

ORIGINAL

Commissioner	Yes	No	Not Participating
Huston	√		
Freeman	√		
Krevda	√		
Ober	√		
Ziegner	√		

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

**PETITION OF NORTHERN INDIANA PUBLIC)
SERVICE COMPANY LLC FOR APPROVAL OF) CAUSE NO. 44155 RA 20
RESOURCE ADEQUACY ADJUSTMENT FACTORS)
TO BE APPLICABLE DURING THE BILLING) APPROVED: OCT 27 2021
CYCLES OF NOVEMBER 2021 THROUGH APRIL)
2022 PURSUANT TO IND. CODE § 8-1-2-42.)**

ORDER OF THE COMMISSION

**Presiding Officers:
David E. Ziegner, Commissioner
Loraine L. Seyfried, Chief Administrative Law Judge**

On August 16, 2021, Northern Indiana Public Service Company LLC (“NIPSCO” or “Petitioner”) filed its Petition for Indiana Utility Regulatory Commission (“Commission”) approval of resource adequacy adjustment (“RA Adjustment”) factors to be applicable during the billing cycles of November 2021 through April 2022. Also on August 16, 2021, Petitioner prefiled its case-in-chief, which consisted of the testimony and attachments of Kelleen M. Krupa, Lead Regulatory Analyst of NiSource Corporate Services Company, and Rosalva Robles, Manager of Planning – Regulatory Support for NIPSCO.

On August 19, 2021, NIPSCO Industrial Group filed its Petition to Intervene, which was granted on August 31, 2021.

On September 29, 2021, the Indiana Office of Utility Consumer Counselor (“OUCC”) filed the testimony of Kaleb G. Lantrip, Utility Analyst.

On October 5, 2021, NIPSCO filed a Notice of Intent Not to File Rebuttal.

The Commission noticed this matter for an evidentiary hearing to commence at 10:30 a.m. on October 14, 2021, in Room 224 of the PNC Center, 101 West Washington Street, Indianapolis, Indiana. NIPSCO, the OUCC, and the NIPSCO Industrial Group, by counsel, participated in the evidentiary hearing, and the testimony and exhibits of NIPSCO and the OUCC were admitted without objection.

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

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

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

3. Background and Requested Relief. In this proceeding, NIPSCO requests Commission approval of RA Adjustment factors to be applicable and made effective for bills rendered by NIPSCO during the billing cycles of November 2021 through April 2022 or until replaced by different factors approved in a subsequent filing pursuant to provisions of the Public Service Commission Act, as amended; the Commission’s August 25, 2010 Order in Cause No. 43526 (“43526 Order”); the Commission’s December 21, 2011 Order in Cause No. 43969 (“43969 Order”); the Commission’s July 18, 2016 Order in Cause No. 44688 (“44688 Order”); and the December 4, 2019 Order in Cause No. 45159 (“45159 Order”). This filing includes actual costs for capacity purchases during the period January through June 2021, adjusted demand allocators, and forecasted usage for the period November 2021 through April 2022. This filing also includes a reconciliation of prior RA costs to actual RA revenues for the period November 2020 through April 2021.

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

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

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

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

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

4. Commission's Discussion and Findings.

A. Billing Period. Ms. Krupa testified the RA Adjustment factors proposed in this proceeding are for the billing cycles of November 2021 through April 2022, and they include actual costs for capacity purchases during the period January through June 2021. She testified that a reconciliation of prior RA costs to actual RA revenues from November 2020 through April 2021 is included in NIPSCO's filing in this Cause.

B. Total Recoverable Costs. Petitioner's total costs to be recovered during the billing cycles of November 2021 through April 2022 are \$1,187,482. Of that amount, a charge of \$995,367 constitutes actual capacity purchases and capacity proceeds for the period January through June 2021.

Based on our discussion of the record evidence set forth below, we find that these costs are appropriate and shall be included for recovery through the RA Adjustment factors presented in this Cause for bills rendered during the billing cycles of November 2021 through April 2022.

C. Purchased Capacity Costs and Capacity Proceeds. Ms. Robles testified Petitioner included third party capacity purchases in accordance with the 45159 Order of \$499,898, and a credit of net proceeds for the sale of excess capacity of \$67,709, for recovery through the RA Adjustment factors in this proceeding.

Based on the record evidence, we find that Petitioner's Midcontinent Independent System Operator capacity auction proceeds are calculated correctly and shall be included in Capacity Purchases through the RA Adjustment for bills rendered during the billing cycles of November 2021 through April 2022.

D. Capacity Payments under Renewable FIT. Ms. Krupa testified that Petitioner included \$563,178 of capacity charges made pursuant to NIPSCO's Renewable FIT for recovery through the RA Adjustment factors in this proceeding.

Based on the record evidence, we find that Petitioner had capacity charges and credits of \$563,178 pursuant to NIPSCO's Renewable FIT. These costs are appropriate and shall be included for recovery through the RA Adjustment factors.

E. Variance from Prior Periods. Ms. Krupa testified that the total RA Adjustment variance included in this proceeding due to the reconciliation of prior RA costs to actual RA revenues from November 2020 through April 2021 is an under-collection of \$192,115.

Based on the record evidence, we find that Petitioner properly included a variance of \$192,115 for collection through the RA Adjustment factors.

F. Allocation of Total Recoverable Costs. The 45159 Order specified the demand allocators for the RA Adjustment factors, representing the Production Rate Base allocated by 4 Coincident Peaks (“CP”). Ms. Krupa testified the costs are allocated based on the contract levels at the time the costs were incurred (January through June 2021) based on the allocators in effect at that time (from the 45159 Order). Ms. Krupa testified NIPSCO has modified its demand allocators (from the 45159 Order) to reflect the impact of customer migration to different rate classes.

Based on the record evidence, we find that Petitioner properly adjusted the 4 CP demands to account for the demand in effect during the time costs were incurred and the impact of customer migration to different rate classes.

G. OUC Testimony. Mr. Lantrip testified the figures used in the RA tracker were supported by invoices and workpapers provided by NIPSCO. He explained the impact of the RA Adjustment in this proceeding and NIPSCO’s current resource adequacy status. Mr. Lantrip testified nothing came to his attention that would indicate the proposed recovery of Petitioner’s RA Adjustment factors for actual costs and revenues incurred during January through June 2021 and the variance from the prior period were unreasonable. The OUC recommended the Commission approve NIPSCO’s proposed RA Adjustment Factors included in this proceeding.

H. Conclusion. Based upon the record evidence as discussed above, we approve NIPSCO’s proposed RA Adjustment factors for the period of November 2021 through April 2022. Based on the factor for Rate Code 811, the typical residential customer using 1,000 kWh per month will see an increase of \$0.54 from the currently approved factor.

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

1. Petitioner’s requested RA Adjustment factors to be applicable to bills rendered during the billing cycles of November 2021 through April 2022, as set forth in Petitioner’s Exhibit 1, are approved.
2. Prior to implementing the rates, Petitioner shall file the tariff and applicable rate schedules under this Cause for approval by the Commission’s Energy Division. Such rates shall be effective on or after the Order date subject to Division review and agreement with the amounts reflected.
3. This Order shall be effective on and after the date of its approval.

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

APPROVED: OCT 27 2021

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

Dana Kosco
Secretary of the Commission