LLC ("NIPSCO") filed a Verified Petition in this Cause seeking approval from the Indiana Utility Regulatory Commission ("Commission") of: (1) a fuel cost adjustment to be applicable during the August, September, and October 2022 billing cycles or until replaced by a fuel cost adjustment approved in a subsequent filing, pursuant to Ind. Code § 8-1-2-42 and Cause No. 45159, and (2) ratemaking treatment for the costs incurred under wholesale purchase and sale agreements for wind energy approved in Cause Nos. 43393, 45194, 45195, and 45310. NIPSCO concurrently prefiled its case-in-chief which included the direct testimony of Kelleen M. Krupa, a Lead Regulatory Analyst for NiSource Corporate Services Company, and the testimony and exhibits of the following NIPSCO employees:

- Rosalva Robles, Manager of Planning – Regulatory Support
- John A. Wagner, Manager, Fuel Supply
- David Saffran, Generation Business Systems Administrator in the Operations Management Reporting Division.

On May 19, 2022, NIPSCO also filed a motion requesting confidential treatment for certain information ("Confidential Information"). In a docket entry issued on May 31, 2022, the requested confidential treatment was granted on a preliminary basis.

On May 20, 2022, the NIPSCO Industrial Group ("Industrial Group") filed a petition to intervene. This petition was granted on May 31, 2022.[1]

On June 8, 2022, NIPSCO filed a corrected page 2 for Ms. Robles' testimony.

On June 8, 2022, Citizens Action Coalition of Indiana, Inc. ("CAC") filed a petition to intervene. CAC's petition to intervene was granted on June 16, 2022.

The Indiana Office of Utility Consumer Counselor ("OUCC") on June 23, 2022, prefiled the direct testimony and exhibits of the following:

- Michael D. Eckert, Director of the OUCC's Electric Division
- Gregory T. Guerrettaz, CPA and President of Financial Solutions Group, Inc.

NIPSCO filed no rebuttal testimony.

The Commission noticed this matter for an evidentiary hearing at 1:30 p.m. on July 6, 2022, in Hearing Room 224 of the PNC Center, 101 West Washington Street, Indianapolis, Indiana. NIPSCO, the OUCC, the Industrial Group, and CAC, by counsel, participated in this hearing, and the testimony and exhibits of NIPSCO and the OUCC were admitted without objection.

Based upon applicable law and the evidence presented, the Commission finds:

**1. Commission Jurisdiction and Notice.** Notice of the evidentiary hearing in this Cause was published as required by law. NIPSCO is a public utility as defined in Ind. Code § 8-1-2-1(a). Under Ind. Code § 8-1-2-42, the Commission has jurisdiction over changes to NIPSCO's fuel cost charge; therefore, the Commission has jurisdiction over NIPSCO and the subject matter of this Cause.

**2. NIPSCO's Characteristics.** NIPSCO is a limited liability company organized under Indiana law with its principal office in Merrillville, Indiana. NIPSCO renders electric public utility service in Indiana and owns, operates, manages, and controls, among other things, plant and equipment within Indiana used for the production, transmission, delivery, and furnishing of such service.

**3. Available Data on Actual Fuel Costs.** NIPSCO's cost of fuel to generate electricity and the cost of fuel included in the cost of purchased electricity in NIPSCO's most recent base rate case approved in the Commission's December 4, 2019 Order in Cause No. 45159 ("45159 Order") was $0.026736 per kilowatt hour ("kWh"). NIPSCO's cost of fuel to generate electricity and the cost of fuel included in the cost of purchased electricity for the months of January, February, and March 2022 averaged $0.038490 per kWh.

**4. Requested Fuel Cost Charge.** NIPSCO seeks to change its fuel cost adjustment from the current fuel cost charge of $0.009829 per kWh for bills rendered during the May through July 2022 billing cycles to a fuel cost charge of $0.023033 per kWh for bills rendered during the

[1] The members of the Industrial Group in this proceeding are Cleveland-Cliffs Steel LLC, Jupiter Aluminum Corporation, Linde, Inc., United States Steel Corporation, and USG Corporation.

August through October 2022 billing cycles or until replaced by a different fuel cost adjustment approved in a subsequent filing.

The requested fuel cost adjustment includes a variance of $10,307,394 that was under-collected during January through March 2022. NIPSCO's estimated monthly average cost of fuel to be recovered in this proceeding for the forecasted billing period of August through October 2022 is $47,179,861, and its estimated monthly average sales for that period are 1,017,001 MWhs.

**5. Statutory Requirements.** Ind. Code § 8-1-2-42(d) states the Commission shall grant a fuel cost adjustment charge if it finds:

> (1) the electric utility has made every reasonable effort to acquire fuel and generate or purchase power or both so as to provide electricity to its retail customers at the lowest fuel cost reasonably possible;
>
> (2) the actual increases in fuel cost through the latest month for which actual fuel costs are available since the last order of the commission approving basic rates and charges of the electric utility have not been offset by actual decreases in other operating expenses;
>
> (3) the fuel adjustment charge applied for will not result in the electric utility earning a return in excess of the return authorized by the Commission in the last proceeding in which the basic rates and charges of the electric utility were approved. However, subject to section 42.3 [Ind. Code § 8-1-2-42.3] of this chapter, if the fuel charge applied for will result in the electric utility earning a return in excess of the return authorized by the commission in the last proceeding in which basic rates and charges of the electric utility were approved, the fuel charge applied for will be reduced to the point where no such excess of return will be earned; and
>
> (4) the utility's estimate[s] of its prospective average fuel costs for each such three (3) calendar months are reasonable after taking into consideration:
>
> > (A) the actual fuel costs experienced by the utility during the latest three (3) calendar months for which actual fuel costs are available; and
> >
> > (B) the estimated fuel costs for the same latest three (3) calendar months for which actual fuel costs are available.

**6. Fuel Costs and Operating Expenses.** NIPSCO's Attachment 1-F shows fuel costs for the 12 months ending March 31, 2022, were $125,130,003 above the amount the Commission approved in the 45159 Order. NIPSCO's Attachment 1-F also shows its total operating expenses, excluding fuel, for the 12 months ending March 31, 2022, were $20,458,483 above the amount approved in the 45159 Order. The Commission finds there have been increases in NIPSCO's actual fuel costs for the 12 months ending March 31, 2022, that have not been offset by actual decreases in other operating expenses.

**7. Efforts to Acquire Fuel and Generate or Purchase Power to Provide Electricity at the Lowest Reasonable Cost.** Mr. Wagner testified that NIPSCO made every reasonable effort to acquire fuel to provide electricity to its retail customers at the lowest fuel cost reasonably possible. He testified that during the reconciliation period, of the energy produced by NIPSCO's fossil-fueled generation, NIPSCO's coal-fired generation provided 44.75% of the energy generated, and 55.25% of the energy generated was gas-fired. He stated NIPSCO's coal-fired generation consumes coal from various supply regions, with the Michigan City Generating Station ("Michigan City") consuming a mix of Powder River Basin ("PRB") and Northern Appalachian ("NAPP") coal, and the R.M. Schahfer Generating Station ("Schahfer") consuming a mix of PRB and Illinois Basin ("ILB") coal in Units 17 and 18.

**A. Fuel Procurement.** In discussing NIPSCO's coal procurement process, Mr. Wagner identified several factors NIPSCO considers when evaluating purchases for a specific generating unit, including the delivered cost, operational costs, cost of emissions controls, and management of coal combustion byproducts. In addition, a coal's combustion and emission characteristics are critical and may eliminate a coal from consideration if these characteristics adversely affect a generating unit's reliability, drastically increase the total cost of generation (fuel and operational costs), or inhibit NIPSCO's ability to comply with emission limits. He testified the reliability of the coal source and coal transportation from that source are also critical factors NIPSCO considers.

Mr. Wagner stated NIPSCO purchased coal during the reconciliation period under two term supply contracts. One of these contracts was with Arch Coal Sales Company for PRB coal, and the other contract was with Peabody COALSALES, LLC for ILB coal. Mr. Wagner confirmed NIPSCO has no financial interest in the coal producers currently under contract.

Mr. Wagner testified producers and customers are reluctant to execute long-term contracts with fixed prices without some market price adjustment mechanism. He noted that maintaining a price close to market is beneficial to both parties; therefore, a producer and customer may work together to establish an equitable price adjustment methodology. Mr. Wagner stated that, historically, market-based price adjustments in term supply agreements tend to reduce the buyer's cost of hedging since future prices are generally higher than spot and year-ahead prices. In addition to base price adjustments, quality price adjustments are used to maintain the underlying economics of the agreement on a dollar per million British thermal unit ("BTU") basis when the shipment quality varies from the guaranteed quality specifications. Mr. Wagner testified one of NIPSCO's term coal contracts in effect during the reconciliation period had mostly fixed prices that vary each year as specified in the contract, and 13% of the volume under this contract will be priced using a coal market index. In the second supply contract, rates are indexed to generating unit hourly Day-Ahead Locational Marginal Power Prices ("LMPs"). Additionally, NIPSCO's coal supply agreements adjust the price of coal based on a shipment's quality variances from contract specifications. Mr. Wagner stated that during the reconciliation period NIPSCO made no new commitments for spot or term coal purchases or coal transportation.

Mr. Wagner testified the delivered cost of coal consumed by NIPSCO's generating stations for the 12 months ending March 31, 2022, was $43.14 per ton or $2.167 per million BTU. The cost of coal consumed during the reconciliation period (January, February, and March 2022) was $62.33 per ton or $2.970 per million BTU. The delivered cost of coal consumed during the prior reconciliation period was $49.44 per ton or $2.406 per million BTU. When compared to the prior reconciliation period, NIPSCO's delivered cost of coal consumed per ton increased $12.89, and the cost was up $0.564 on a per million BTU basis. Mr. Wagner stated several factors contributed to the increase in the unit cost of coal expensed during the reconciliation period, including an increase in the consumption of ILB coal relative to PRB coal consumption. He noted the PRB coal used at Michigan City is lower cost than the ILB coal used at Schahfer. A second contributing factor was higher ILB contract coal prices with a third factor being higher railroad fuel surcharges under two transportation agreements. Additionally, PRB coal prices and transportation rates under LMP indexed contracts increased given drastically higher energy market power prices.

Mr. Guerrettaz testified the components that make up the cost of coal include the base coal cost, dust treatment, freeze treatment, and miscellaneous projected coal quality costs. He also advised that cost components for transportation include the base transportation cost, any fuel adjustment, pricing adjustments, incremental costs associated with operations, maintenance, and lease of railcars, and index pricing. Mr. Guerrettaz stated that because of the potentially large impact of index pricing, it is important to determine the impact of index pricing on delivery prices. He advised that NIPSCO did not purchase spot coal during this FAC reconciliation period because NIPSCO could not find extra coal, but NIPSCO was able to buy additional tonnage from a current supplier at a market price higher than in the recent past.

Ms. Robles testified there were changes to NIPSCO's gas purchasing practices for NIPSCO's generation located off NIPSCO's gas distribution system (Sugar Creek Generating Station ("Sugar Creek")) during the reconciliation or forecast period as effective April 1, 2022, NIPSCO entered into a two-year supply contract with a gas supply marketer. She opined that NIPSCO has made every reasonable effort to purchase natural gas so as to provide its customers with electricity at the lowest reasonable price.

Based on the evidence presented, the Commission finds NIPSCO has adequately explained its coal and gas procurement decision making, and its acquisition process is reasonable.

**B. Coal Decrement Pricing.** Mr. Wagner testified NIPSCO does not currently anticipate utilizing decrement pricing but will continue to update the Commission about decrement pricing in its future FAC filings.

OUCC witness Eckert asked that if coal decrement pricing is used in the future, NIPSCO provide justification and documentation supporting the need for, and utilization of, coal decrement pricing and specify when it expects the coal decrement pricing to end, as well as provide inputs to its calculation of the coal price decrement.

Based on the evidence, the Commission finds decrement pricing is not included in NIPSCO's forecast for purposes of this FAC proceeding. If in the future coal decrement pricing is included in NIPSCO's forecast or has been used, NIPSCO shall file testimony, schedules, and workpapers addressing the need for and reasonableness of such decrement pricing and related inputs consistent with the Commission's July 17, 2019 Order in Cause No. 38706 FAC 123.

**C. Renewable Energy Credits ("RECs").** Ms. Robles provided an update on NIPSCO's treatment of RECs associated with its energy purchases under wind purchased power agreements ("PPAs"). She testified that pursuant to the Commission's July 24, 2008 Order in Cause No. 43393 ("43393 Order"), NIPSCO began receiving power and seeking recovery of costs associated with the wholesale purchase and sale agreements for wind energy from Barton Windpower LLC ("Barton") on April 10, 2009, and from Buffalo Ridge I LLC ("Buffalo Ridge") on April 15, 2009. Consistent with the Commission's August 7, 2019 Order in Cause No. 45194 ("45194 Order"), NIPSCO began receiving power and seeking recovery of such costs for wind energy from Rosewater Wind Generation LLC ("Rosewater") on November 20, 2020, and per the Order in Cause No. 45195 ("45195 Order") from Jordan Creek Wind Farm LLC ("Jordan Creek") on December 2, 2020. Pursuant to the February 19, 2020 Order in Cause No. 45310 ("45310 Order"), NIPSCO began receiving power and seeking recovery of costs associated with the wholesale purchase and sale agreement for wind energy from Indiana Crossroads Wind Generation LLC ("Indiana Crossroads") on December 17, 2021. Under the 43393, 45194, 45195, and 45310 Orders, NIPSCO is also crediting any off-system sales created by its wind PPAs. She stated the wind PPA adjustment for the forecast period (July, August, and September 2022) is based on the average actual wind PPA adjustment incurred for the 12-month period ended March 31, 2022. For the reconciliation period of January, February, and March 2022, NIPSCO received 287,537 MWhs, 303,949 MWhs, and 275,417 MWhs, respectively.

Ms. Robles testified that starting with this reconciliation period, NIPSCO began passing back cash distributions associated with its renewable joint venture projects. According to Ms. Krupa, consistent with NIPSCO's commitments in the various certificate of public convenience and necessity filings related to its wind and solar joint venture projects, when the proceeds from the PPA between NIPSCO and the applicable joint venture exceed that joint venture's operating cost (and after a certain amount of contingency has accumulated), NIPSCO passes the excess funds back to its customers, directly reducing FAC costs on a dollar-for-dollar basis. Ms. Krupa stated this pass-back began in March 2022, and NIPSCO expects these joint venture distributions to continue.

Ms. Robles testified each megawatt hour of power generated from a qualified resource can be awarded a REC. Since no national standard currently exists, she advised each jurisdiction has set its own regulations upon how to qualify and account for RECs. Ms. Robles testified that as of this filing, NIPSCO receives RECs associated with the power it purchases from Barton, Buffalo Ridge, Jordan Creek, Rosewater, and Indiana Crossroads. All RECs are or will be tracked in a renewable energy tracking system. During this FAC period, she stated current vintage RECs were sold. The block sizes and proceeds from the sales were: (1) 148,348 with net proceeds of $1,955,674; (2) 50,000 with net proceeds of $529,438; (3) 50,000 with net proceeds of $520,275; (4) 25,000 with net proceeds of $252,406; (5) 50,000 with net proceeds of $450,000; (6) 18,000 with net proceeds of $132,750; and (7) 50,000 with net proceeds of $287,500, for total RECs sold of 391,348 and total net proceeds of $4,128,042. Additionally, Ms. Robles advised that during this reconciliation period, NIPSCO transferred 37,936 RECs to its Green Power Rider program, with net proceeds of $113,808.

Ms. Robles testified NIPSCO will continue to pass the proceeds from the sale or transfer of RECs back to its customers through the Purchased Power other than MISO line item. She noted that as evidenced by NIPSCO's sales, REC prices are increasing, resulting in increased REC sales revenue being passed to NIPSCO's customers. Per Ms. Robles, NIPSCO continually evaluates the marketability for all RECs, and as the possibility for future legislation evolves, NIPSCO will appropriately changes its REC strategy.

Ms. Robles stated NIPSCO now has 24 approved solar and wind feed-in tariff ("FIT") customers with facilities registered in the Midwest Renewable Energy Tracking System ("M-RETS"),[2] with nameplate capacities ranging between 0.05 MW and 2.0 MW. Solar and wind generation volumes are uploaded to M-RETS monthly. During this FAC period, 11,151 current vintage solar and wind FIT RECs were sold, yielding net sale proceeds of $47,392. NIPSCO also included a prior period charge of $711 incurred for broker fees. Ms. Robles stated NIPSCO has and will continue to pass the proceeds from FIT RECs sales back to customers through the Purchased Power other than MISO line item. She noted NIPSCO continues to discuss with brokers and market participants the best means of marketing FIT RECs.

Mr. Guerrettaz confirmed that NIPSCO provided a $4,289,242 credit back to its customers from the sale of RECs for this FAC. Without the RECs, hedge gain, and joint venture credit, he stated fuel costs for January through March 2022 would have been approximately 5.78% higher.

Ms. Robles testified NIPSCO is not expecting to buy firm, long-term purchased power during the forecast period and did not enter into third party energy transactions for physical power that impacted the reconciliation period. She stated NIPSCO will, however, continue to consider entering into short-term third-party agreements to protect its customers from market influences.

Ms. Robles testified NIPSCO incorporated forecasted FIT purchases for the forecast period based on the average of actual FIT purchases incurred for the 12 months ending March 31, 2022. NIPSCO also incorporated forecasted known fixed transportation reservation charges and a related credit associated with Sugar Creek. Additionally, Ms. Robles advised that in compliance with the Order in Cause No. 38706 FAC 134, NIPSCO has implemented additional internal controls to ensure generation units not available to run in the forecast period are not incorporated in the FAC forecast.

The Commission finds NIPSCO shall continue to include in its quarterly FAC filings updates concerning its utilization of RECs associated with wind purchases being recovered through the authority granted in the 43393, 45194, 45195, and 45310 Orders and any other future renewable purchases.

**D. Electric Hedging Program.** Per Ms. Robles, the table below shows the hedging contracts purchased during the reconciliation period.

| **Month** | **Power Contacts** | | **Gas Contracts** | |
|---|---|---|---|---|
| | **Actual** | **Var to Plan** | **Actual** | **Var to Plan** |
| January 2022 | 60 | 0 | 51 | 0 |
| February 2022 | 60 | 0 | 48 | 0 |
| March 2022 | 50 | 0 | 46 | 0 |

[2] M-RETS is a web-based system used by power generators, utilities, marketers, and qualified reporting entities in participating states and province.

Ms. Robles stated the execution of these contracts was consistent with NIPSCO's approved electric hedging plan through March 2022. She stated NIPSCO continues to operate under the 2021-2023 hedging plan as approved in Cause No. 38706 FAC 130.

Ms. Robles testified the impact of the hedges during the reconciliation period was a gain of $862,976. The net total impact of the hedging plan in this FAC reconciliation period, including broker and clearing exchange fees, was $854,920. Broker fees represented 0.04% of the total value of the transactions occurring during the reconciliation period. Ms. Robles testified decisions were made based upon the conditions known at the time of the transactions, and NIPSCO used the same broker it uses for other transactions to limit transaction costs, with all transactions made in accordance with NIPSCO's approved electric hedging plan.

Mr. Eckert testified the OUCC reviewed NIPSCO's hedges and believes the hedging profits, losses, and costs are reasonable. He stated NIPSCO entered into 145 gas and 170 power contracts during January through March 2022.

The Commission finds NIPSCO shall continue to include in its FAC filings testimony and evidence of its electric hedging costs and any gains/losses resulting from hedging transactions for which NIPSCO seeks recovery through the FAC.

**E. Purchased Power Over the Benchmark.** Ms. Robles described the Purchased Power Benchmark that applies to NIPSCO's purchased power transactions approved in the Commission's August 25, 2010 Order in Cause No. 43526 ("43526 Order"). She testified that in the 43526 Order, the Commission established a mechanism to determine the reasonableness of NIPSCO's purchased power costs. Each day, the cost of any power NIPSCO purchases directly from Midcontinent Independent System Operator, Inc. ("MISO") is compared to a benchmark price. This price is equal to the Platt's Gas Daily Midpoint price for Chicago City Gate, plus a $0.17 per million BTU transportation charge, and then multiplied by the 12,500 BTU/kWh heat rate of a generic gas turbine. Ms. Robles stated power NIPSCO purchased at a price greater than the daily benchmark price is not recoverable from NIPSCO's customers through the FAC. She explained the purchased power transactions subject to the Purchased Power Daily Benchmark are those power purchases that are used to serve FAC load (excluding backup and maintenance contracts) as determined by NIPSCO's Resource Cost and Allocation System, including bilateral purchases for load and MISO Day Ahead and Real Time purchases, except wind power purchases that are excluded in accordance with the 43393, 45194, 45195, and 45310 Orders. In addition to the wind purchases, swap transactions and MISO virtual transactions for generation and load are not subject to the Purchased Power Daily Benchmark. NIPSCO had no swap or virtual transactions during this FAC reconciliation period.

Ms. Robles testified that 68,309 MWhs of purchased power in January 2022 at an average purchased power cost of $65.50/MWh, 24,752 MWhs of purchased power in February 2022 at an average purchased power cost of $59.18/MWh, and 5,004 MWhs of purchased power in March 2022 at an average purchased power cost of $71.11/MWh were in excess of the Purchased Power Benchmark. As a point of comparison, she stated the monthly averages of the Purchased Power Daily Benchmarks were $53.79, $58.16, and $59.40 for January, February, and March 2022, respectively. Ms. Robles testified the MWhs that exceeded the Benchmark in this reconciliation period were not attributable to any one event or factor; rather, the recoverability for each purchase under the terms of the 43526 Order varies.

Ms. Robles testified that in accordance with the procedures outlined in the 43526 Order, NIPSCO determined the purchases in excess of the Purchased Power Benchmark were made to supply jurisdictional load that offset available NIPSCO resources MISO did not dispatch or are otherwise eligible under the procedures outlined in the 43526 Order and are, therefore, recoverable.

OUCC witness Guerrettaz testified that in the three months covered by this FAC, 98,065 MWhs exceeded the Purchased Power Benchmark, as Ms. Robles testified. He stated a majority of the purchases over the Purchased Power Benchmark were determined to be recoverable, and per OUCC witness Eckert, the OUCC recommends recovery. Mr. Eckert testified Ms. Robles' testimony and workpapers accurately reflect the methodology the Commission approved in the 43526 Order regarding purchased power over the Benchmark. Mr. Eckert noted he has created a working model of Ms. Robles' purchased power over the Benchmark calculations, and he agrees with her calculations.

Based on the evidence, the Commission finds NIPSCO's identified purchased power costs are properly included in the fuel cost calculation, and NIPSCO has made every reasonable effort to acquire fuel and generate or purchase power or both so as to provide electricity to its retail customers at the lowest fuel cost reasonably possible.

**8. <u>MISO Day 2 Energy Costs</u>.** Ms. Robles stated NIPSCO included in its forecast the charges and credits associated with the MISO Day 2 energy market in accordance with the Commission's Orders in Cause Nos. 42685, 43426, and 43665. The total MISO Components of Cost of Fuel included in the actual cost of fuel for January through March 2022 was ($6,477,770).

Ms. Robles testified Real Time Asset Energy in January 2022 was $3,239,002, primarily due to next day hourly weather forecast variations and deviations between Day Ahead and Real Time demand forecasts to serve both NIPSCO and industrial load. She testified the Day Ahead Marginal Congestion Component plus actual monthly Auction Revenue Rights/Financial Transmission Rights ("ARR/FTR") expenses, less actual monthly ARR/FTR revenues, did exceed a cost of $2 million during a month within the reconciliation period. During March 2022, the net monthly ARR/FTR cost was $2,062,800. Ms. Robles stated the primary driver was high average congestion prices at NIPSCO's Jordan Creek Generating Node, as compared to the NIPS.NIPS load zone, that during March 2022 exceeded the average for the period of January 2021 through February 2022 by more than 25 times. Ms. Robles testified NIPSCO inquired of MISO as to the cause for the high congestion rates, and in a response dated April 25, 2022, MISO indicated a large number of outages in the area caused the abnormally high congestion rates.

The forecast of MISO Components of Cost of Fuel in this proceeding, per Ms. Robles, is based on the High – Low average of actual MISO Components of Cost of Fuel incurred for the 12-month period ending March 31, 2022, where the high and low quarters are replaced with a three-year average of the same quarter. She stated NIPSCO included a forecast in this filing of MISO Components of Cost of Fuel of $927,483 per month.

**9.** **Estimation of Fuel Cost.** NIPSCO estimates its total average fuel costs for July, August, and September 2022 will be $47,179,861 on a monthly basis.

Ms. Robles noted NIPSCO incorporated forecasted known fixed transportation reservation charges and related credit associated with Sugar Creek. The actual and forecasted transportation reservation charges were included on NIPSCO's Attachment 1-A.

Mr. Wagner testified that as of May 9, 2022, NIPSCO's estimated market prices for coal delivery in the forecast period of July, August, and September 2022 were $16.75 per ton for PRB coal, $121.00 per ton for ILB coal, and $128.00 per ton for NAPP coal, excluding transportation costs. He indicated spot market prices increased drastically during the reconciliation period for all coal types. As of May 9, 2022, the estimated spot market prices for shipments with June 2022 delivery were approximately $16.75 per ton for PRB coal, $125.00 per ton for ILB coal, and $134.00 per ton for NAPP coal, excluding transportation costs.

Concerning supply reliability, Mr. Wagner testified contracted purchases are forecasted to meet NIPSCO's 2022 coal delivery requirements, and coal producers are obligated to perform under their agreements. Mr. Wagner stated NIPSCO has had discussions with all its coal suppliers, and they indicated they will meet NIPSCO's contracted coal supply requirements. Mr. Wagner testified the average spot market price of coal during the reconciliation period, not including transportation costs (and change from the previous reconciliation period) was $22.33 per ton (down $7.83) for PRB coal, $89.90 per ton (up $9.27) for ILB coal, and $96.91 per ton (down $4.83) for NAPP coal. He stated these prices do not include the cost of transportation, and actual prices may vary from published indices.

In identifying factors affecting the market for coal and transportation during the reconciliation period, Mr. Wagner stated coal prices appeared to flatten out in early 2022; however, strong coal demand in Europe, combined with the Russia-Ukraine conflict, caused NAPP and ILB prices to push to new highs during the reconciliation period. He stated wholesale electricity prices climbed again during the reconciliation period due to several factors, including strong global energy demand, high natural gas prices, increased coal demand, and constrained coal supply and transportation. In addition, MISO LMPs increased significantly during 2021 and continued to increase during the reconciliation period largely driven by increased demand and higher energy commodity prices. Mr. Wagner stated Schahfer's average 2022 year-to-date LMPs are up roughly 27% versus 2021 and 76% above the five-year average. Mr. Wagner noted the Energy Information Administration ("EIA") projects renewables will contribute 22% of the energy in 2022, natural gas generation will be 35%, and coal will provide 21%, with coal demand expected to increase seven percent in 2022 (43 million tons) and two percent in 2023 (two million tons). That said, Mr. Wagner testified coal will likely be the marginal energy source in the long run as natural gas prices fall and coal generation capacity is phased out of energy markets worldwide.

Mr. Wagner stated these dynamics created significant volatility in all energy markets during the reconciliation period, and although PRB prices have drifted lower since the beginning of 2022, NAPP and ILB prices increased significantly during the reconciliation period. In addition, strong domestic coal demand and increased coal demand globally have supported higher coal prices. He testified coal pricing into Europe (delivered to Amsterdam, Rotterdam, and Antwerp) increased from $82.85 per tonne[3] in May 2021 to $311.50 per tonne in May 2022, yielding a 276% year-over-year increase, and European demand will likely keep upward pressure on both NAPP and ILB prices in the near term. Mr. Wagner stated coal producers and railroads have typically relied on strong international markets to offset the long-term decline in domestic demand, with strong exports and improved domestic demand providing coal producers and coal transporters with increased sales opportunities and improved prices. Per Mr. Wagner, these market conditions have created coal supply shortages that led to considerably higher coal prices, and the EIA expects coal exports could increase four percent in 2022, driven by the Ukraine-Russia conflict, but be limited by transportation and terminal capacity and slowing exports to Asia.

Given the ongoing market tightness, Mr. Wagner stated NIPSCO has continued to survey coal suppliers, and they have indicated they have little to no surplus coal production and are, essentially, sold out for 2022, with limited availability for 2023.

Mr. Wagner testified Class I railroads are struggling to meet demand and have limited customer shipments for coal as well as the other commodities and products they transport. According to Mr. Wagner, coal supply constraints have been caused by reduced investment in coal production and coal transportation projects over the last several years. He stated these constraints, when combined with the unanticipated surge in coal demand and the strong economic recovery, have strained the coal supply chain; consequently, strong coal demand both domestically and globally, combined with coal supply chain challenges, will likely keep upward pressure on coal prices in 2022 and into 2023, but the long-term global trend to aggressively reduce fossil fuel generation will continue to displace coal generation, likely putting downward pressure on coal and transportation pricing and financially straining coal suppliers' and railroads' transportation businesses in the long run.

Mr. Wagner testified NIPSCO's cost of coal consumed for generation in the forecast period of July, August, and September 2022 is estimated to be $65.91 per ton and $3.125 per million BTU. In developing the estimate for the forecast period, he stated NIPSCO's fuel supply group incorporates coal contract prices inclusive of adjustments specified in the agreement, dust treatment costs, freeze conditioning costs, railcar lease costs, railcar maintenance costs, estimates of contract prices, transportation fuel surcharges using the monthly average price of U.S. On-Highway Diesel Fuel ("HDF"), the Association of American Railroad's All-Inclusive Index Less Fuel ("AILLF") adjustments, and estimates of future coal market prices. Additionally, the fuel supply group provides a forecast of beginning inventory values in dollars and quantities in tons for each generation station. These assumptions are provided to NIPSCO's energy supply and optimization group to develop the forecast. Ms. Robles testified NIPSCO completed its forecast for this FAC filing on May 12, 2022, using its production cost modeling system, PROMOD,[4] and made reasonable decisions under the circumstances then known.

Ms. Robles advised the fuel cost factor is forecasted to be $46.391 compared to a base cost of fuel of $26.736. She identified three primary drivers for the higher forecasted fuel cost factor. First, forecasted steam generation costs per MWh are anticipated to be higher than these were in FAC 134, driven primarily by an increase in forecasted coal transportation and commodity pricing

[3] One tonne = Metric ton = 1.10231 United States short ton.
[4] PROMOD is NIPSCO's electric forecasting model.

as Mr. Wagner discussed. Second, forward-looking natural gas prices are also projected to be significantly higher than seen in recent years, and third, purchased power costs are projected to be higher in FAC 135 than in FAC 134 and projected to be higher compared to recent historical pricing. To ensure electricity is provided to NIPSCO's retail customers at the lowest fuel cost reasonably possible, Ms. Robles testified NIPSCO utilized the hedging plan approved in FAC 130 and will continue to utilize financial hedges under the 2022 Hedging Plan to mitigate economic impacts and volatility within each FAC. In addition, NIPSCO has added wind resources and will continue adding new resources to its portfolio. She noted these assets do not have variable fuel costs and are much cheaper relative to utilizing coal-fired (steam) generation. She stated NIPSCO will continue to utilize its growing wind, solar, and solar plus storage assets to economically serve customers.

Mr. Wagner testified the key factors that could impact NIPSCO's coal transportation costs during the forecast period are power prices and the price of HDF. He stated power prices may impact coal transportation costs under two transportation contracts that are indexed to station LMPs. Per Mr. Wagner, contract transportation rates are forecasted using forward energy prices and have maximum rates that ultimately hedge price exposure. With respect to the second factor, i.e., the price of HDF, two coal transportation agreements also have mileage based fuel surcharges that vary with changes in HDF. Mr. Wagner testified fuel surcharges under these agreements are calculated monthly using the average weekly spot price of HDF, and fuel surcharge estimates are included in rate projections used to develop comprehensive transportation costs for the forecast period. He testified the spot price of HDF as of May 9, 2022, was $5.623 per gallon, noting this is a 76% year-over-year increase. Mr. Wagner stated EIA expects oil markets to be mostly balanced from the second quarter of 2022 through the end of 2023 and market conditions to remain balanced with little opportunities for prices to fall. Additionally, EIA expects oil markets to experience significant price volatility between now and the end of 2023, and this volatility may lead to variations in the actual cost of transportation during the forecast period.

Mr. Wagner testified NIPSCO is proactively administering its coal and rail transportation agreements to address any potential coal supply and/or coal transportation shipment issues. In addition, he stated all the anticipated coal supply requirements for 2022 have been covered. That said, Mr. Wagner indicated the increase in demand for coal and coal transportation globally has increased the stress on the coal supply chain. In particular, most Class I railroads have struggled to meet customer demand along all lines of their business, and per Mr. Wagner, their performance has declined precipitously over the last year; consequently, the Surface Transportation Board ("STB") called a public hearing in Washington D.C. in April 2022 that NIPSCO attended and filed a letter with the STB ahead of that hearing to voice concerns over service issues with Union Pacific that could affect NIPSCO's delivery rates. Mr. Wagner advised that on May 5, 2022, the STB issued a decision requiring the four largest Class I railroads to create service recovery plans and provide progress reports. In addition, he stated these Class I railroads will be required to participate in bi-weekly conference calls with the STB to provide a status report and explain efforts to correct service deficiencies. Mr. Wagner testified NIPSCO and Union Pacific have worked through some of the near-term issues, and in addition to daily operations calls, NIPSCO is meeting weekly with this carrier's operations management to ensure actual shipments meet forecasted delivery requirements. Mr. Wagner stated NIPSCO also continues to work closely with its other rail carriers to ensure coal deliveries meet demand during the forecast period.

Mr. Wagner stated the days of supply at the maximum burn measure for coal inventory at Schahfer equaled approximately 42 days (up six days from the prior quarter) at the end of the reconciliation period. He testified improved delivery rates and lower consumption resulted in improved Schahfer inventory. Michigan City's coal inventories were at target levels at the end of the reconciliation period. Mr. Wagner testified NIPSCO has made every reasonable effort to acquire fuel so as to provide electricity to its retail customers at the lowest fuel cost reasonably possible.

Mr. Wagner testified NIPSCO's railcar fleet size during the reconciliation period was 1,063 railcars. This equated to eight sets with 5.9% spares. He testified the typical spare railcar pool is roughly eight percent, but NIPSCO had been in the process of collecting railcars for return, and that led to variations in the spare railcar count. Mr. Wagner testified that during the reconciliation period NIPSCO utilized roughly 63% of its railcar fleet. He advised that current market conditions have challenged coal deliveries nationwide, and higher transit times combined with higher demand may require NIPSCO to carry additional railcar capacity. Additionally, NIPSCO announced on May 4, 2022, the operation of Units 17 and 18 at Schahfer is being extended into 2025; therefore, given current market conditions and planned changes in the coal unit operations at Schahfer, Mr. Wagner testified the plan to reduce NIPSCO's fleet by 352 railcars (roughly two sets plus spares) by July 2022 that was discussed in FAC 134 is being reevaluated.

Mr. Wagner noted NIPSCO reduced its fleet size by 393 railcars in 2021 and has removed all sets from third party storage, eliminating storage costs. He testified NIPSCO was able to store railcars at Schahfer at no cost. Mr. Wagner stated NIPSCO anticipates significantly higher railcar utilization during the forecast period. Mr. Guerrettaz noted NIPSCO provided a detailed chart that sets forth, by month, the total railcars and the number of railcars returned, and he testified it is the OUCC's opinion that over time NIPSCO is achieving a correct level of railcars.

In the Commission's April 27, 2011 Order in Cause No. 38706 FAC 90, NIPSCO was ordered, at a minimum, to provide detailed testimony and information regarding: (1) the average spot market price of coal; (2) factors affecting the supply, demand, and cost of coal; (3) any known factors that significantly impact or affect the supply, demand, and cost of coal during the forecast and reconciliation periods; (4) any known factors that significantly impact the delivered cost of coal during the forecast and reconciliation period; and (5) the process NIPSCO utilizes to procure contracted coal supplies. The Commission finds NIPSCO provided sufficiently detailed testimony and information to support its forecasted fuel costs. NIPSCO should continue to include in its quarterly FAC filings detailed testimony and information regarding these five factors.

In the Commission's October 21, 2015 Order in Cause No. 38706 FAC 108, NIPSCO was ordered to include in its FAC filings testimony regarding efforts to mitigate costs incurred for unused train sets. The Commission finds NIPSCO provided testimony in this proceeding regarding mitigation of storage costs associated with unused train sets, as ordered in Cause No. 38706 FAC 108, and NIPSCO should continue to include in its quarterly FAC filings detailed testimony and information regarding its unused train sets and efforts to mitigate storage related costs, as well as updates upon its efforts to reduce the railcar fleet.

NIPSCO's estimated and actual fuel costs for the reconciliation period are as follows:

| Month | Actual Fuel Cost $/kWh | Estimated Fuel Cost $/kWh | Estimating Error: Over (Under) |
|---|---|---|---|
| January 2022 | $0.039166 | $0.037727 | (3.67)% |
| February 2022 | $0.034127 | $0.035656 | 4.48% |
| March 2022 | $0.042118 | $0.034639 | (17.76)% |
| **Weighted Average Estimating Error** | | | **(6.27)%** |

Ms. Robles testified the total actual fuel cost in the reconciliation period was $105,665,822 while the forecasted fuel cost was $92,800,711. Thus, the average actual fuel cost per kWh for the reconciliation period was 6.27% greater than the forecast. This led to a variance factor of $3.378 primarily driven by: (1) an increase in purchased power volumes and costs because of reduced availability at NIPSCO's coal-fired generation stations due to unexpected outages during this reconciliation period; (2) days in March when Sugar Creek was available but did not get committed by MISO, leading to lower than expected generation; (3) higher actual costs associated with the MISO Components Cost of Fuel driven by a high delta LMP component for this reconciliation period; and (4) REC sales and the performance of NIPSCO's hedging program helping to mitigate potential further increases in the impact during the reconciliation period.

Mr. Guerrettaz stated nothing came to the OUCC's attention during the review of NIPSCO's filing indicating the projections NIPSCO used for fuel costs and power sales were unreasonable when comparing prior quarter actual and forecasted fuel costs and sales figures. He testified that during the OUCC's audit, NIPSCO indicated current forecasted natural gas and power prices have increased since NIPSCO's original forecast. He also noted that Schahfer Unit 16A has been unavailable for several FAC periods and is projected to be unavailable during the forecast period.

The Commission recognizes NIPSCO's forecasted cost of fuel is increasing, as acknowledged by both NIPSCO and the OUCC; however, based on the evidence, including Mr. Guerrettaz's testimony upon the reasonableness of NIPSCO's fuel cost and power sales forecast, the Commission finds NIPSCO's estimate of its prospective average fuel cost to be recovered during the August through October 2022 billing cycles is reasonable.

**10.** **Return Earned.** NIPSCO's evidence demonstrates that for the 12 months ending March 31, 2022, NIPSCO earned a jurisdictional return, including TDSIC revenues, of $308,028,181. This is $26,862,798 more than NIPSCO's authorized amount of $281,165,383, which includes $264,626,783 approved in the applicable rate case, plus $16,538,600 of actual TDSIC operating income during the 12 months ended March 31, 2022. The overall earnings bank (sum of the differentials) for the relevant period is a negative $651,627; therefore, based on the evidence presented, the Commission finds that for the 12 months ending March 31, 2022, when the over-earnings of $26,862,798 in this filing are added to the accumulated negative earnings total, NIPSCO is not earning a return exceeding that authorized in its last base rate case, as appropriately adjusted.

**11.** **<u>OUCC Report</u>.** Mr. Guerrettaz testified: (1) the fuel cost element of NIPSCO's power purchases has been calculated by including the additional requirements of various Commission Orders; (2) the variance for the quarter ending March 31, 2022, was computed in conformity with Ind. Code §§ 8-1-2-42, -42.3, and relevant orders; (3) NIPSCO did have jurisdictional net operating income for the 12 months ending March 31, 2022, greater than granted in its last general rate case, but the earnings bank shows a cumulative account of ($651,627); therefore, no adjustment is needed, subject to the one-time tax adjustment NIPSCO made for an expense that occurred in March 2022 but was not booked until April 2022;[5] (4) NIPSCO did not have decreases in other operating costs that could be used to offset fuel cost increases; (5) the figures used in NIPSCO's application for a change in the FAC for the quarter ending March 31, 2021, were supported by Petitioner's books, records, and source documentation for the period reviewed; and (6) the fuel cost adjustment for the quarter ending March 31, 2021, has been accurately applied. Mr. Guerrettaz stated the OUCC recommends the FAC factor of $23.033 mills per kWh be approved as requested but also recommends NIPSCO be required prospectively in its FAC filings to: (1) break out all congestion components separately in future FAC testimony as ordered in Cause No. 38706 FAC 133; (2) continue to provide a cost of coal stacks from each supplier to each station for the three actual months on a going forward basis setting forth the components of coal and transportation as discussed in his testimony; (3) provide a copy of all new requests for proposals and contracts for transportation and coal; and (4) continue providing the monthly railcar inventory update, explaining any deviations from the expected forecast. The Commission finds these recommendations will further a full exchange of information relevant to NIPSCO's FAC filings, are reasonable, and are consistent with our past consideration of these matters and should, accordingly, be implemented.

Mr. Eckert testified: (1) he has created a working model of Ms. Robles' purchased power over the Benchmark calculation and agrees with this calculation; (2) NIPSCO's treatment of Ancillary Services Market ("ASM") charges follows the treatment the Commission ordered in its June 30, 2009 Phase II Order in Cause No. 43426 ("Phase II Order"); (3) NIPSCO is continuing to recover Day Ahead Revenue Sufficiency Guarantee ("RSG") Distribution Amounts and Real Time RSG First Pass Distribution Amounts through the FAC pursuant to the Phase II Order; (4) NIPSCO's steam generation costs are higher than the other large electric investor-owned utilities in Indiana, while NIPSCO's actual monthly cost of fuel (mills/kWh) is comparable to the other large electric investor-owned utilities in Indiana; (5) coal prices increased dramatically over the last nine months; (6) NIPSCO's coal inventory at Schahfer increased to approximately 42 days, up six days from its prior FAC filing; (7) NIPSCO should continue to update the Commission on its coal inventory; (8) if coal decrement pricing is used, NIPSCO should provide justification and documentation supporting the need for and utilization of coal decrement pricing, as well as specify when it expects coal decrement pricing to end and provide inputs to its calculation of the coal price decrement; (9) the OUCC reviewed NIPSCO's hedges and believes the hedging costs were reasonable; (10) NIPSCO provided information regarding Buffalo Ridge, Barton, Jordan Creek, Rosewater, and Indiana Crossroads; (11) NIPSCO provided an update on the status of the Railroad

[5] Mr. Guerrettaz testified the OUCC normally does not adjust the earnings test other than for actual orders from the Commission, but the propriety of this particular adjustment was not challenged. Per Mr. Guerrettaz, without this adjustment, the earnings bank would have changed by a positive $4,858,729; therefore, NIPSCO would have over-earned.

Litigation[6] and NIPSCO's deferral of associated legal costs and should continue providing such updates; and (12) the OUCC recommends the Commission approve NIPSCO's proposed FAC factor as confirmed by Mr. Guerrettaz.

**12. Fuel Cost Adjustment Factor.** Based on the evidence, the Commission finds NIPSCO has met the tests of Ind. Code § 8-1-2-42(d) for establishing a revised fuel cost adjustment. NIPSCO's evidence presented a variance factor of $0.003378 per kWh to be added to the estimated cost of fuel for bills rendered during the August, September, and October 2022 billing cycles in the amount of $0.046391 per kWh. This results in a fuel cost adjustment factor of $0.023033 per kWh, after subtracting the cost of fuel in base rates and adjusting for applicable taxes. Ms. Krupa testified the estimated average monthly bill impact for a residential customer using 1,000 kWh per month is a $13.20 increase from the factor currently in effect.

Ms. Krupa testified that although NIPSCO is sensitive to the potential impact this proposed factor will have on its customers' electric bills and considered spreading these costs over two FAC periods, because current market trends and projections indicate higher fuel costs and market pricing are likely to continue in the short-term, including into the period within NIPSCO's next FAC filing, NIPSCO did not propose doing so. She projected that if NIPSCO spread the current proposed factor over six months, it is likely this could compound the impact on customers by adding half of this factor to another relatively high factor in NIPSCO's next FAC filing. Accordingly, all things considered, NIPSCO concluded it is most appropriate to recover the proposed costs over the typical three month period.

**13. Interim Rates.** Because the Commission is unable to determine whether NIPSCO will earn an excess return while this Order is in effect and because the Commission opened a subdocket to determine whether NIPSCO acted reasonably and prudently in connection with the events leading to the fire at Schahfer and in responding to it, along with the associated impact, if any, of the Schahfer outage on FAC costs and NIPSCO's FAC has not yet been adjusted for that impact, the Commission finds the rates approved herein should be interim rates, subject to refund.

**14. Major Forced Outages.** Consistent with past Commission Orders, Mr. Saffran sponsored Attachment 4-A describing each major forced outage NIPSCO's generating units experienced during the first quarter of 2022, including the length and cause of each major forced outage, the generating unit involved, and proposed solutions to prevent such outages from reoccurring. For purposes of his presentation, a major forced outage is a unit forced outage lasting longer than three consecutive days. He also sponsored Confidential Attachment 4-B providing a root case analysis for the forced outages for which an analysis was completed at the time of the FAC filing.

**15. Status of Railroad Litigation.** In accordance with the Commission's Order in Cause No. 38706 FAC 125 ("FAC 125"), Ms. Krupa testified the Railroad Litigation remains pending, and as of March 31, 2022, NIPSCO has deferred $2,050,585 in associated legal costs.

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[6] On September 30, 2019, NIPSCO filed a complaint in the United States District Court for the District of Columbia against the Union Pacific Railroad Company, BNSF Railway Company, CSX Transportation, Inc., and Norfolk Southern Railway Company (currently pending in Civil Action No. 1:19-cv-02927-PLF) for allegedly illegally conspiring to use rail fuel surcharges as a mechanism to fix, raise, maintain, and stabilize the prices of rail freight transportation services sold in the United States (the "Railroad Litigation").

Mr. Wagner advised discovery is ongoing, and NIPSCO substantially completed document production in 2021. NIPSCO's fact witness depositions are also now complete, but the possibility remains that a NIPSCO company witness will be deposed. He stated discovery is presently focused on deposing the defendant railroads' witnesses, and NIPSCO's counsel is assisting with this effort. Additionally, NIPSCO is working, through counsel, with its expert witness in developing the initial expert report supporting NIPSCO's position in the Railroad Litigation. The Commission finds NIPSCO provided an update on the status of the Railroad Litigation as ordered in FAC 125 and should continue doing so in its FAC filings.

**16. Confidential Information.** On May 19, 2022, NIPSCO filed a motion for protection and nondisclosure of Confidential Information supported by an affidavit showing information to be submitted to the Commission contained trade secrets within the scope of Ind. Code §§ 5-14-3-4 and 24-2-3-2. In a docket entry issued on May 31, 2022, such information was found to preliminarily be confidential, after which NIPSCO submitted the information under seal. The Commission finds such information is confidential under Ind. Code §§ 5-14-3-4 and 24-2-3-2, is exempt from public access and disclosure by Indiana law, and shall be held by the Commission as confidential and protected from public access and disclosure.

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

1. NIPSCO's requested fuel cost adjustment to be applicable to bills rendered during the August, September, and October 2022 billing cycles or until replaced by a fuel cost adjustment approved in a subsequent filing, as set forth in Finding No. 12 above, is approved on an interim basis subject to refund as set out in Finding No. 13 above.

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

3. NIPSCO shall continue to include in its quarterly FAC filings updates concerning its utilization of the RECs associated with the wind and solar purchases being recovered through the FAC, as discussed in Finding No. 7.C. above, and testimony regarding any electric hedging transaction costs and gains/losses for which NIPSCO is seeking recovery through the FAC, as discussed in Finding No. 7.D. above.

4. NIPSCO shall also continue to include in its quarterly FAC filings the information required by the Commission's April 27, 2011 Order in Cause No. 38706 FAC 90 and testimony regarding efforts to mitigate costs incurred for unused train sets, as discussed in Finding No. 9 above, and continue to provide updates on its railcar inventory and efforts to achieve an appropriate railcar level, explaining any deviations that occur as discussed in Finding No. 11 above.

5. If coal decrement pricing is used or forecast, NIPSCO shall file in its future FAC proceedings appropriate testimony, schedules, and workpapers addressing the need for and reasonableness of utilizing coal decrement pricing, as well as when NIPSCO anticipates coal decrement pricing resuming and/or ending, as discussed in Finding No. 7.B. above.

6. NIPSCO shall continue to include in its quarterly FAC filings an update on the Railroad Litigation consistent with the Commission's January 22, 2020 Order in FAC 125 and Finding No. 15 above.

7. NIPSCO shall break out all congestion components in its future FAC testimony, provide a cost of coal stacks from each supplier to each station for the three actual months on a going forward basis, and provide a copy of all new requests for proposal and contracts for transportation and coal consistent with Finding No. 11 above.

8. The information filed in this Cause pursuant to NIPSCO's motion for protective order is deemed confidential pursuant to Ind. Code §§ 5-14-3-4 and 24-2-3-2, is exempt from public access and disclosure by Indiana law, and shall be held confidential and protected from public access and disclosure by the Commission.

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

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

**APPROVED: JUL 27 2022**

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

Dana Kosco Digitally signed by Dana Kosco Date: 2022.07.27 10:24:44 -04'00'

**Dana Kosco**
**Secretary of the Commission**