

ORIGINAL

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

Commissioner	Yes	No	Not Participating
Zay	√		
Deig	√		
Swinger			√
Veleta	√		
Ziegner	√		

**VERIFIED JOINT PETITION OF NORTHERN)
INDIANA PUBLIC SERVICE COMPANY LLC)
(“NIPSCO”) AND NIPSCO GENERATION LLC)
(“GENCO”) FOR (1) APPROVAL OF A SPECIAL)
CONTRACT (“DATA CENTER CUSTOMER #1)
SPECIAL CONTRACT”) PURSUANT TO IND.)
CODE §§ 8-1-2-24 AND 8-1-2-25; (2) APPROVAL)
OF A POWER PURCHASE AGREEMENT)
(“PPA”) BETWEEN NIPSCO AND GENCO; (3))
APPROVAL OF ALTERNATIVE)
REGULATORY PLANS PURSUANT TO IND.)
CODE §§ 8-1-2.5-5 AND 8-1-2.5-6 FOR BOTH)
NIPSCO AND GENCO; AND (4) APPROVAL OF)
DEPRECIATION ACCRUAL RATES FOR)
GENERATION AND TRANSMISSION ASSETS)
TO BE CONSTRUCTED TO FULFILL THE)
OBLIGATIONS IN THE DATA CENTER)
CUSTOMER #1 SPECIAL CONTRACT AND)
PPA.)**

CAUSE NO. 46322

APPROVED: JUN 17 2026

ORDER OF THE COMMISSION

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

On November 7, 2025, Northern Indiana Public Service Company LLC (“NIPSCO”) and NIPSCO Generation LLC (“GenCo”) (collectively, “Joint Petitioners”) filed their Verified Joint Petition with the Indiana Utility Regulatory Commission (“Commission”). Also on November 7, 2025, Joint Petitioners filed their case-in-chief, including testimony and attachments of Vincent A. Parisi, Gunnar J. Gode, Karl E. Stanley, and Nicholas L. Phillips.¹

The Citizens Action Coalition of Indiana, Inc. (“CAC”); the Board of County Commissioners of LaPorte County, Indiana (“LaPorte”); and the NIPSCO Industrial Group (“Industrial Group”) filed Petitions to Intervene, which were granted without objection.

¹ On November 26, 2025, Joint Petitioners filed a revision to the direct testimony of Mr. Parisi. On February 16, 2026, Joint Petitioners filed second revisions to the direct testimony of Mr. Parisi and a revision to Attachment 4-D to the direct testimony of Mr. Phillips. On March 18, 2026, Joint Petitioners filed a notice substituting John D. Taylor for Mr. Phillips. On April 6, 2026, Joint Petitioners submitted late-filed Attachment 1-F to the direct testimony of Mr. Parisi (certification of publication of notice of filing).

The Commission held a Technical Conference on December 5, 2025, at 9:30 a.m. in Room 222 of the PNC Center, 101 West Washington Street, Indianapolis, Indiana. Joint Petitioners, the Indiana Office of the Utility Consumer Counselor (“OUCC”), CAC, and the Industrial Group were present and participated through counsel. On December 8, 2025, Joint Petitioners filed the public materials shared at the Technical Conference.

On January 27, 2026, the OUCC filed its case-in-chief, including the testimony of Brian A. Wright, Thomas Malan, and Derek J. Leader;² the Industrial Group filed its case-in-chief, including the testimony of Michael P. Gorman; and CAC filed its case-in-chief, including the testimony of Benjamin Inskeep.

On February 9, 2026, Joint Petitioners filed the rebuttal testimony and attachments of Messrs. Parisi, Stanley, and Phillips.

On February 10, 2026, LaPorte filed the testimony of Steve Holifield.

On February 23, 2026, Joint Petitioners, the OUCC, and the Industrial Group (together, “Settling Parties”) notified the Commission that an agreement in principle with respect to resolution of all disputes, claims, and issues in this Cause had been reached by and among the Settling Parties. On February 26, 2026, Joint Petitioners filed settlement testimony of Mr. Parisi, the OUCC filed settlement testimony of Cynthia M. Armstrong, and the Industrial Group filed settlement testimony of Mr. Gorman supporting their Stipulation and Settlement Agreement, which included an Addendum A (by and between Joint Petitioners and LaPorte) (“Settlement”).³

On March 18, 2026, CAC filed the testimony of Mr. Inskeep in opposition to the Settlement.

On March 20, 2026, Joint Petitioners filed settlement responsive testimony of Messrs. Parisi and Taylor, and the OUCC filed settlement rebuttal testimony of Ms. Armstrong.

On April 6, 2026, the Settling Parties responded to a March 31, 2026 Docket Entry that requested additional information. Also on April 6, 2026, CAC filed a Stipulation of Facts in Lieu of Cross-Examination of Joint Petitioners’ witness Taylor.

The Commission held an evidentiary hearing on April 7, 2026, at 9:30 a.m. in Room 222 of the PNC Center, 101 West Washington Street, Indianapolis, Indiana. Joint Petitioners, the OUCC, and Intervenors were present and participated through counsel. The testimony and exhibits of the participating parties were admitted into the record without objection.

The Commission, based upon the applicable law and the evidence of record, now finds as

² On February 24, 2026, the OUCC filed a notice substituting Cynthia Armstrong for Mr. Leader, and also filed revisions to Mr. Leader’s testimony and corrections to Mr. Malan’s testimony to reflect the substitution.

³ Joint Petitioners submitted Addendum A to the Settlement on February 27, 2026, which was inadvertently omitted from the February 26, 2026 filing. On March 17, 2026, Joint Petitioners filed an executed Addendum A.

follows:

1. **Notice and Jurisdiction.** Notice of the hearing in this Cause was given and published by the Commission as required by law. Each Joint Petitioner is a “public utility” under Ind. Code § 8-1-2-1 and an “energy utility” under Ind. Code § 8-1-2.5-2. Joint Petitioners have elected to become subject to the provisions of Ind. Code ch. 8-1-2.5. The Commission has jurisdiction over a public utility’s customer-specific contracts under Ind. Code §§ 8-1-2-24 and -25, power purchase agreements, alternative regulatory plans under Ind. Code ch. 8-1-2.5, and depreciation accrual rates under Ind. Code § 8-1-2-19. Therefore, the Commission has jurisdiction over Joint Petitioners and the subject matter of this proceeding.

2. **Joint Petitioners’ Characteristics and Businesses.** NIPSCO is a limited liability company organized and existing under the laws of the State of Indiana with its principal office and place of business at 801 East 86th Avenue, Merrillville, Indiana. NIPSCO renders electric public utility service in the State of Indiana and owns, operates, manages and controls, among other things, plant and equipment within the State of Indiana used for the generation, transmission, distribution and furnishing of such service to the public.

GenCo is a limited liability company with its principal place of business located at 801 East 86th Avenue, Merrillville, Indiana. GenCo will purchase, construct, own, and operate generation facilities and related assets. All sales by GenCo of electric energy produced by its generation facilities will be provided exclusively to NIPSCO through a purchase power agreement, or if excess generation exists after satisfying contractual requirements with NIPSCO, electric energy produced by GenCo’s generation facilities will be offered into the wholesale power market and not sold at retail.

3. **Background.** On September 24, 2025, in Cause No. 46183, the Commission issued an order (“GenCo Order”) providing for limited declination of jurisdiction over GenCo with the approval of a Stipulation and Settlement Agreement among GenCo, NIPSCO, and the Industrial Group (“GenCo Settlement”). The limited declination allows GenCo to purchase, construct, own, and operate generation facilities and related assets so that it can enter into certain contracts with NIPSCO to enable NIPSCO to supply retail service to “megaload customers” in Indiana.

Through this proceeding, leveraging the structure contemplated by the GenCo Order, NIPSCO is seeking to supply retail service to Amazon Data Services, Inc. (“Amazon”). Amazon is in the business of data center development in northern Indiana, with operations expected to begin by January 1, 2027, and increasing periodically to reach up to 2,400 megawatts (“MW”) by the end of 2032.

4. **Relief Requested.** Joint Petitioners seek Commission approval of: (1) a contract dated September 18, 2025, by and between NIPSCO and Amazon (“Customer Contract”); (2) a Power Purchase Agreement dated November 7, 2025, by and between NIPSCO and GenCo (“PPA”); (3) alternative regulatory plans (“ARPs”) for both NIPSCO and GenCo; and (4) depreciation accrual rates for generation (GenCo) and transmission (NIPSCO) assets to be constructed, to fulfill the obligations in the Customer Contract and PPA.

5. Overview of the Evidence.

A. **Joint Petitioners' Direct Evidence.** Mr. Parisi provided an overview of Joint Petitioners' requests and described the relationships between NIPSCO, GenCo, and Amazon. He testified that, consistent with the GenCo Order, NIPSCO will be the retail electric utility service provider for Amazon, maintaining an obligation to serve its energy and capacity needs and ensuring the balancing of load and generation. NIPSCO will also build, own, and operate transmission assets necessary to serve Amazon, consistent with the obligations under the Customer Contract and the GenCo Settlement approved in the GenCo Order.

He explained that NIPSCO and GenCo have executed the PPA, whereby GenCo will provide energy, capacity, and certain incidental services to NIPSCO to ensure NIPSCO can meet Amazon's requirements. Amazon has entered into the Customer Contract to receive retail electric service from NIPSCO. Mr. Parisi explained that the primary purpose of the creation of GenCo is to protect NIPSCO's other retail customers from the risks associated with the substantial capital investments that will be required to serve megaload customers.

Mr. Parisi testified that with the relief sought in this Cause, NIPSCO's other retail customers are insulated from the risks of serving Amazon and the risks are borne by investors. He also explained the importance of the deal with Amazon and provided an overview of the impacts to NIPSCO and its electric customers, northern Indiana, and the state of Indiana. The benefits include thousands of construction jobs, millions of dollars in tax revenue, and tens of billions of dollars in investments in Indiana.

Mr. Parisi also provided an overview of the benefits that NIPSCO customers will receive. The benefits fall into three categories: (1) customer savings directly attributable to the use of NIPSCO's existing system to serve Amazon; (2) the creation of a new "Customer Fund" to benefit the local communities of northern Indiana; and (3) increased reliability and resiliency of NIPSCO's overall system as a result of the new transmission and generation assets that will be constructed to serve Amazon. Specifically, as a result of the Customer Contract, NIPSCO's other retail customers are expected to see approximately \$1 billion in savings through bill credits, called the Shared System Charges ("SSC"), over the 15-year term of the Customer Contract. The new Customer Fund will be funded by contributions made by Joint Petitioners' shareholders based upon the number of MWs of load Amazon brings into service and will increase as Amazon's load ramp increases to its full load ramp in 2032. With regard to reliability, the additions to NIPSCO's electric transmission system and overall generation portfolio to serve Amazon will ultimately lead to a more reliable and resilient electric grid—for the benefit of all NIPSCO customers and the state of Indiana more broadly.

Regarding the Customer Contract, Mr. Parisi testified that after extensive discussions and arms-length negotiations, NIPSCO and Amazon agreed to the terms and conditions contained within the Customer Contract. Amazon intends to construct, commission, and operate one or more data centers located in NIPSCO's electric service territory at one or more data center locations. Amazon desires that NIPSCO, through itself or one or more affiliates, energize and provide firm electric capacity and energy to the data center locations through certain generation and transmission/distribution electric facilities that NIPSCO, through itself, or one or more affiliates,

constructs, commissions, operates and maintains or otherwise manages, contracts for, or controls.

Mr. Parisi testified that NIPSCO's electric tariff requires Commission approval of the Customer Contract. He provided an overview of the Customer Contract, noting energization begins January 1, 2027, with Amazon committing to a demand capacity ramping up to 2,400 MW by the end of 2032. The term of the contract is 15 years, with certain termination rights and termination payments. Amazon will pay a fixed Capacity Charge, and certain pass-through charges (such as for energy), and SSCs. He further explained that there is a guaranty from Amazon's ultimate parent company. Mr. Parisi testified that the Customer Contract includes terms relating to required regulatory approvals from the Commission and the Federal Energy Regulatory Commission. Mr. Parisi provided a table with Customer Contract information that he believes is most important to stakeholders.

Mr. Parisi explained the load ramp-up under the Customer Contract and how Joint Petitioners will recover their costs during that period. He explained that to meet Amazon's load ramp and ensure resource adequacy before the new generation being constructed by GenCo is in service, NIPSCO determined it was prudent to enter into a confirmation for future capacity from an existing thermal generation asset for near-term years. In the longer term, capacity will be provided from fully incremental dispatchable generation constructed by GenCo.

Mr. Parisi testified that the provision of service to Amazon under the Customer Contract will not adversely affect the provision of service to NIPSCO's other retail customers. He said load changes from Amazon will be provided to the Commission in compliance filings. Mr. Parisi referred to the Customer Contract's benefits to NIPSCO's retail customers as one of the more exciting aspects of the deal. All SSCs will be passed back to NIPSCO's other retail customers as a bill credit pursuant to the SSC component of NIPSCO's ARP request, resulting in more than an estimated \$1 billion being passed back to retail customers.

With regard to changes to the pricing structure, NIPSCO and Amazon negotiated a confidential capital expenditure cap. The Customer Contract then calls for sharing of risk of increases and the benefits of decreases. NIPSCO and Amazon also negotiated a minimum and maximum unlevered internal rate of return applicable to the Capacity Charge. Mr. Parisi stated that risks associated with generation will ultimately sit with GenCo, not NIPSCO. NIPSCO's other retail customers are also insulated from the risks associated with the transmission assets through NIPSCO's proposed ARP.

Mr. Parisi explained the credit support Amazon was willing to commit to further protect NIPSCO. This support ensures that Amazon's parent, which is investment grade, has provided adequate assurance of recovery for the significant capital investment that is being undertaken. Mr. Parisi also testified as to additional protections for Joint Petitioners and provided an overview of the risks under the Customer Contract that rest with Joint Petitioners' shareholders and not retail customers.

Mr. Parisi testified that the Customer Contract satisfies the Commission's standards for approval of special contracts under Ind. Code § 8-1-2-24. He explained that the terms have been carefully negotiated so that NIPSCO can recover all its incremental costs of service, specifically

from Amazon, while insulating its other retail customers from these costs and risks. NIPSCO's other retail customers also will see the benefit of Amazon's contribution to fixed cost recovery through the collection (and resulting bill credit) of the SSC. While NIPSCO does not have the capacity today to serve this new load, the entire structure is being established so that NIPSCO, through GenCo, will have the capacity on the ramp rate Amazon needs. Mr. Parisi testified the terms are needed to attract Amazon to NIPSCO's service area and opined that the Customer Contract is reasonable and just.

With regard to the PPA, Mr. Parisi testified GenCo is the entity that will be building, owning, and operating the 3,000 MW of generation resources that will be utilized by NIPSCO to provide service to Amazon. He said this separation is a key component that enables NIPSCO's other retail customers to be protected from the financial risk associated with the substantial generation investment, but it also necessitates a contractual arrangement between NIPSCO and GenCo to allow NIPSCO to utilize the generation resources to serve Amazon and to ensure it has sufficient capacity resources to meet its resource adequacy obligations. In short, he stated that the PPA is the contractual means through which NIPSCO will have access to the energy and capacity from the generation resources GenCo is building.

Mr. Parisi provided an overview of how the PPA was negotiated and who represented each party. He explained that the key tenets of the PPA were: (1) for NIPSCO to be able to utilize the full energy and capacity from the generation resources GenCo would be constructing to meet NIPSCO's obligations under the Customer Contract and to fulfill NIPSCO's resource adequacy obligations; and (2) to transfer the potential risks under the Customer Contract to GenCo to the extent possible, thereby reasonably insulating NIPSCO's other retail customers from risk. Mr. Parisi provided examples of the ways in which the risk is transferred from NIPSCO to GenCo under the PPA.

Mr. Parisi provided an overview of Joint Petitioners' requests for approval of ARP relief. He explained that NIPSCO seeks a determination that certain services to be provided by NIPSCO to Amazon that are incidental to NIPSCO's retail electric service are not subject to Commission jurisdiction or, in the alternative, requests the Commission decline its jurisdiction over such services. He said that the Customer Contract has an Exhibit A-2 where the ultimate data center locations that will be receiving electric service under the terms of the Customer Contract will be specified. He identified one of the confidential sites and described its importance. He said the Customer Contract also includes a term that obligates NIPSCO and Amazon to enter into a second agreement by which NIPSCO would provide water supply to this particular data center location. The water would mainly be industrial water for cooling purposes, but it is assumed it would also include providing the minor amounts of potable water that would be required.

Mr. Parisi stated it is expected that the sanitary wastewater treatment would also be provided by NIPSCO, presumably using facilities already on site for NIPSCO's existing operations and facilities in addition to the construction of new facilities. Amazon would be responsible for industrial wastewater treatment, but the ultimate discharge is expected to be to NIPSCO's existing settling basin(s) at the site. Mr. Parisi explained that NIPSCO will subdivide a portion of the property that is needed for Amazon's purposes and will sell it to Amazon at fair market value. NIPSCO will utilize an appraisal from a licensed third-party real estate appraiser

to assist with determining the fair market value for the purchase price to be paid by Amazon. Upon sale, NIPSCO will retire that portion of the land from NIPSCO's books, and any proceeds in excess of the adjusted net book value will result in a regulatory liability, to be passed back to NIPSCO's other retail customers in a future rate case.⁴

Mr. Parisi explained why he believes the proposed ARPs are in the public interest. Citing to the GenCo Order, Mr. Parisi stated that the elements of the two proposed ARPs are in furtherance of the structure approved by the Commission and fall into three categories: (1) the non-accounting aspects of NIPSCO's ARP described by Mr. Taylor; (2) the aspect of NIPSCO's ARP that describes services that are incidental to retail electric service; and (3) the accounting aspects of both Joint Petitioners' ARPs described by Mr. Gode.

Mr. Parisi testified that Mr. Taylor describes the mechanism whereby NIPSCO can pass back to its other retail customers in a timely and transparent fashion the benefits from the Customer Contract. NIPSCO requests authority to use the Commission's 30-day filing procedure so that the SSC can quickly be reflected in customer bills. The SSC will be a separate line item on customer bills for so long as the stream of payments exists so that it is transparent to customers. He stated the SSC has been designed with an eye to addressing affordability across all rate classifications, and all rate classes will receive significant benefits from the SSC.

Regarding the portion of the ARP associated with water and wastewater service, Mr. Parisi stated that NIPSCO is only providing such services because Amazon is located on property at the site identified in his confidential testimony and Amazon is taking energy services pursuant to the Customer Contract. NIPSCO's other retail customers will receive the financial benefits from NIPSCO doing so.

Regarding the accounting portions of both proposed ARPs, Mr. Parisi stated they will have no impact on the payments that Amazon (or other retail customers) will make. Instead, these portions relate to how payments that are received from Amazon will be booked for purposes of generally accepted accounting principles ("GAAP"). He said it is critical to securing the capital necessary to construct the generation, transmission, and substation assets to support Amazon's capacity requirements ("Contract Assets") that the payments made by Amazon are recognized as revenues to support the required significant infrastructure investment under the Customer Contract. The last remaining accounting request is the separation of the costs of the new transmission assets, as well as all effects from the Customer Contract, from NIPSCO's results of operation. Mr. Parisi said the GenCo Order requires NIPSCO to own all the transmission assets. However, with NIPSCO owning the transmission assets, the risks are not ring-fenced like they are for the generation assets. Thus, he stated, the ARP is needed to insulate NIPSCO's other retail customers from the risk of the Contract Assets that are transmission-related.

Mr. Parisi addressed how the statutory factors support a finding of public interest with respect to the ARPs. He testified that technological or operating conditions and competitive forces

⁴ If NIPSCO were to ultimately enter into a lease, rather than a sale, it will likewise ensure that the benefit of the lease payments is returned to NIPSCO's other retail customers.

make the exercise of jurisdiction unnecessary or wasteful because the counterparty to the Customer Contract is owned by one of the largest corporations in the world. He stated declining to exercise, in whole or in part, the Commission's jurisdiction will benefit NIPSCO and GenCo, NIPSCO's customers, and the state of Indiana because it will allow Amazon to locate its development in Indiana and provide benefits for NIPSCO's other retail customers (including the SSC and insulation from risk). In addition, Mr. Parisi testified that the exercise of Commission jurisdiction would inhibit NIPSCO from competing with other providers of functionally similar energy services. He said hyperscalers have many options for where they locate their facilities, and without the relief Joint Petitioners seek, Amazon could easily locate in another provider's service territory and potentially outside Indiana.

Mr. Parisi provided an overview of Joint Petitioners' compliance with the GenCo Settlement and GenCo Order. He presented a table outlining the obligations applicable to this proceeding, along with information showing how the obligations have been satisfied.

Regarding depreciation rates, Mr. Parisi testified that Joint Petitioners seek approval of depreciation accrual rates for the Contract Assets that each will own because the Customer Contract sets forth specific depreciation rates and many of the termination payments are based upon the net book value at the time of any termination. As such, Joint Petitioners seek approval of the Customer Contract depreciation rates, which rates will last throughout the term of the Customer Contract. In other words, the Contract Assets will not be included in future depreciation studies conducted by NIPSCO but will remain at the Customer Contract level.

Mr. Gode supported Joint Petitioners' requests for ARP relief related to the Contract Assets being constructed under the Customer Contract and included in the PPA between the Joint Petitioners. He explained there is a need for accounting relief to attract capital, as it is vital that Joint Petitioners be able to recognize revenues afforded under traditional ratemaking constructs for purposes of GAAP that are roughly commensurate with the cash flow stream under the Customer Contract. Mr. Gode stated that Joint Petitioners require Commission authority to implement a revenue program under ASC 980-605 to recognize revenues associated with construction work in progress ("CWIP") ratemaking and confirm the method to recognize revenue for in-service assets over the life of the Customer Contract. He described the specific accounting treatment sought for each ARP request.

Mr. Gode explained the revenue recognition for Joint Petitioners from the Customer Contract and PPA. He testified as to how Joint Petitioners will account for CWIP and in-service revenues if assets go in service in a fiscal year before or after what is contemplated in the schedule, and also how they will account for the return on CWIP depending on whether capital expenditures are higher or lower than that contemplated in the schedule and how a change in capital expenditures would impact in-service revenues. Mr. Gode explained how CWIP and in-service ratemaking are reflected in the PPA. He also testified about the procedures being put in place to ensure that, for ratemaking purposes, the transmission interconnection assets being constructed and owned by NIPSCO are excluded from NIPSCO's rate base and that the revenues and expenses associated with the Customer Contract are excluded from NIPSCO's net operating income for its electric business segment, which would result in the effects of the Customer Contract being excluded from all future base electric rate cases. Lastly, Mr. Gode explained how NIPSCO's accounting ARP

relates to the separate business segment being established for all NIPSCO activities related to the Customer Contract.

Mr. Stanley testified that GenCo is not seeking approval of generation resources but will, instead, submit a separate petition to the Commission at a later date to address this requirement from the GenCo Settlement. Mr. Stanley provided an overview of the Midcontinent Independent System Operator (“MISO”), associated markets, and the MISO Resource Adequacy construct. He explained NIPSCO’s participation in the MISO market and the benefits of its participation. Mr. Stanley also explained how NIPSCO accounts for the costs of participating in MISO, the costs NIPSCO incurs, and how NIPSCO participates in the MISO capacity market.

Mr. Stanley explained how the Customer Contract impacts NIPSCO’s resource adequacy obligations. He described the generation assets being utilized to ultimately serve Amazon and explained how NIPSCO will be able to isolate MISO-related costs and revenues incurred by the new load addition to serve Amazon to ensure that any MISO-related net cost responsibility is not transferred to NIPSCO’s other retail customers as a result of the Customer Contract. He further explained how the Customer Contract generation assets will be connected to the grid and access the MISO market. Mr. Stanley also testified that the Customer Contract generation assets fulfill the capacity need identified in the Customer Contract and are consistent with NIPSCO’s capacity obligations under Ind. Code § 8-1-8.5-13, as well as MISO’s Planning Reserve Margin Requirement.

Mr. Taylor explained NIPSCO’s requests related to the proposed SSC mechanism. He stated that as part of NIPSCO’s proposed ARP, NIPSCO seeks approval of: (1) the proposed SSC, (2) its calculation, the allocation and rate design methods to be used over the life of the Customer Contract associated with the customer credit resulting from the SSC in the Customer Contract, including authority to defer and record any necessary regulatory assets or regulatory liabilities to account for any variances between the calculated credit estimated from historical period cash received to be passed back by NIPSCO and the actual customer credit amounts billed, and (3) its implementation methodology. He further explained that NIPSCO is seeking authority to implement the SSC as a semi-annual retail rate adjustment through which NIPSCO will timely pass back the credit.

Mr. Taylor explained how the proposed SSC mechanism will be computed. He stated the reason the SSC is being passed back to customer classes using either a customer charge, customer count, demand charge, or lamp or service drop charge basis is because the costs being returned are fixed and will not vary by consumption. He stated this will provide a more even distribution of the benefits back to the customers within the classes as compared to using a volumetric basis and will lead to a more predictable and stable credit mechanism.

B. OUCC and Intervenor’s Cases-in-Chief.

i. OUCC Case-in-Chief. Ms. Armstrong testified that the OUCC typically recommends a special contract only be approved if it results in the utility recovering both the marginal costs associated with adding the new customer and provides some contribution to the utility’s fixed costs. She indicated that the Customer Contract both enables NIPSCO to

recover its marginal costs associated with adding Amazon as a customer and results in Amazon contributing to the utility's fixed costs.

Ms. Armstrong identified potential cost risks that the Customer Contract or PPA did not fully address. She indicated that NIPSCO's ratepayers would be protected from these risks through the adoption of Mr. Malan's recommendation that any costs NIPSCO incurs associated with the Customer Contract and its relationship with Amazon be transferred to and/or segmented within NIPSCO's unique business segment and not recovered from other customers. She stated that she had no objections to the Customer Contract provided Mr. Malan's recommendation be approved.

Ms. Armstrong testified that she had no concerns about Joint Petitioners' proposals as they relate to the reliability, resiliency, and stability of NIPSCO's system. Regarding environmental sustainability, Ms. Armstrong testified as to the importance of Amazon being financially responsible for the costs incurred by Joint Petitioners in furtherance of Amazon's environmental goals of reaching net-zero carbon emissions by 2040. She also testified that given the scale of Joint Petitioners' investment, and to address affordability for NIPSCO's other retail customers, the OUCC seeks assurance that the contractual arrangements at issue will have no adverse financial impact on other ratepayers. She indicated that the OUCC's concern regarding affordability is addressed with Mr. Malan's recommendation.

Regarding the Customer Fund, Ms. Armstrong recommended that the fund be annually credited to all NIPSCO's ratepayers, excluding Amazon and NIPSCO's other megaload customers. She stated that in the event this recommendation is not approved, the OUCC requests that it be provided with a voting interest or other decisive input, along with NIPSCO and other stakeholders, in determining how the Customer Fund is used or otherwise distributed.

Mr. Malan testified that with Joint Petitioners' assertion that NIPSCO's other customers will be insulated from the financial risks associated with serving Amazon under the Customer Contract, the OUCC's affordability concerns would be mitigated if Joint Petitioners are held to the standard that no other customer will bear any cost of serving Amazon. He testified that the Customer Contract has protections in the event of termination of service; requires Amazon to pay a portion of the SSC; and benefits NIPSCO's other retail customers who will receive a financial benefit with the pass back of the SSC as a bill credit. He stated the additional customer benefits fall into three categories: (1) customer savings directly attributable to using NIPSCO's existing system to serve Amazon; (2) the creation of a Customer Fund; and (3) increased reliability and resiliency of NIPSCO's overall system as a result of new transmission and generation assets constructed to serve Amazon. Mr. Malan testified that, with the exception of issues regarding water and wastewater service to Amazon addressed by Mr. Wright, the OUCC has no objections to the Customer Contract. Mr. Malan recommended the Commission require the inclusion of GenCo's financial statements with each of NIPSCO's fuel adjustment clause ("FAC") filings to ensure the protections for NIPSCO's other retail customers remain in place and identified ratepayer benefits continue.

Mr. Malan testified that based on Joint Petitioners' representations, the OUCC has no objections to the proposed PPA.

Mr. Malan testified that the OUCC has no objections to approval of the ARPs so long as all costs are transferred to a unique business segment and not recovered from NIPSCO's other retail customers. He testified that the benefits and protections afforded to NIPSCO's other retail customers by the ARPs are in the public interest. Additionally, he stated approval of the ARPs will have no impact on the rates that any customer will pay and was shown to be essential to NIPSCO and GenCo securing the necessary capital to fulfill their obligations under the Customer Contract and the PPA. Mr. Malan did not object to the requested CWIP treatment, noting that it is allowed as an alternative revenue program under ASC 980-605, will allow Joint Petitioners flexibility in raising capital, and complies with GAAP.

Mr. Wright testified that he recommended the Commission decline to rule on NIPSCO's request for the Commission to find the proposed water-related services are not subject to the Commission's jurisdiction or, in the alternative, for the Commission to not decline jurisdiction over such water service pending all contract provisions related to the water services being finalized. Mr. Wright expressed concern regarding NIPSCO's liability as the holder of the National Pollutant Discharge Elimination System permit. Mr. Wright said that the Commission should ensure other NIPSCO customers are protected from the ramifications of this arrangement and are not responsible for, or pay the costs associated with, water service and wastewater discharge. He said that because these services require the use of existing infrastructure that ratepayers have either paid for, or are currently paying for, through rates, a portion of any revenue NIPSCO receives through a future service agreement with Amazon should be passed back to NIPSCO's non-Amazon customers to account for the use of existing infrastructure.

ii. CAC Case-in-Chief. Mr. Inskeep testified that while the Customer Contract and PPA address many of the concerns CAC has raised in prior proceedings regarding the potential impacts of a new large load customer, there are several key aspects of the Customer Contract that have not been adequately demonstrated to be just and reasonable and in the public interest. He recommended that the Commission approve the Customer Contract with conditions and modifications to address his identified concerns as required by the five pillars (i.e., reliability, affordability, resiliency, stability, and environmental sustainability) of electric utility service set forth in Ind. Code § 8-1-2-0.6 ("Five Pillars") and the public interest as it relates to transparency.

Mr. Inskeep recommended the Commission: (1) base the annual SSC to be provided to NIPSCO existing ratepayers on an amount equivalent to \$0.014725 per kWh (the current Transmission Charge for large industrial customers under Rate 631), which will triple the benefit received by ratepayers from the Customer Contract; (2) allocate no less than 50% of the SSC to residential customers to address residential affordability concerns in NIPSCO's service territory; (3) require Commission approval of any future extensions to the Customer Contract, at which time any modifications to terms and conditions in the Customer Contract will be considered; (4) deny the proposed generation Contract Assets and instead direct Joint Petitioners to work with Amazon to develop a more balanced portfolio of resources, including a substantial portfolio of clean energy resources, such as solar and wind, to serve Amazon's unprecedented load; (5) direct NIPSCO to prevent Amazon from using any backup diesel generators at its data center locations as a tool for providing demand response; (6) require NIPSCO to undertake the appropriate study and implement the identified mitigation measures associated with potential reliability, resiliency, and stability issues from these unprecedented large loads that have unique characteristics and

risks; (7) direct NIPSCO to directly assign the cost of all mitigation measures to Amazon; (8) direct NIPSCO to make quarterly compliance filings in this Cause reporting on certain key topics to keep the Commission, stakeholders, and the public updated about the Customer Contract; and (9) direct NIPSCO to show on a separate line item on customer bills information about each tracker mechanism, including the SSC; but to the extent this proposal is not adopted, the Commission should reject NIPSCO's proposal to only show the SSC, but not other trackers, as a separate line item.

Mr. Inskeep asserted that Joint Petitioners bear the burden of proof to show their proposal is consistent with the Five Pillars, which they did not do in their case-in-chief. Mr. Inskeep recommended at least a 50% residential allocation of the SSC to address residential affordability concerns and potential negative externalities associated with data centers. He stated that simply because the overall amount of the estimated SSC credit will be significant, it does not mean that it is reasonable, and NIPSCO did not provide any supporting analysis or data to demonstrate its reasonableness. He also contended that the SSC should be increased, citing to Indiana Michigan Power Company's ("I&M") tariff as a comparison, wherein I&M's data center customers pay the same rates, including for transmission services, as I&M's industrial customers. He stated that if the SSC was set equal to the current Transmission Charge paid by NIPSCO's Rate 631 customers for the 15-year term of the Customer Contract, he estimates the SSC would total between \$1.1 billion and \$3.5 billion.

Mr. Inskeep contended that NIPSCO's current proposal creates an unjustified lag between collecting revenues from Amazon and refunding them to customers. He said that a more reasonable approach would be for NIPSCO to implement a forecast-based contemporaneous credit with any variance reconciled in subsequent semi-annual updates. Mr. Inskeep also recommended that the proposed Customer Fund be used to supplement low-income program funding and complement federal weatherization assistance program delivery.

Mr. Inskeep disagreed with Joint Petitioners that the Customer Contract will increase reliability and resiliency of NIPSCO's overall system, given that the Contract Assets are directly related to Amazon's load requirements. He recommended that the Commission direct NIPSCO to work proactively with Amazon and interested stakeholders to identify grid reliability, resiliency, and stability risks associated with Amazon's data centers and put adequate mitigation in place to ensure other customers are not negatively impacted. Mr. Inskeep also recommended that the Commission direct Joint Petitioners to modify the Customer Contract to incorporate substantial renewable energy generation into the resource mix.

iii. Industrial Group Case-in-Chief. Mr. Gorman described the risks associated with a potential default on GenCo's obligations under the PPA. Specifically, Mr. Gorman expressed concern that if GenCo were to default on its obligations, such default would not automatically relieve NIPSCO of its obligations to provide service to Amazon, short of NIPSCO electing to trigger a default of its own. Mr. Gorman explained that if NIPSCO were to elect to default, it would suffer substantial financial consequences under the terms of the Customer Contract, on top of foregoing the anticipated sales revenue from Amazon. As such, Mr. Gorman explained that NIPSCO will have a significant incentive to procure the necessary supply resources, either through market purchases or the use of existing resources, so it could continue

to provide service to Amazon, rather than place itself in default. Mr. Gorman expressed concern that market purchases on this scale could have an adverse impact on competitive market conditions, limiting the availability of resources for other market participants and contributing to increased market prices. He also explained that reliance on NIPSCO system assets could put a strain on NIPSCO's production portfolio and adversely affect reliability, resource adequacy, and operational efficiency. Mr. Gorman testified that a default by GenCo under the PPA would result in significant financial consequences for NIPSCO, regardless of whether NIPSCO elects to default or attempts to continue to serve Amazon's load without all or part of the expected GenCo resources, which should not be recoverable in whole or in part through retail rates.

Mr. Gorman identified available options for the disposal of stranded assets if such assets are no longer needed to serve Amazon, such as redeployment to serve another megaload customer, entering into a PPA with or transferring the assets to NIPSCO to be used for service to non-megaload customers, or GenCo could continue to operate the resource to support sales in competitive markets. He discussed the potential issues that could arise and expressed particular concern with any transaction between NIPSCO and GenCo to utilize the assets to serve NIPSCO's non-megaload, retail customers. Mr. Gorman recommended that in such circumstance, any agreement should be consistent with the terms of the GenCo Settlement to ensure that retail rates are not adversely impacted and excess capacity is not added to the system. Mr. Gorman testified that regulatory scrutiny and independent oversight are key safeguards to ensure that any transfers of assets or PPA arrangements between GenCo and NIPSCO are in the best interests of NIPSCO ratepayers and adhere to sound utility planning.

Regarding the possibility that GenCo would continue to operate a stranded asset to produce sales revenue in competitive markets, Mr. Gorman testified that such activity would mark a material shift in GenCo's operations and purpose as well as the stability of its revenue, cash flow, and profitability. He further testified that, in the context of Cause No. 46183, there was a significant concern that under the broad declination of jurisdiction as originally proposed, GenCo could use its generation resources to compete in MISO and other competitive markets, gaining a competitive advantage by its affiliation with NIPSCO and the subsidization of resource costs by megaload customers. Mr. Gorman explained that, to address this concern, the GenCo Settlement limits GenCo's operations to the support of NIPSCO's service to megaload customers, only allowing for incidental marketing of excess capacity under certain defined conditions. He testified that the use of a major generation asset to support competitive marketing efforts would be a material deviation from the GenCo Settlement and should not be permitted absent extraordinary circumstances.

Mr. Gorman also addressed the disposition of excess capacity that is expected to arise in the context of the PPA and Customer Contract. He explained that because GenCo is planning to construct resources with a combined capacity of 3,000 MW to serve a 2,400 MW of load, GenCo is expected to have excess available capacity on a regular basis, which could be substantial at times. Mr. Gorman stated that the use and disposition of this excess capacity is subject to Section 2(a) of the GenCo Settlement. However, Mr. Gorman expressed concern relating to the financial treatment of revenue derived from sales of excess resources in competitive markets. He said financial benefits derived from utility resources should generally flow to the entities with cost responsibility for the assets being utilized and not diverted to generate unregulated revenue for

utility affiliates. Mr. Gorman emphasized that Commission oversight remains important to ensure that the terms of the Customer Contract and PPA comply with the terms of the GenCo Settlement and preserve GenCo's focus on supporting NIPSCO's service to Amazon and not on pursuing unregulated profit in competitive markets.

Mr. Gorman also discussed the appropriate degree of regulatory scrutiny to apply if NIPSCO seeks to transfer its assets to either Amazon or GenCo. Mr. Gorman noted that NIPSCO plans to sell some land to Amazon for at least one of its data center locations and will also provide water supply and wastewater treatment using, at least in part, existing NIPSCO facilities. He also noted that NIPSCO has acted on GenCo's behalf in connection with securing certain resources. Mr. Gorman explained that in the case of asset transfers between NIPSCO and GenCo, Section A(2)(e) of the GenCo Settlement requires adherence to all Affiliate Guidelines and Commission approval in a docketed proceeding and such transfers are also subject to Ind. Code §§ 8-1-2-84 and -49. Mr. Gorman further explained that for any transfer from NIPSCO to GenCo, the GenCo Settlement also requires that NIPSCO recognize a reduction in any undepreciated plant balance or amortized asset balance and make appropriate adjustments to retail rates. He also noted the Commission has authority to review transfers of NIPSCO property to Amazon pursuant to its authority to review and approve special contracts. Mr. Gorman emphasized the importance of ensuring adequate protections for non-megaload customers are in place to ensure any such transactions of NIPSCO assets involve reasonable terms, given that such assets are obtained and maintained through revenues derived from retail rates. Mr. Gorman explained that in the case of transfers from NIPSCO to GenCo, such dealings are subject to special scrutiny because, in the context of affiliate dealings, the rigor of arm's-length negotiations may become relaxed as a regulated utility may have an interest in promoting favorable terms to the benefit of an unregulated or semi-regulated affiliate; thus, adherence to all Affiliate Guidelines is required.

Mr. Gorman also discussed the potential risks to NiSource, as the entity financing the NIPSCO and GenCo investments, particularly in the event of a GenCo default, which may require NiSource, as the corporate parent of both NIPSCO and GenCo, to take steps to secure the financial stability of the companies. Mr. Gorman stated that possible consequences could include tightening cash supplies as NiSource provides the equity and debt resources to support the companies as well as a potential credit downgrade. He testified that additional equity infusions into NIPSCO would further imbalance an already equity-rich capital structure and a credit downgrade at the parent level could affect NIPSCO's own credit rating. Either of these impacts, he explained, would typically result in a higher "return on" component of NIPSCO's revenue requirement. Mr. Gorman emphasized that the risk associated with essentially building the equivalent of a new system for a single customer, through the Customer Contract and the PPA, should be assigned entirely to the NiSource entities, not passed along to any ratepayer.

Mr. Gorman discussed the terms of the Affiliate Guidelines and noted several deficiencies in the provisions proposed by NIPSCO and GenCo. He stated the Affiliate Guidelines initially proposed by NIPSCO essentially impose the same basic rules on NIPSCO and GenCo that already apply between NIPSCO and other NiSource affiliates. Mr. Gorman testified that NIPSCO's role in submitting the Expedited Resource Addition Study ("ERAS") applications and eventually obtaining the two generation interconnection agreements ("GIAs"), on behalf of GenCo exemplifies the need for clearer controls addressing the interrelationship between NIPSCO and

GenCo. He expressed concern that NIPSCO submitted the applications before GenCo's operational construct had been approved by the Commission, and that NIPSCO aided its affiliate in moving forward in the MISO interconnection queue when other similarly situated entities may have been unable to take advantage of the ERAS process because they were not affiliated with NIPSCO. He further indicated that although GenCo will reimburse NIPSCO for costs related to the ERAS process, it is not clear that the assignment of the GIAs from NIPSCO to GenCo at cost is reasonable compensation for procuring valuable interconnection rights, nor that any transmission investment or other interconnection costs will ultimately be recovered from GenCo and not passed along to ratepayers.

Mr. Gorman also described similar concerns regarding NIPSCO's purchase of 600 MW of capacity, a portion of which was assigned from NIPSCO to GenCo at cost, without a showing that reimbursement at cost is a reasonable measure of the current market value of the capacity. He stated that NIPSCO has acknowledged that in traditional commercial negotiations, parties have competing economic interests that are balanced to achieve reasonable terms, but this safeguard is not present in dealings between NIPSCO and GenCo. Mr. Gorman testified that to address these risks, there needs to be a clear mandate to prioritize the needs of NIPSCO's customers over the interests of one of the affiliates.

Specifically, Mr. Gorman recommended that, in defined contexts, there should be some form of outside monitoring of certain transactions, including the negotiation phase. He recommended that material transactions between NIPSCO and GenCo be reduced to writing and filed for Commission review to ensure adequate regulatory oversight and the financial terms of any such transaction should be reasonably reflective of market value. Additionally, any transfer of NIPSCO property, assets, or resources, including valuable contractual rights, to GenCo, should be priced at the higher of actual cost or fair market value. Mr. Gorman also recommended that NIPSCO should not be permitted to act as agent, either express or implied, for GenCo in connection with the solicitation or procurement of any property, resource, or contractual rights, except by written agreement filed with the Commission for review pursuant to Ind. Code § 8-1-2-49 or, where required by the 46183 Settlement or Indiana law, submitted for Commission approval in a docketed proceeding.

Mr. Gorman proposed certain changes to the PPA provisions to ensure consistency with corresponding provisions in the Customer Contract such that NIPSCO's non-megaload customers are not unduly subject to costs associated with serving Amazon. For example, Mr. Gorman recommended that the termination provision in the PPA should be modified to explicitly include the Generation Interconnection costs incurred by NIPSCO, on behalf of GenCo, as Committed Cost and/or Incurred Costs. He also recommended that the PPA be revised to add an additional provision such that if Amazon disputes the accuracy of NIPSCO's bill, and defers or delays payment to NIPSCO, NIPSCO has the right to delay or defer payment to GenCo under the terms of the PPA period until the billing dispute is resolved, and the settlement payment is known.

Mr. Gorman proposed a number of additional ratepayer protections. He recommended that the Commission oversee GenCo's capitalization to ensure that GenCo is not financed with too much debt capital as a percentage of total capital. In addition, any obligation on the part of either NIPSCO or GenCo to operate the Contract Assets in a manner that optimizes their financial

performance or to minimize costs to Amazon, such as in regard to energy purchases and sales through MISO, should be clearly moderated so that those obligations are balanced against the needs of NIPSCO's other customers, and the interests of the market more generally. While Mr. Gorman acknowledged that MISO has protections in place to prevent such activities, in the interest of ensuring NIPSCO's retail ratepayers are adequately protected, he recommended the obligations of NIPSCO (to its retail customers) and GenCo (under the PPA) be moderated by a prudent utility standard. Mr. Gorman further recommended that GenCo participate in MISO resource adequacy protocols and prove that it has sufficient contract assets and/or firm capacity under contract to meet Amazon's peak demand plus a planning reserve margin.

Mr. Gorman expressed concern regarding the potential impacts on the transmission system, for both NIPSCO's electric and gas operations, stemming from the new load. Mr. Gorman explained that doubling the demand on NIPSCO's system, the result of serving Amazon under the Customer Contract, could strain the capacity of the transmission grid and lead to congestion on the NIPSCO system. He stated that while NIPSCO proposes to invest in transmission facilities, the currently planned work may or may not be reasonable and sufficient to address the grid impacts of the added load. Mr. Gorman proposed that, to determine whether NIPSCO's proposed transmission investment will adequately mitigate the risk of congestion and preserve reliability, NIPSCO should conduct an engineering study to assess the potential consequences of the incremental load on the transmission grid in and around NIPSCO's service territory. He also recommended that NIPSCO periodically update the engineering analysis with additional data as it becomes available during the ramp-up period.

Mr. Gorman further explained that there may be impacts to natural gas transmission facilities arising from the fuel supply needs for the gas-fired generation resources planned by GenCo. He recommended NIPSCO conduct an engineering study to determine whether and to what extent the planned gas supply arrangements for GenCo's generation resources will have an adverse effect on the availability and service characteristics of capacity on affected interstate pipelines or on the NIPSCO gas transmission system. Mr. Gorman stated that this analysis should similarly be updated as the generation assets go into service and operational experience is gained.

Regarding the allocation of the SSC, Mr. Gorman explained that under NIPSCO's proposal, the SSC would be allocated across the rate classes using a total revenue allocation though a class-specific SSC mechanism based on either a monthly customer charge, or demand charge, or fixture charge. He stated such allocation is not consistent with cost causation because it does not account for the fact that the Fixed Existing Charge collected from Amazon is stated as a \$/kWh charge with a stated Minimum Fixed Existing System Charge annual payment and thus, varies based on consumption. As such, Mr. Gorman stated that the corresponding SSC credits would reasonably also be allocated across rate classes based on consumption. While Mr. Gorman stated that a more accurate allocation would better reflect cost of service principles, he testified that, inasmuch as the revenue allocation coming out of the settlement in NIPSCO's last rate case reflects an agreed allocation among the parties as to each class's contribution to the system's operation, the use of those agreed revenues to allocate a benefit for the whole system is not unreasonable.

Mr. Gorman also sought clarification as to whether the calculation of Rate 631 class revenues for the SSC should include Tiers 2 and 3 charges. He stated that revenues associated with

the use of NIPSCO's transmission system should be accounted for in determining the relative customer class contributions to the utility's total revenue requirement for purposes of calculating the SSC. He also stated the proposed revenue allocation is not entirely consistent with cost-of-service principles due to the voltage of service for the new load being at transmission and, therefore, questioned whether distribution revenues should be included in the derivation of the revenue allocator.

C. Joint Petitioners' Rebuttal. Mr. Parisi observed that some of the parties desire further commitments to receive complete or absolute risk mitigation for NIPSCO and its customers—something Joint Petitioners never committed to, and the Commission did not require in the GenCo Order. He explained why the GenCo structure is the superior model for mitigating risks as compared to the traditional model.

With regard to the Customer Contract, Mr. Parisi stated that CAC witness Inskeep does not discuss the standard for approval of special contracts but instead created new standards that he claimed the Customer Contract does not satisfy. Mr. Parisi stated the appropriate standard is provided in Ind. Code § 8-1-2-24.

In response to Mr. Inskeep's testimony that Google and Amazon are paying the same transmission rate to I&M, Mr. Parisi testified that the entire structure of NIPSCO's service to megaload customers is fundamentally different than I&M's tariffed service and stated that the Commission recognized this in the GenCo Order. Mr. Parisi recommended that the Commission reject all four of CAC's suggested modifications to the Customer Contract, stating that the Commission should evaluate the Customer Contract that has been submitted for approval and determine whether it satisfies the Commission's standard for approval of special contracts.

In response to Industrial Group witness Gorman's requested clarifications in the PPA, Mr. Parisi stated that Joint Petitioners are willing to modify Section 5.11 of the PPA to add language addressing his concern regarding the MISO GIA process. Mr. Parisi also stated that Joint Petitioners agreed to new language in Section 8.6 that clarifies NIPSCO shall be relieved from making payment to GenCo in the event Amazon has disputed an invoice from NIPSCO and withheld payment. Mr. Parisi attached a revised, confidential PPA to his rebuttal testimony that incorporated the changes that addressed those concerns.

Mr. Parisi responded to Mr. Gorman's statements about potential risks if GenCo defaults, stating that the approved GenCo structure reasonably and appropriately mitigates those risks and reasonably insulates NIPSCO customers from those risks. Mr. Parisi testified that the Customer Contract virtually eliminated the risk of stranded assets. In response to the need for more regulatory oversight, Mr. Parisi stated that there are statutes conferring Commission jurisdiction, such as Ind. Code § 8-1-2-82, over which the Commission has not declined jurisdiction. Secondly, the GenCo Settlement limits some of GenCo's options to use assets other than to supply power to NIPSCO and further requires Commission approval for other options that might be chosen. Mr. Parisi said that the regulatory oversight desired by Mr. Gorman already exists.

Mr. Parisi stated that NIPSCO has no objection to the OUCC's request that the approval of the Customer Contract and PPA be conditioned on NIPSCO separating costs for service to

Amazon and that all such costs not be recovered from NIPSCO's other customers. Mr. Parisi confirmed that NIPSCO will separate costs for service to Amazon into a separate business segment and that all such costs will not be recovered from NIPSCO's other retail customers. He said that, in the spirit of compromise and to address the OUCC's concerns, NIPSCO will commit that the ultimate water service and wastewater contract will ensure that Amazon will pay all incremental capital costs and operation and maintenance expense necessary to provide the service. Further, NIPSCO will advocate for the inclusion of terms whereby Amazon indemnifies and holds NIPSCO harmless from environmental liabilities attributable to Amazon's discharge. Further, NIPSCO will commit to filing the water and wastewater services agreement, once executed, as a compliance filing in this Cause, subject to appropriate confidentiality protections, so that the Commission and all stakeholders will have access to it.

Regarding Affiliate Guidelines, Mr. Parisi testified that Industrial Group witness Gorman's recommendation regarding Material Transactions is ambiguous, however Joint Petitioners will commit to utilizing separate commercial representatives and legal counsel for PPAs, any asset sale between NIPSCO and GenCo, and similar transactions. Joint Petitioners will also identify to the Commission who those representatives are when any such transaction is presented for Commission review or approval. Mr. Parisi also testified that Joint Petitioners can commit that for future generation resources that are reasonably expected to be constructed and operated by GenCo, GenCo will submit the applicable findings to MISO and/or the Federal Energy Regulatory Commission and will not have NIPSCO submit such findings.

Mr. Parisi testified that Joint Petitioners generally have no objection to the OUCC's recommendations regarding compliance filings, noting that two items are already required in annual reports under the GenCo Settlement. Mr. Parisi stated that for GenCo-specific items, Joint Petitioners are willing to provide this information to the OUCC and intervenors in quarterly FAC filings, with the understanding that GenCo will do so to the extent it is already available and as it is ordinarily kept in its business records, subject to appropriate confidentiality protections. Regarding CAC's recommendations, Mr. Parisi stated that Mr. Inskeep's items (1) and (2) were already planned to be implemented by Joint Petitioners, and Joint Petitioners are willing to provide (3) and (4) within 30 days of receiving notice. However, Mr. Parisi stated items (5), (6), and (7) should not require a filing because they are more typical business arrangements between commercial counterparts that are not related to material modifications to the Customer Contract. Regarding item (8), Mr. Parisi said that NIPSCO does not believe quarterly filings are required, as any change in the capacity of resources to service Amazon already requires Commission approval. Lastly, Mr. Parisi said that Joint Petitioners are willing to make compliance filings for items (9) and (10) once they are finalized.

With regard to Mr. Inskeep's remaining concerns, Mr. Parisi testified that CAC's request that all components of the electric bill be shown as separate line items is likely to create confusion and is more appropriate for rulemaking that would apply to all electric utilities. Mr. Parisi also addressed CAC's concerns about future MISO charges. In response to Mr. Inskeep's recommendation that the Commission direct NIPSCO to prevent Amazon from using any backup diesel generators at its data center locations as a tool for providing demand response, Mr. Parisi stated that the Commission does not have jurisdiction over Amazon to mandate what kind of technology it must or must not use for back up generation. Mr. Parisi also agreed that GenCo did

not seek or obtain declination of Ind. Code § 8-1-2-84, and therefore any sale of a generation asset by GenCo would be subject to Commission approval.

Mr. Stanley agreed with the Industrial Group that NIPSCO should conduct an engineering study to assess the potential consequences of the incremental load on the transmission grid in and around NIPSCO's service territory, stating that NIPSCO conducts engineering analyses through the normal course of its transmission planning function, and it intends to continue to do so. In response to Mr. Gorman's recommendation that NIPSCO should periodically update the engineering analysis during the ramp-up period, Mr. Stanley testified NIPSCO incorporates expected changes in load in its transmission planning functions and will continue to do so.

In response to Mr. Gorman's recommendation that NIPSCO should conduct an engineering study concerning the effects of the planned gas supply arrangements for the Contract Assets, Mr. Stanley pointed out that additions of large electric customers can always have an impact on NIPSCO's electric and gas systems—whether that be an expansion of an existing steel mill or refinery, construction of a new battery manufacturing facility, or the addition of a data center customer. He explained that whether it is NIPSCO, GenCo, or a third-party developer that is constructing a gas-fired generator to be used by NIPSCO to serve new electric load, there are potential impacts on NIPSCO's gas system and potential impacts to upstream supply from transmission pipelines that can occur. Thus, GenCo being the developer and operator of the proposed combined cycle gas turbines is not meaningful in this analysis—it is the size of the proposed electric load addition and overall energy and capacity needs of Amazon that is the driver.

Mr. Stanley stated that when it comes to new gas load additions, like NIPSCO's electric transmission function, NIPSCO's gas utility also engages in regular transmission and interstate pipeline planning to ensure sufficient gas supply to customers. He testified that NIPSCO intends to support the gas usage from the Contract Assets in a similar manner to how it supports existing and new customers and will study the Contract Assets' gas usage and identify any system impacts; then, to the extent those impacts require upgrades, the relevant costs will be charged or allocated to GenCo. He stated that NIPSCO's robust gas system has multiple interconnection points with seven interstate pipelines, so diversity of supply is an uncommon advantage. Mr. Stanley noted that NIPSCO is accustomed to managing its Sugar Creek Generating Station supply, as well as legacy peaker units at Schahfer. He stated NIPSCO employs a request for proposals process to support firm delivery of gas needed to operate its gas units and that NIPSCO's fuel strategy for the Contract Assets will maintain an eye towards economics and ensure reliable sources of fuel supply to serve customers.

In response to Mr. Gorman's concerns about NIPSCO's MISO ERAS application, Mr. Stanley testified that because the MISO ERAS applications needed to be submitted on August 6, 2025 and GenCo's formation as an energy and electric utility had not been yet approved by the Commission, NIPSCO submitted and MISO accepted two ERAS applications for the Contract Assets. He testified NIPSCO's action was appropriate because it is NIPSCO that has the duty to prudently plan for load growth by its existing customers and expected load additions. He stated that had NIPSCO not timely submitted the ERAS application, the ERAS queue spots would have been filled. He explained that following execution and approval of the GIAs, NIPSCO will assign

the GIAs to GenCo, noting that the PPA requires GenCo to reimburse NIPSCO for any costs incurred related to the ERAS process.

In response to Mr. Gorman's concerns about NIPSCO's 600 MW capacity confirmation and assignment of capacity to GenCo, Mr. Stanley explained that NIPSCO entered into a capacity confirmation with a third-party thermal generator for 600 MW of capacity for MISO Planning Year 2027-28. He explained that at the time the confirmation had to be executed, GenCo had not been approved by the Commission as a utility and was not able to register as a MISO Market Participant, and the counterparty was only willing to enter into a transaction with an entity registered as a MISO Market Participant. He stated a decision had to be made by March 11, 2025, because if NIPSCO had not executed the confirmation by that date, the owner of the capacity was required to offer it into the PJM capacity auction—meaning the entirety of the purchase would not have been available to NIPSCO (or GenCo) to meet its resource adequacy needs. Therefore, NIPSCO executed the capacity confirmation and subsequently assigned a portion of the secured capacity to GenCo. He stated that while Mr. Gorman testified that the context of this assignment is concerning, the fact is that with or without GenCo or expected data center load, NIPSCO needed to execute confirmation for all 600 MW based on NIPSCO's base customer (non-data center) need in that planning year. He testified NIPSCO was also prudently planning for expected data center customer load in the event GenCo was not approved. He testified that approval of GenCo and execution of the Customer Contract has allowed recovery of a portion of capacity confirmation cost from Amazon, when these costs would have been recovered through NIPSCO's Resource Adequacy tracker from NIPSCO's non-data center customers, which is millions of dollars of savings for NIPSCO's other retail customers.

Mr. Stanley testified to NIPSCO's obligation to provide safe, reliable utility service at just and reasonable rates, which applies to all customers. He stated that in meeting that obligation, NIPSCO must regularly balance the needs of all customers, and it will continue to manage that balance as it serves Amazon's load through the GenCo PPA.

Mr. Stanley testified that NIPSCO has robust planning processes in place that are designed to address the reliability, resiliency, and stability of NIPSCO's system. He said NIPSCO is in compliance with Ind. Code § 8-1-8.5-13 and has sufficient capacity in place such that it will not acquire more than 15% of its total summer and fall unforced capacity from the MISO Planning Resource Auction through 2030. Further, as a MISO Market Participant, NIPSCO works closely with MISO to meet its obligations in terms of reliability, resiliency, and stability on both NIPSCO's system and the broader MISO system that NIPSCO participates in. As such, he said, CAC's recommended stakeholder process is not necessary and should not be mandated.

Mr. Stanley testified that Mr. Inskeep's recommendation to modify the Customer Contract to incorporate substantial renewable energy generation into the resource mix is problematic for several reasons. First, Joint Petitioners' request in this Cause meets the standard for customer specific contracts and Joint Petitioners' filing is not an invitation to modify the Customer Contract terms. Second, Mr. Inskeep's recommendation is not feasible because replacing the Contract Assets with renewable resources would require constructing or purchasing 7,464 MW of wind, solar, and battery energy storage system ("BESS") resources based on MISO accreditation factors. He said from a land acquisition perspective alone, this is highly impractical and likely to

result in delay in meeting Amazon's expected load ramp and would almost certainly increase the cost to serve Amazon. Third, Mr. Inskip's recommendation does not consider the need for dispatchable generation within the MISO footprint for grid reliability. He stated that relative to inverter-based (*e.g.*, renewable) resources, gas resources have a significant relative advantage in providing: (1) long duration energy at high output; (2) voltage stability; (3) ramp up capability; (4) rapid start-up; and (5) black start capability.

In response to Mr. Gorman's request for clarification that the calculation of Rate 631 class revenues for the SSC should include Tiers 2 and 3 charges, Mr. Taylor testified that while only Tier 1 contract demand revenues for production are included, all transmission revenues (Tiers 1, 2, and 3) are also included in the Rate 631 class revenues. While he disagreed with some of Mr. Gorman's statements, Mr. Taylor said that, ultimately, with the clarification regarding the Rate 631 Tier 2 and 3 transmission revenues, it appears there is alignment with the allocation method. Mr. Taylor noted that if distribution revenues were removed from the allocator, the results would increase the amount of the SSC credited to the Industrial Group customers and reduce the amount credited to residential and small commercial customers.

Mr. Taylor disagreed with CAC's desire to push additional savings to residential customers, stating that while NIPSCO considered a 50% pass back, NIPSCO decided the allocation of the SSC should be rooted in cost-of-service principles and constructed to reasonably reflect the sharing of system costs that would occur if the new large load customer was included in the retail jurisdictional cost of service. He noted that allocation of costs and/or benefits is a highly contentious issue and that NIPSCO's proposal to allocate the costs using total revenues strikes a fair balance that is not opposed by the OUCC.

Regarding CAC's recommendation to increase the SSC and comparison to I&M's tariff, Mr. Taylor testified that such a comparison is fundamentally flawed because it ignores the distinct risk profiles of the two structures. He stated that I&M's approach integrating new large load into the existing retail cost-of-service exposes existing customers to significant risk associated with the generation and transmission investments required to serve that load. He testified that NIPSCO's proposal reasonably insulates its other retail customers from risks associated with an estimated \$7 billion investment. He explained that under NIPSCO's structure, shareholders—not customers—bear the risk and that NIPSCO is also reimbursing its other retail customers for the use of the shared system with an estimated \$1 billion over the contract term. He testified that with the protections provided by the GenCo structure, the Customer Contract as a whole, including the way it reimburses NIPSCO's other retail customers for use of NIPSCO's system, is just and reasonable and in the public interest and should be approved.

Finally, Mr. Taylor stated that while NIPSCO appreciates and shares the desire to credit customers in a timely manner, given the magnitude of the credits, should material deviations from the forecast occur, the credit reconciliations could experience large swings and even potentially cause the credit to become a charge in extreme circumstances if a large reconciliation were required. He testified that rather than introducing uncertainty and potential volatility, the modest initial lag of six to nine months before the first credit is provided to customers is reasonable.

D. Cross-Answering Testimony. Mr. Holifield testified regarding LaPorte's work to ensure: (1) the GenCo structure provides appropriate guardrails to buffer and insulate NIPSCO's existing customers from the energy costs needed to serve data centers; (2) the benefits of data centers that utilize existing NIPSCO transmission and distribution systems are reasonably shared with the existing customers that paid for such systems; and (3) the Kingsbury Industrial Park remains a prime destination for NIPSCO's planned generation to serve either Amazon or other data center developers and to protect existing residential and agriculturally zoned areas from data center development.

6. Settlement.

A. Settling Parties' Testimony. Mr. Parisi provided an overview of the Settlement, which resolves all disputes, claims, and issues that are directly relevant to Joint Petitioners' requested relief. Mr. Parisi testified that while CAC was the only party to oppose the Settlement, its concerns were recognized throughout the Settlement process, and Joint Petitioners tried to address some of those concerns in the Settlement.

Mr. Parisi explained that Settlement Section A.1. provides that the Settling Parties do not object to the Special Contract and PPA being approved: (1) subject to two confirmations/clarifications related to: (a) billing disputes, and (b) recoverability of ERAS-related costs; and (2) with the agreement that NIPSCO may not recover from NIPSCO's other retail customers any liability amount to which NIPSCO agrees under the Special Contract and/or the PPA. The Settlement clarifies that NIPSCO's retail electric customers, excluding special contract customers, are referred to as "other retail customers."

Mr. Parisi stated that Section A.2. provides that NIPSCO's other retail customers will not be financially responsible for NIPSCO's and/or GenCo's financial responsibilities under or as a result of the Customer Contract or PPA, or the related investments, expenses, and costs. It also provides that all revenues recovered through the Existing System Charge for the Customer Contract will be passed back to NIPSCO's other retail customers under the proposed SSC mechanism, including the allocation methodology and the clarification regarding revenues from Tiers 2 and 3 of Rate 631 discussed in Joint Petitioners' witness Taylors' rebuttal testimony. He stated this section clarifies that NIPSCO's other retail customers will not be financially responsible for any contract damages in excess of the applicable damages caps that NIPSCO and/or GenCo would be responsible for under the Customer Contract and/or PPA. It also clarifies that to the extent GenCo's construction and operation of any facility at any currently- or future-owned NIPSCO location increases NIPSCO's costs or expenses for its other retail customers, NIPSCO's other retail customers will not be financially responsible for such increases. An example includes the carbon monoxide oxidation catalysts required on the NIPSCO Schahfer Peaker Project and any associated operations and maintenance expense. He said these are costs that would not have been incurred if GenCo were not building gas-fired generation at the Schahfer Generating Station, and for this reason, Joint Petitioners have confirmed that GenCo, not NIPSCO or its other retail customers, will bear this cost.

Mr. Parisi described the changes to the Customer Fund presented in Section A.3. of the Settlement. He stated the Customer Fund will still be 100% shareholder funded at the level noted

in his direct testimony, but the Settlement clarifies how the Customer Fund will be used. He said that instead of using 100% for the benefit of NIPSCO's customers in the counties where GenCo's generation and/or Amazon's data center facilities are located, the Settling Parties agree that 50% will be utilized for this purpose, and 50% will be combined with the Existing System Charge and passed back to NIPSCO's other retail customers under the proposed SSC.

Mr. Parisi testified that Section A.4. of the Settlement addresses the review period of any future special contracts and PPAs that are compliant with the terms of the Settlement and provides for certain pre-filing meeting commitments to facilitate the agreed upon review periods. The Settling Parties agree to support a procedural schedule to facilitate an order being issued within 120 days after the filing of a petition and testimony, or within 90 days on an expedited basis. This section also provides for pre-filing meetings to be held 15 days in advance of the submission of the case-in-chief in such proceedings. Mr. Parisi explained this was an important term to Joint Petitioners because it will provide some certainty on the timeline for reviewing future special contracts and associated PPAs, which furthers Joint Petitioners' and many megaload customers' goal of speed-to-market.

Mr. Parisi explained that Section A.5. sets forth the agreement that the proposed ARPs for NIPSCO and GenCo will be approved as requested in Joint Petitioners' case-in-chief, except for the request related to a potential water and wastewater services agreement. Regarding the potential water and wastewater services agreement, Mr. Parisi said that it will be addressed in a future proceeding, assuming such an agreement is ever executed. He said NIPSCO also agreed to include certain terms in the agreement and will present such agreement in a filing with the Commission. The other Settling Parties retain the right to take any position with respect to the arguments Joint Petitioners present.

Mr. Parisi testified that Section A.6. clarifies that the Affiliate Guidelines will not be retroactively applied to actions taken before the GenCo Settlement. It also clarifies how the costs of the capacity transaction and all NIPSCO-incurred costs related to the ERAS application will be treated. Mr. Parisi stated this section also clarifies how NIPSCO and GenCo will interact on a going forward basis, including during any Material Transaction between NIPSCO and GenCo (defined as PPAs, any asset sale or transfer, transmission or interconnection agreements, transactions affecting the reliability or price for NIPSCO service to another retail customer, and similar transactions). Mr. Parisi said NIPSCO and GenCo will have separate commercial and legal representation, subject to certain specified terms.

Mr. Parisi said that in Section A.7., NIPSCO has made certain commitments concerning studies to identify potential material impacts on its electric transmission or gas transmission systems as a result of service to megaload customers. NIPSCO has committed to file the results of such studies as a compliance filing, subject to a 60-day review period. Joint Petitioners also commit to meeting with any Settling Party, on reasonable request, during the review period to discuss the results and proposed mitigation measures. Mr. Parisi said this term will allow applicable gas and electric transmission studies to be presented to the Commission for review and provide the opportunity for Settling Parties to express any potential concerns they may have. He also stated that NIPSCO commits: (1) to implement necessary upgrades on the system that are identified in such studies, and (2) that all such costs (for the studies and the upgrades) shall be

borne solely by GenCo or Amazon; provided, however, that to the extent there are demonstrated benefits to NIPSCO's other retail customers, NIPSCO may propose some level of cost allocation to NIPSCO's other customers in a docketed proceeding.

Mr. Parisi described the terms set forth in Section A.8, which further clarifies actions to be taken with respect to any generation resource developed or held by GenCo to support commitments under the PPA which is not, or is no longer, needed to support NIPSCO's provision of services under the Customer Contract. He said this section reaffirms that Joint Petitioners shall act consistently with the representations and commitments they have made in this Cause and in Cause No. 46183 to reasonably protect the interests of NIPSCO's other retail customers and for GenCo not to become an independent power producer or leverage GenCo generation assets for long-term participation in the wholesale power markets. Mr. Parisi testified that this term reaffirms the provisions of the GenCo Settlement, which are in no respect superseded or vacated by any provision in the Settlement. It also clarifies that Joint Petitioners shall be permitted to fully comply with the terms of the Customer Contract and PPA, including, but not limited to, the contract provisions related to mitigation.

Mr. Parisi stated that Section A.9 of the Settlement calls for additional reporting, including: (1) information regarding data center locations and energization; (2) information regarding any material default by GenCo under the PPA; (3) the addition of information regarding actual and forecasted demand to the annual informational filing under Cause No. 46183 on a backward-looking basis; (4) the addition of information to the House Enrolled Act 1520 Reports on a forward-looking basis; (5) the addition of certain information about GenCo to NIPSCO's quarterly FAC filings; (6) notices of termination, termination payments, and avoidance plans; and (7) reporting on future sales or leases to Amazon. Mr. Parisi stated that taken together with the compliance filing requirements from the GenCo Settlement, this provision is intended to ensure that the Commission and stakeholders are kept apprised of NIPSCO and GenCo activities related to megaload customers.

OUCG witness Armstrong highlighted the agreed provisions that addressed the OUCG's concerns, particularly those that are beneficial and/or protective of NIPSCO's non-megaload retail customers. She testified that these provisions include crucial commitments from Joint Petitioners that NIPSCO's other customers will not be responsible for costs associated with the Customer Contract and PPA.

Ms. Armstrong said the Settlement, specifically Section A.1.(a), contains specific provisions designed to protect NIPSCO's other customers from potential liabilities associated with the Customer Contract and PPA. She explained that the new Section 8.6 added to the PPA prevents NIPSCO from experiencing a situation where it must continue to pay GenCo for the contracted PPA amounts even if NIPSCO is not receiving the revenue from Amazon necessary to pay GenCo. She said without this provision, NIPSCO could become financially vulnerable should Amazon withhold payments during billing disputes. She said this vulnerability could prompt poorer service to NIPSCO's other customers if NIPSCO does not have sufficient funds to operate and maintain its system, and thus, Section 8.6 was added to help preclude this effect.

Ms. Armstrong testified that the Settlement contains additional provisions to insulate NIPSCO's other ratepayers from the costs and/or impact of serving Amazon under the Customer Contract. She explained that the Settlement specifies that, to the extent GenCo's construction and operation of any facility at any currently- or future-owned NIPSCO location increases NIPSCO's costs or expenses for its other retail customers, NIPSCO's other retail customers will not be financially responsible for such increases. As an example, she said if GenCo's additional natural gas combined cycle units at Schahfer cause the entire Schahfer facility to be a major source of hazardous air pollutants and the combustion turbines associated with NIPSCO's Schahfer Peaker Project become subject to environmental regulations requiring carbon monoxide catalysts to be installed, under the Settlement, NIPSCO's other retail customers will not be financially responsible for the additional costs NIPSCO incurs to install and operate those catalysts. Additionally, if a similar situation arises over the course of the Customer Contract due to GenCo constructing or operating a facility that causes NIPSCO to incur additional costs to serve its other retail customers, NIPSCO may not directly recover these additional costs from its other customers.

Ms. Armstrong testified that although the OUCC had initially recommended that 100% of the Customer Fund be passed back to NIPSCO's other customers, the Settlement provides that 50% of the Customer Fund will be used to benefit NIPSCO customers in the counties where GenCo's generation and/or Amazon's data center facilities are located and the remaining 50% will be combined with the Existing System Charge and passed back to NIPSCO's non-megaload retail customers through the SSC. She said the OUCC believes this is a reasonable compromise and will ensure all NIPSCO's other customers fairly receive the Customer Fund's benefits, including those customers impacted by megaload customer facilities and the new generation supporting those facilities.

Ms. Armstrong stated that addressing potential water and wastewater services to Amazon in a future proceeding is consistent with the OUCC's direct testimony that recommended this portion of the ARP be decided later once the water service agreement is finalized so its terms can be reviewed. She said NIPSCO agreed that any water/wastewater service agreement will expressly recognize that NIPSCO's other retail customers have no financial responsibility for liabilities that may arise from NIPSCO's provision of water and/or wastewater related services to Amazon and will be reimbursed for the use of any NIPSCO infrastructure already funded by ratepayers. She also noted that NIPSCO agreed to establish a separate business segment for all activities and costs related to the Customer Contract, including all costs incurred in providing service to Amazon. Additionally, the costs of this new business segment will not be recoverable from any other NIPSCO retail customers.

Industrial Group witness Gorman provided examples of how the Settlement addresses concerns raised in his direct testimony. He said NIPSCO and GenCo have agreed to clarify and document commitments that help ensure non-megaload retail customers are not exposed to cost risk due to Joint Petitioners' operations. He said such commitments have been at the core of the GenCo model and it is to the benefit of the public that these commitments continue to be subject to scrutiny and improvement.

Mr. Gorman testified that the Settlement reflects Joint Petitioners' commitment, made on rebuttal, to revise the terms of the PPA to relieve NIPSCO of an obligation to pay any amounts due under the PPA if Amazon disputes a portion of NIPSCO's bill. He said this helps shield other ratepayers from potentially significant payment obligations that NIPSCO may otherwise owe to GenCo. Mr. Gorman explained that the Settlement further delineates cost responsibility by ensuring that NIPSCO's non-megaload retail ratepayers will not be responsible for costs incurred by GenCo under the PPA. He said this commitment is consistent with the record and the GenCo Settlement, though with greater specificity in light of the specific and unique circumstances associated with the Customer Contract. He testified that the term is a valuable supplement to the basic principle that ratepayers are not to be responsible for the costs of GenCo's operations.

Mr. Gorman stated that the Settlement also addresses his concern with the use of stranded assets. He said the Settlement preserves the allowable uses of generation assets reflected in the GenCo Settlement while confirming that GenCo will not utilize the assets as an independent power producer or otherwise leverage its generation portfolio for long-term participation in wholesale markets. Mr. Gorman stated these provisions protect NIPSCO's other retail customers from potential consequences and provide an important shield for the competitive market.

Mr. Gorman explained that he expressed concern with the nature of negotiations between NIPSCO and Genco, which lack competing interests typically present in commercial negotiations and are essential to ensuring reasonable terms. He noted that he offered a number of proposed provisions to improve the Affiliate Guidelines submitted in this case, and the Settlement incorporates some of those provisions into the Affiliate Guidelines. For example, for Material Transactions, the Settlement requires separate legal representation and a cooling-off period before a participant may switch between the two entities, preserving the competitive dynamic of the process.

B. CAC Settlement Opposition. Mr. Inskeep testified that the Settlement does not adequately reflect a balancing of interests, fails to demonstrate consistency with the public interest, and is unsupported by substantial evidence in key areas. He said the Settlement fails to respond to CAC's critical concerns, including a failure to demonstrate consistency with the Five Pillars and the rates and terms for Amazon would be unjust and unreasonable. He further explained why he believes the Customer Contract is not in the public interest, and recommended that the Commission modify or, if necessary, deny the Settlement and the Customer Contract.

Mr. Inskeep argued that the Commission has authority to alter a special contract. He recommended that the Commission require Amazon to pay costs for the existing system that would be refunded to NIPSCO ratepayers in an amount equivalent to Rate 631's current Transmission Charge. Without applying any escalation to account for likely future price increases, he testified this methodology would generate roughly \$3 billion to \$3.5 billion in credits passed back to ratepayers, assuming Amazon data center load factors are in the range of 80-95%. Mr. Inskeep also questioned whether the Customer Contract properly covered future capital expenditures on the shared system related to Amazon. He also recommended that the Customer Contract be modified to provide for a more balanced portfolio of generation resources that appropriately accounts for environmental sustainability, including by incorporating substantial renewable energy generation into the resource mix. He recommended that NIPSCO disallow the

use of emergency backup diesel generators in NIPSCO-enabled demand response offerings with Amazon. He also recommended that if NIPSCO and Amazon extend the Customer Contract beyond the 15-year term, such an extension must be approved by the Commission, with consideration of whether any terms and conditions of the Customer Contract, PPA, or ARP should be modified.

Mr. Inskeep expressed concerns with the Settlement term related to the Customer Fund. He testified that, because NIPSCO's residential customers are experiencing an affordability crisis, with a customer using 1,000 kWh monthly experiencing a 49% bill increase over the last two years, diverting half of the Customer Fund to the uncertain SSC mechanism is disappointing. He stated that the \$7.5 million to be provided to NIPSCO's customers through the Customer Fund under the Settlement is de minimis compared to the approximately \$1 billion in credits already provided under the SSC, testifying that this will provide a negligible benefit to all NIPSCO customers rather than using the funding in a thoughtful, targeted manner to provide meaningful benefits specifically to those customers experiencing the most significant affordability challenges. Mr. Inskeep recommended the Commission find that the Settlement's resolution of the Customer Fund passing back 50% via the SSC mechanism is not in the public interest. He further recommended the Commission modify the Settlement to direct the Joint Petitioners to use this portion of the Customer Fund to provide enhanced funding for additional energy efficiency and weatherization of low-income housing in NIPSCO's electric service territory, including unrestricted funding to address health and safety weatherization deferrals.

Mr. Inskeep opposed Section A.4. of the Settlement, stating that it is not a reasonable resolution of issues or supported by the evidence. He expressed concern that this provision of the Settlement could be applied to a potentially large number of contracts for thousands of MW of contract capacity, creating very large impacts extending many years into the future. He stated this term would establish accelerated and hyper-accelerated procedural schedules that negatively impact the parties' ability to develop a robust evidentiary record and are highly prejudicial towards the due process rights of intervenors, like CAC, in future special contract cases that meet the eligibility qualifications, which he said were ambiguous.

Mr. Inskeep also asserted that there is no statutory basis to prejudge the appropriate timeframe for the Commission to decide special contract cases in the future. He argued the Settlement is attempting to replace the legislative branch's decision not to confine special contract proceedings' procedural schedules to 120- or 90-day periods. He urged the Commission to decline to make such a policy decision here. Mr. Inskeep testified that each special contract case is unique, and approval of the Settlement in this proceeding does not mean the same terms are reasonable for another large load customer with different circumstances. Therefore, he recommended that the Commission modify the Settlement to remove this term.

Mr. Inskeep recommended enhancing transparency on customer bills by showing, on separate line items, the applicable billing factor and associated bill amount for each tracker mechanism in effect at the time of billing, rather than only showing the SSC mechanism. He said in his experience, ratepayers benefit from having more information about their utility bill charges and it helps clarify and inform, rather than add confusion. As to the SSC allocation, Mr. Inskeep testified that it is just and reasonable and in the public interest to pass back at least 50% of the

SSC to the residential class given the residential affordability crisis and the negative externalities experienced by residential customers associated with the data centers' construction and operations (e.g., noise, traffic, pollution, etc.).

Mr. Inskeep testified that he appreciates NIPSCO's commitment to perform studies on potential impacts to its electric and gas transmission systems and to allocate the costs, at least in most cases, to GenCo or Amazon. However, he expressed concern with the lack of specifics related to the studies and stated that this Settlement provision does not adequately address CAC's concerns about the Customer Contract's potential impact on reliability, stability, and resiliency.

Mr. Inskeep testified the Settlement provision regarding potential cost allocation to NIPSCO's existing customers for transmission upgrades necessitated by large load customers is concerning. Regardless of any purported benefits to other customers, he said the cost of transmission projects that are initiated or accelerated because of a large load customer should be borne by that customer to protect existing customers from shouldering potentially significant additional costs that otherwise would not have been incurred but for the addition of the large load customer. He discussed the Ratepayer Protection Pledge, President Trump's Proclamation, and Governor Braun's commitment to Hoosier ratepayers and said the Settlement provides for significantly less protection to existing NIPSCO ratepayers than elected officials and Amazon have otherwise committed. He recommended the Commission modify the Settlement to prohibit NIPSCO from recovering the costs of any transmission upgrades, including network upgrades, associated with Amazon data centers under the Customer Contract to protect ratepayer affordability, consistent with the public interest.

Mr. Inskeep explained why the Five Pillars apply to the Commission's review of the requested relief. He concluded that the uncontested record evidence demonstrates that the Customer Contract does not adequately consider the Five Pillars. He said the Settlement terms do not rectify that deficiency and, therefore, the Commission must modify or reject the Settlement to ensure that the Five Pillars are considered.

C. Settling Parties' Reply. Joint Petitioners' witness Parisi disagreed with CAC's recommendation that the Commission should not approve the Settlement. He stated that Mr. Inskeep continues to ignore the reality that NIPSCO's service to megaload customers is fundamentally different from I&M's tariffed service. He stated that the GenCo structure will necessarily result in megaload customers paying different rates than other customers; when megaload customers pay normal tariffed rates, the costs and risks of serving those customers are not separated from other customers. He said the Customer Contract is structured to separate the associated costs and risks of serving megaload customers for the benefit of NIPSCO's other retail customers.

Mr. Parisi responded to CAC's arguments concerning the Commission's ability to modify the Customer Contract, disagreeing with Mr. Inskeep's interpretation of the statute. Mr. Parisi stated the statute is clear about the Commission's powers and noted that Mr. Inskeep did not cite to any occasion when the Commission has ever changed the language in a customer specific contract or a court has held that the statute empowers the Commission to do so.

Regarding CAC's concerns that the capital expenditures on the shared system related to Amazon may not be properly recovered by the SSC, Mr. Parisi testified that the SSCs are anchored in reasonable types of charges customers may be allocated today and that NIPSCO ensured the representative charges will not decrease as they would for other customers after a base rate case. With the other costs Amazon is paying pursuant to the Customer Contract, he said the SSC assures that Amazon will be paying more than the anticipated incremental costs attributable to Amazon.

Further, Mr. Parisi noted that any impacts to the system will be identified as the NIPSCO and MISO studies are conducted. He said, should an actual concern be identified in a study that is presented to the Commission, CAC and other stakeholders will have the opportunity to present their concerns at that time. Mr. Parisi testified that under Section 7(a) of the Settlement, the default position is that 100% of the electric and transmission upgrades are being paid for by GenCo or Amazon, which reasonably protects existing customers. If there were to be a situation where NIPSCO proposes to allocate any costs to existing customers, it must be done in a docketed proceeding where NIPSCO must demonstrate the benefits to customers.

Responding to Mr. Inskeep's concerns about Section A.4. of the Settlement, Mr. Parisi clarified that the Settling Parties only agreed to support a 120-day or in some cases a 90-day procedural schedule under defined conditions in Settlement Section A.4.(a), including pre-filing meeting commitments with all participating parties by Joint Petitioners. He explained this term does not prevent CAC from proposing another schedule. Mr. Parisi emphasized that megaload customers have repeatedly expressed necessity for speed to market and this term is meant to acknowledge this reality and that Indiana is competing with other states for these types of projects. Mr. Parisi noted that, ultimately, the Commission will approve a reasonable procedural schedule.

In response to the Ratepayer Protection Pledge cited by Mr. Inskeep, Mr. Parisi asserted that the entire GenCo structure, the Customer Contract, the PPA, and the Settlement are consistent with the Ratepayer Protection Pledge. He stated the GenCo structure allows NIPSCO to separate the direct, incremental costs to serve Amazon from existing customers, and the Customer Contract is designed to ensure Amazon pays all those incremental costs, while contributing to the shared system with material benefits.

Mr. Taylor explained why CAC's \$3 billion dollar estimate is an apples-to-oranges comparison and internally inconsistent with CAC's position. He said CAC's \$3 billion estimate is derived by applying embedded transmission rates, such as Rate 631, to the customer's load. He said that approach reflects a system-wide cost allocation and not the cost of serving this customer because it assigns historical system costs to a new customer that did not cause those costs to be incurred. Mr. Taylor said CAC's \$3 billion estimate applies an embedded cost allocation to the customer's load without first incorporating and fully accounting for the approximately \$7 billion of incremental investment required to serve that load. He stated that if CAC's approach were applied consistently, the incremental facilities and associated costs would need to be included in the allocation framework, which would materially change the outcome. It would also expose customers to the full costs and risks of those incremental investments, which is what the GenCo structure is designed to avoid and what the Settlement would implement.

Regarding CAC's recommendation that at least 50% of the SSC be allocated to residential customers, Mr. Taylor testified that CAC's position is not supported by a cost-based allocation methodology. He testified that the Settlement's allocation of the SSC, which is in alignment with Joint Petitioners' initial proposal, is to allocate the SSC revenue based on the Total Revenue amounts set out in Petitioner's Exhibit 16-S-A approved in NIPSCO's most recent electric rate case. He opined that this proposed allocation represents a reasonable middle ground among competing perspectives. He said it is grounded in cost-of-service principles, consistent with existing rate structures, aligned with specific outcomes of NIPSCO's electric rate cases, and results in a fair and meaningful distribution of benefits across all customer classes.

OUCG witness Armstrong testified that the Settlement reflects a balancing of interests among NIPSCO's non-megaload retail rate classes and between Amazon and NIPSCO's non-megaload customers. She said, first, the SSC is allocated among all NIPSCO's customer classes based on the total revenue amounts approved in NIPSCO's most recent electric rate case, Cause No. 46120. Second, the Settlement balances the interests of NIPSCO's non-megaload retail customers and Amazon by ensuring the costs NIPSCO incurs to provide service to Amazon are not allocated to, or recovered from, other customers.

Responding to Mr. Inskeep's concerns about the Settlement treatment of the Customer Fund, Ms. Armstrong testified the OUCG supports using 50% of the Customer Fund for the benefit of all NIPSCO's non-megaload retail customers by returning this amount in the same manner as the SSC. She said that, as agreed, NIPSCO's non-megaload customers will receive the associated benefits in the same proportion of the costs they pay for use of NIPSCO's system. She also noted that House Enrolled Act 1002, which allows for the creation of low-income customer assistance programs, may address CAC's concerns.

Ms. Armstrong testified that the Settlement is in the public interest because it protects NIPSCO's non-megaload retail customers by ensuring NIPSCO's costs directly associated with serving Amazon are not recoverable from NIPSCO's non-megaload ratepayers and, thereby, balances the interests of all ratepayers.

7. Response to Commission Docket Entry. In response to the Presiding Officers' inquiry as to whether the Settling Parties' agreement concerning Joint Petitioners' requested relief supports Indiana's Five Pillars, the Settling Parties stated that the Settlement and associated relief are consistent with the Five Pillars. Specifically, they stated the Settlement supports affordability by the overall GenCo structure and creation of a separate business segment (Section A.5.(b)), specific limitations on cost recovery (Sections A.1.(b)(2), A.2.(a), A.5.(b)), Affiliate Guideline requirements (Section A.6), the Existing System Charge (Section A.2.(c)), and the Customer Fund (Section A.3.(a)). The Settlement supports reliability, resiliency, and stability through the terms and approval of the Customer Contract and PPA (Section A.1.(a)) and NIPSCO's transmission studies (Section A.7). In addition, the Customer Contract and PPA support environmental sustainability with the construction of new, highly efficient combined cycle gas turbines and battery storage, which will comply with applicable environmental regulations.

8. Commission Discussion and Findings. The Settling Parties request that the Commission approve Joint Petitioners' requested relief in accordance with the Settlement.

Settlements presented to the Commission are not ordinary contracts between private parties. *United States Gypsum, Inc. v. Indiana Gas Co.*, 735 N.E.2d 790, 803 (Ind. 2000). When the Commission approves a settlement, that settlement “loses its status as a strictly private contract and takes on a public interest gloss.” *Id.* (quoting *Citizens Action Coalition v. PSI Energy*, 664 N.E.2d 401,406 (Ind. Ct. App. 1996)). Thus, the Commission “may not accept a settlement merely because the private parties are satisfied; rather [the Commission] must consider whether the public interest will be served by accepting the settlement. *Citizens Action Coalition*, 664 N.E.2d at 406.

Furthermore, any Commission decision, ruling, or order, including the approval of a settlement, must be supported by specific findings of fact and sufficient evidence. *United States Gypsum*, 735 N.E.2d at 795 (citing *Citizens Action Coalition v. Public Service Co.*, 582 N.E.2d 330, 331 (Ind. 1991)). The Commission’s own procedural rules require that settlements be supported by probative evidence. 170 IAC 1-1.1-17(d). Therefore, before the Commission can approve the Settlement, we must determine whether the evidence in this Cause sufficiently supports the conclusions that it is reasonable, just, and consistent with the purpose of Ind. Code ch. 8-1-2-1, and that such agreement serves the public interest.

Based on the evidence presented, as discussed further below, we find the Settlement presents a reasonable resolution to the issues raised in this proceeding and represents a fair balance between the needs and interests of NIPSCO, GenCo, Amazon, and NIPSCO’s other customers. Indiana law does not mandate a single, uniform approach to utility management and operations. Instead, it simply provides a legal framework within which utilities must operate. The overall GenCo structure, which we approved in Cause No. 46183, and use of the kind of contractual arrangements proposed by Joint Petitioners in this proceeding, is simply one possible solution to address the electric utility challenges of meeting substantial load growth while providing appropriate customer protections. We find that the evidence presented in this Cause demonstrates that the specific Customer Contract between NIPSCO and Amazon, the PPA between NIPSCO and GenCo, Joint Petitioners’ proposed ARPs and other associated relief in accordance with the Settlement Agreement is reasonable and in the public interest and should be approved.

A. **Customer Contract, PPA, and Cost Responsibility.** The Commission’s jurisdiction to review a customer specific contract is provided by Ind. Code §§ 8-1-2-24 and -25. Section 24(a) provides, in pertinent part:

Nothing in this chapter shall be taken to prohibit a public utility from entering into any reasonable arrangement with its customers or consumers...for the division or distribution of its surplus profits, or providing for a sliding scale of charges or other financial device that may be practicable and advantageous to the parties interested. No such arrangement or device shall be lawful until it shall be found by the commission, after investigation, to be reasonable and just and not inconsistent with the purpose of this chapter. Such arrangement shall be under the supervision and regulation of the commission.

Additionally, Ind. Code § 8-1-2-25 provides as follows:

The commission shall ascertain, determine and order such rates, charges and regulations as may be necessary to give effect to such arrangement, but the right and power to make such other and further changes in rates, charges and regulations as the commission may ascertain and determine to be necessary and reasonable, and the right to revoke its approval and amend or rescind all orders relative thereto, is reserved and vested in the commission, notwithstanding any such arrangement and mutual agreement.

Thus, customer-specific contracts may be approved if the Commission finds their provisions are reasonable and just, practicable and advantageous to the parties, in the public interest, and not inconsistent with the purposes of Ind. Code ch. 8-1-2.

In reviewing special contracts for approval, the Commission employs a long-standing standard. Specifically, the Commission requires a finding that “the rates negotiated between the utility and its customer be sufficient for the utility to cover the incremental cost of providing the service to the customer and still make some contribution to the utility’s recovery of its fixed costs. . . .” *N. Ind. Pub. Serv. Co.*, Cause No. 42490 at p. 2 (IURC Nov. 5, 2003). In addition, the Commission considers whether “the utility ha[s] sufficient capacity to meet the customer’s needs. . . .” *Id.* Finally, the Commission has also looked to whether the customer-specific arrangement is needed to attract new or retain customer load. *Ind. Gas Co.*, Cause No. 45488 at p. 7 (IURC Sept. 15, 2021) (approving a gas service agreement with Nucor Steel); *Ind. Mich. Power Co.*, Cause No. 45738 at p. 4 (IURC Nov. 9, 2022) (approving an amendment to contract for electric services with Steel Dynamics, Inc., a manufacturing facility).

The genesis of this standard predates a 1988 analysis by the Indiana Supreme Court in *Laborers Local Union No. 204 v. Pub. Serv. Co. of Ind.*, 524 N.E.2d 318 (Ind. 1988). There, the Court dismissed an appeal brought by a group of PSI customers seeking to challenge Commission approval of a contract between PSI and Nucor Corporation. The Court dismissed the appeal because the ratepayers seeking to appeal had not demonstrated harm from the contract:

Initially it is asserted that appellants will be forced to bear part of the cost of PSI serving Nucor due to the agreement between the two. However, contrary to this assertion, evidence was presented and the Commission explicitly found in its order that “the annual incremental revenue to be derived by Petitioner in serving the new electrical load at the Nucor Plant covered by the agreement will at least cover the annual incremental costs to be incurred by Petitioner in serving such load.”

* * * *

The second adverse effect alleged in the petitions to be made party appellants is that the agreement permits PSI to forego revenue that could otherwise be employed to improve the rates charged and services provided to all rate payers. The crux of this argument appears to be that if PSI charged Nucor full rates and granted them no concessions or economic benefits, all PSI customers would benefit because as a

result of the increased income, their rates would go down. This is, however, also true of each rate classification currently charged by PSI and other utilities. If each customer, residential, commercial and industrial, were charged at the highest rate available, then appellants, assuming *arguendo* that they were already paying the highest rate available, would benefit by lower rates. Different rate classifications necessarily entail this effect.

The Commission was presented with evidence that economic development incentive rates were necessary to meet competition in order for Nucor to locate its new strip mill within the State of Indiana and within PSI's territory. There was no evidence presented that Nucor would locate in Indiana absent approval of this agreement. Therefore, the potential of charging full, non-discounted rates to the Nucor plant and receiving that revenue was non-existent. The only way PSI rate payers will receive *any* benefit from Nucor is by approval of the agreement.

Appellants have not shown that they will be adversely affected due to the rate classification granted Nucor. Absent that classification, Nucor would not locate its plant in PSI territory. Further, appellants, as ratepayers, will receive a direct economic benefit under the agreement. Proposed Standard Contract Rider No. 14 sets forth a mechanism whereby PSI's other retail ratepayers (those retail customers not served under economic development rates) will receive a credit for Petitioner's recovery of demand related revenues from the Nucor plant. This credit will be computed and applied quarterly.

524 N.E.2d at p. 320 (emphasis in original).

Mr. Inskeep argued that the Commission has the authority to materially modify the agreement between NIPSCO and Amazon such that Amazon would pay an "existing system" charge equivalent to the transmission rate paid under the fully embedded rate paid by NIPSCO's Rate 631 customers. Mr. Inskeep's testimony estimated this modification would produce substantial additional revenue, which would then be used to provide additional rate relief to existing customers. However, in determining whether a customer-specific contract is in the public interest, the test we apply is whether the contract customer will cover the incremental costs of serving it and make some contribution to the utility's recovery of its fixed costs. Here, the record is clear that Amazon will, through the Customer Contract, cover the incremental cost of serving its new load and make a dedicated contribution to the fixed costs of NIPSCO's existing system. The agreement anticipates \$1.1 billion in such contributions that will be used to support monthly bill credits to all classes of existing customers. By agreeing to the terms of the Customer Contract, even if the total contribution is less than expected, Amazon is making more than "some" level of contribution to the fixed costs of the system.

Ultimately, the position taken by Mr. Inskeep is analogous to that made by the would-be appellants in *Laborers Local Union 204*. He is simply arguing that had the negotiated Existing System Charge been larger, it would result in greater savings for other customers. As the Court noted, this is technically true by virtue of the nature of ratemaking; but in this case the evidence does not demonstrate Amazon would have paid a higher charge, or that it would have located

within NIPSCO's service territory in the absence of the charge being set at the specific negotiated level. To the contrary, Mr. Parisi's testimony that the contract reflects what NIPSCO and Amazon find mutually acceptable is un rebutted.

This also applies to the other modifications recommended by Mr. Inskeep, such as restricting the use of certain backup generation resources and changing the contracted generation mix. Such terms reflect the negotiated arrangement between NIPSCO and Amazon, and in the context of contract negotiations, reflect the give and take between the parties. The mutual agreement, then, reflects the conditions under which the parties are satisfied and willing to do business.

In this case, the Commission must determine whether the Customer Contract satisfies established standards and serves the public interest. Based on the evidence presented, we find the revenues to be paid by Amazon to NIPSCO under the agreement will fully recover the incremental cost of serving Amazon and make some contribution to NIPSCO's recovery of its fixed costs. We, therefore, decline Mr. Inskeep's invitation to require a change in the Customer Contract terms in hopes that Amazon will find the changes acceptable and continue with its project. Doing as Mr. Inskeep urged would place at risk the estimated \$1.1 billion in rate reductions for non-megaload customers in NIPSCO's service territory and/or jeopardize the ring-fencing of risks that the GenCo structure was designed to accomplish.

The evidence also demonstrates that through the PPA, NIPSCO will have sufficient generation and transmission capacity to reliably serve Amazon under the Customer Contract. In addition to the terms of the Customer Contract and PPA, the Settlement includes further agreed safeguards and protections to prevent adverse impacts on other ratepayers. For example, NIPSCO and GenCo have agreed that other retail customers will not bear financial responsibility for the obligations of NIPSCO or GenCo under those agreements or for related investments, expenses and costs. *See* Section A.2.(a). That protection includes both contractual remedies such as liquidated damages, termination payments or the like, as well as any damages in excess of the applicable caps under the Customer Contract and PPA. In concert with the contractual provisions, the Settlement establishes a framework by which other retail customers are insulated from cost risk but will benefit from the financial terms of the Customer Contract.

While Mr. Inskeep speculated that there could be future costs related to MISO transmission studies that might not be recovered, this speculation is unsupported by the evidence. In response to a question from Commissioner Veleta at the evidentiary hearing, Mr. Parisi testified that to the extent MISO requires any improvements to the transmission system resulting from service to Amazon, those costs will be borne by Amazon. Tr. at 76. Additionally, Amazon's payment of its incremental cost and contribution to fixed costs is demonstrated by the recovery (and refund to non-megaload retail customers) of an estimated \$1.1 billion towards the costs of the existing system.

B. Customer Fund. Under the Settlement, the proposed Customer Fund will continue to be 100% shareholder funded. However, instead of using 100% of the Customer Fund for the benefit of NIPSCO's customers in the counties where GenCo's generation and/or Amazon's data center facilities are located, 50% will be used for this purpose and the other 50% will be

combined with the Existing System Charge and passed back to NIPSCO's other retail customers through the SSC mechanism.

CAC recommended the Commission modify this term of the Settlement, asserting that the use of the Customer Fund should be more targeted to provide meaningful benefits to those customers experiencing affordability challenges. Instead of passing back 50% through the SSC, Mr. Inskeep recommended the funds be used to provide enhanced funding for additional energy efficiency and weatherization of low-income housing in NIPSCO's electric service territory.

We find this provision of the Settlement, when viewed in the context of the Settlement as whole, represents a reasonable balance of the interests of all ratepayers and is in the public interest. Returning 50% of the Customer Fund as agreed in the Settlement will benefit all ratepayers. Even CAC's testimony in opposition to the Settlement recognizes this is a benefit to customers. Thus, we decline to modify the reasonable compromise set forth in the Settlement on this point in the manner proposed by CAC.

C. Future Special Contracts and PPAs. CAC took issue with the Settling Parties' agreement to support certain procedural schedules in future special contract and PPA filings that are compliant with the Settlement, arguing that the expedited procedural schedules may not allow sufficient time for case development. CAC also asserted that the eligibility criteria for applying these procedural schedules is not sufficiently defined.

As an initial matter, we note that the agreed upon procedural schedules are not binding on the Commission or any other party. Instead, there is simply an agreement among the Settling Parties to support an expedited procedural schedule in future contract and PPA cases that comply with the Settlement. Given the evidence supporting the need for expedited review of matters involving large load customers, we find it reasonable and in the public interest for the parties to work together to achieve expedited review. When establishing procedural schedules, the Commission has often balanced the concerns Mr. Inskeep raised with respect to providing the parties due process and the ability to meaningfully participate in and scrutinize the evidence with the need for expedient determinations. To the extent CAC, or any other party, were to believe additional time is necessary to review novel or complex issues raised in a particular proceeding, they are not prohibited from raising such arguments in the future, and the Commission will evaluate their merits at that time. Likewise, the Commission, on its own, may also determine that additional time is required to review a filing and issue an order.

D. ARP Requests. Indiana law authorizes the Commission to approve ARPs that are in the public interest and enhance or maintain the value of the utility's retail energy services or property. Ind. Code § 8-1-2.5-6(a)(1). In determining whether the public interest will be served by approval of an ARP, the Commission must consider the following factors set forth in Ind. Code § 8-1-2.5-5(b):

- (1) Whether technological or operating conditions, competitive forces, or the extent of regulation by other state or federal regulatory bodies render the exercise, in whole or in part, of jurisdiction by the commission unnecessary or wasteful.
- (2) Whether the commission's declining to exercise, in whole or in part, its

- jurisdiction will be beneficial for the energy utility, the energy utility's customers, or the state.
- (3) Whether the commission's declining to exercise, in whole or in part, its jurisdiction will promote energy utility efficiency.
 - (4) Whether the exercise of commission jurisdiction inhibits an energy utility from competing with other providers of functionally similar energy services or equipment.

Although these factors contemplate the Commission declining its jurisdiction, in whole or in part, over the utility, Ind. Code § 8-1-2.5-6(a)(1) also requires we consider these factors when approving an ARP. Thus, we will consider whether approval of the proposed ARPs under the Settlement is supportive or consistent with technological or operating conditions and competitive forces; will be beneficial for the utility, its customers, or the state; promotes energy utility efficiency; and does not inhibit competition with other service providers. We have also recognized that the statute does not require that all four of the factors need to be applicable. *See Indianapolis Power & Light Co.*, Cause No. 45729, p. 13-14 (IURC Oct. 21, 2022).

The ARP requests, as modified by the Settlement, fall into three categories. Most of the accounting-related requests described by Mr. Gode relate to recognizing the revenue from the Customer Contract payment stream for GAAP purposes such that Joint Petitioners can attract the necessary capital to construct the assets needed to serve Amazon. Mr. Gode also described a second accounting category related to segregating into a separate NIPSCO business unit all activities related to the Customer Contract. All the transmission assets used to serve Amazon would be recorded to this unit as well as all other costs and revenues from serving Amazon, including pass-through costs and gross revenue conversion. The segmentation will occur before the generation of NIPSCO's electric net operating income statement, and the activities included in this separate business segment would not be included in the calculation of NIPSCO's fuel adjustment charge under Ind. Code § 8-1-2-42(d), including but not limited to the earnings test. The final category of the ARP request was described by Mr. Taylor and relates to passing back to customers the benefits from the SSC.

Based on the evidence presented, we find that approval of the ARP requests in accordance with the Settlement will be beneficial to NIPSCO, NIPSCO's other retail customers, GenCo and the State of Indiana. The evidence reflects that there are competitive forces at play to attract the investment to Indiana for megaload customers, and approval of the ARPs should assist NIPSCO in its ability to compete in attracting megaload customers, like Amazon, to its service area. The evidence also demonstrates the proposed ARPs will further promote energy utility efficiency in a reasonable manner that supports the GenCo structure, which is intended to isolate the risks associated with serving megaload customers from existing customers and was approved by the Commission in Cause No. 46183.

CAC argued that a greater share of the SSC should be allocated to residential customers, which are currently experiencing greater affordability issues. While we empathize with residential affordability concerns, the method proposed by NIPSCO is based upon an allocation resulting from a general rate case. CAC's proposal does not reflect the actual cost structure associated with serving the customer or provide a meaningful basis for evaluating the benefits of the Settlement.

The Settlement reflects a balanced, cost-based approach that is consistent with prior ratemaking outcomes and results in a meaningful benefit to residential customers while maintaining appropriate distribution across all classes. It also has the benefit of being supported by customer parties (i.e., the OUCC and Industrial Group) representing a cross-section of customer classes and represents a reasonable compromise. We therefore approve the calculation, allocation, and rate design associated with the customer credit resulting from the Existing System Charge under the Customer Contract as described by Mr. Taylor.

While we appreciate the benefits from bill transparency recommended by Mr. Inskeep, CAC's request is a broader request that should be considered with application to all electric utilities. We find it to be more appropriate to consider utility bill transparency in a rulemaking proceeding or other forum where any affected utility can participate. Within this proceeding, we agree that customers would benefit from the presentation on the bill of the SSC proposed by Mr. Taylor and so find it should be approved.

The evidence demonstrates that Joint Petitioners' proposed ARPs as modified by the Settlement are in the public interest and will enhance or maintain the value of Joint Petitioners' retail energy services or property. Thus, we find the proposed ARPs as modified by the Settlement should be approved. Given Joint Petitioners' request regarding certain accounting findings, we specifically find:

- (1) Joint Petitioners are authorized to accrue AFUDC prior to the beginning of the Capacity Charge being billed under the Customer Contract and PPA, with NIPSCO using its existing AFUDC rates and GenCo calculating its rate using its actual capital structure and debt cost and a return on equity of 9.75%;
- (2) Joint Petitioners are authorized to implement an ASC 980-605 Revenue Program for CWIP ratemaking, as described by witness Gode, on a forecasted basis as set forth in Confidential Attachment 2-A;
- (3) Joint Petitioners are authorized to implement In-Service ratemaking under traditional cost of service ratemaking on a forecasted basis as set forth in Confidential Attachment 2-A to witness Gode's testimony;
- (4) Joint Petitioners are authorized to defer as a regulatory asset costs incurred prior to the transition to In-Service ratemaking and such deferrals will be amortized over the life of the Customer Contract;
- (5) Joint Petitioners are required to defer In-Service ratemaking revenues for assets put in service later than forecasted and such deferrals will be recognized over the remaining life of the Customer Contract; and
- (6) For purposes of recording revenues for the Capacity Payments under the Customer Contract, Joint Petitioners' respective authorized rate of return during each year of the term of the Customer Contract is set forth in Rows 1, 6, 13, and 18 (Allowed Return (Pre-tax) of Highly Confidential Attachment 2-A to Mr. Gode's testimony (pending

any future change in cashflows associated with mechanisms contained within the Customer Contract).

- (7) NIPSCO's activities related to serving Amazon that are recorded to the separate business segment as described by witness Gode will not be included in the calculation of NIPSCO's fuel adjustment charge under Ind. Code §8-1-2-42(d), including but not limited to NIPSCO's electric net operating income statement used for purposes of the earnings test under Ind. Code §8-1-2-42(d)(3).
- (8) The calculation, allocation, and rate design associated with the Shared System Charge resulting from Amazon paying for use of NIPSCO's existing system under the Customer Contract shall be as described by Mr. Taylor.

E. Transmission Studies (Gas and Electric). In the Settlement, NIPSCO committed to undertaking studies to identify potential material impacts on its electric or gas transmission systems as a result of serving Amazon, which the Commission and other interested parties would have the opportunity to review. NIPSCO further committed to implementing any identified necessary upgrades, with the costs (for the studies and upgrades) borne by GenCo or Amazon unless NIPSCO can demonstrate benefits to other existing customers, for which it could then seek some level of cost allocation to those customers.

CAC took issue with the lack of specificity surrounding the studies and potential benefits that NIPSCO may assert are provided to its other existing customers. While the details of the studies are not specified in the Settlement, the purpose of studies is clear and the parties, including CAC, will have the opportunity to review them and ensure NIPSCO satisfies its commitment. We also find that this Settlement term reasonably captures what could happen if there were cost efficiencies for NIPSCO and GenCo activities and the allocation of such costs. NIPSCO's other retail customers will not be allocated any of the study or upgrade costs unless NIPSCO can demonstrate an allocation to those customers is appropriate and any party will have the ability to take any position at such time. The Commission is not prejudging any proposed allocation and will decide accordingly based on the evidence presented at that future time.

It is important to note that Settlement Section A.2 provides that: "NIPSCO's other retail customers will not be financially responsible for NIPSCO's and/or GenCo's financial responsibilities under or as a result of the Customer Contract or PPA or the related investments, expenses, and costs." And more specifically: "[t]o the extent GenCo's construction and operation of any facility at any currently or future-owned NIPSCO location increases NIPSCO's costs or expenses for its other retail customers, NIPSCO's other retail customers will not be financially responsible for such increases." While the details are confidential, the Customer Contract further supports this conclusion. We are not persuaded by Mr. Inskeep's speculative concerns given the terms of the Customer Contract and the additional Settlement protections.

F. Five Pillars. The Commission, in making decisions concerning Indiana's electric generation resource mix, energy infrastructure, and electric service ratemaking constructs, is required pursuant to Ind. Code § 8-1-2-0.6 to consider the Five Pillars (i.e. reliability, affordability, resiliency, stability, and environmental sustainability). Our review of the evidence,

including the Settling Parties' response to our docket entry leads us to ultimately conclude that the Settlement reflects reasonable and appropriate consideration of the statutory attributes.

The Settlement supports affordability in several ways. First, the overall GenCo structure and creation of a separate business segment at NIPSCO (*see* Section A.5.(b)) is intended to ensure reasonable and appropriate protections for NIPSCO's other retail customers from the costs and risks associated with providing service to Amazon and other, future megaload customers, thus protecting NIPSCO's other retail customers from potential harms associated with the necessary capital investment, such that might arise in the event the Customer Contract is terminated or breached. Specifically, Section A.1.(a)(2) makes clear that NIPSCO will not recover from NIPSCO's other retail customers any liability amount to which NIPSCO agrees under the Customer Contract and/or the PPA. Similarly, Section A.2.(a) provides that NIPSCO's other retail customers will not be financially responsible for Joint Petitioners' financial responsibilities under or as a result of the Customer Contract or PPA or the related investments, expenses, and costs. Section A.5.(b) further provides that the costs of the new data center business segment will not be recoverable from any other NIPSCO retail customers, other than megaload customers. Other Settlement terms also provide additional protection and benefit, such as the Affiliate Guidelines in Section A.6, which are, overall, intended to ensure compliance with appropriate regulatory requirements and other agreed-to controls to ensure NIPSCO customers are not placed at risk or otherwise improperly exposed to costs from GenCo's activities. This protection of customers from costs and risks is one of the key structural reasons why we approved the creation of GenCo in the first instance, and the contracts proposed in this proceeding are consistent with that structure.

Second, through the Existing System Charge addressed in Section A.2.(c), an estimated \$1.1 billion will be passed back to NIPSCO's other retail customers, which will have a direct impact on affordability for all customer classes. Mr. Parisi testified that once Amazon is at full load ramp, NIPSCO's residential customers should see a bill credit of about \$7 per month or \$82 per year. Savings for commercial and industrial customers are provided in Joint Petitioners' Exhibit 4, Attachment 4-B and Table 1 of witness Taylor's testimony and are consistent with the agreed allocation. Of note, if Amazon's usage is higher than estimated, these bill credits would increase. The estimated benefit of \$1 billion to NIPSCO's other customers—without the attendant cost risk of an estimated \$7 billion of capital investment—is another key component of the overall GenCo structure and something that directly serves customer affordability and supports the Settlement is in the public interest.

Third, through the Customer Fund addressed in Section A.3.(a), Joint Petitioners will be providing an estimated \$15 million over the term of the Customer Contract, with half of those contributions supporting the local communities in NIPSCO's service territory where data center and generation investments occur and the other half being credited to all NIPSCO retail electric customers through the SSC mechanism. Under Section A.1.(a), 3,000 MW of new capacity will be built to serve an estimated 2,400 MW of electric load. The difference in capacity and loads reflects not only the maintenance of a reasonable reserve margin, but also the potential availability of additional dispatchable capacity that can be used to support grid operations. This is especially important in a period of increasing load growth, not only in NIPSCO's service territory, but elsewhere in Indiana and across MISO's footprint. Amazon will also be fully funding additional

transmission system investments to serve its load, which will not only shield other retail customers from those costs, but support a more reliable and resilient electric grid, enabling potential savings through reductions in congestion and other factors that impact costs at the regional transmission operator level.

Section A.7 of the Settlement requires NIPSCO to perform studies to address potential impacts on its electric and gas transmission systems to ensure there is no material impact on reliability, resiliency, or stability. This section defines the process to allow both Commission and stakeholder review of such studies to provide an added level of assurance that these attributes will not be adversely affected.

With respect to environmental sustainability, the terms of the Customer Contract and PPA call for the addition of new, highly efficient combined cycle gas turbines and a newly constructed battery energy storage system to support the contract load. Under the terms of the Customer Contract and PPA, Joint Petitioners will ensure the Contract Assets are operated in compliance with prudent utility practice and applicable law, which includes applicable environmental regulations—both those that are effective today and those that become effective during the term of the Customer Contract.

Further, the resource mix described above is the result of arms-length negotiations and necessarily reflects a resource mix to which Amazon has agreed. The chosen resources reflect not only Amazon's tolerance for the cost of providing electric service, but also its interest in, and demand for, electricity produced by environmentally sustainable means. Indeed, the investment in 400 MW of BESS signals substantial support for a clean energy resource and provides additional financial support for BESS developers. Importantly, the resources also will be dispatchable, providing their own attributes to the entire system so that all customers will, ultimately, benefit from their presence.

G. Conclusion. For the reasons set forth above, we find the Settlement is a reasonable resolution to the issues raised in this proceeding and represents a fair balance between the needs and interests of NIPSCO, GenCo, Amazon, and NIPSCO's other customers.

As we noted in the GenCo Order:

The GenCo structure is designed to optimize the insulation of NIPSCO's broader customer base from the financial risks associated with serving megaload customers. By ringfencing the generation assets dedicated to these high demand users, GenCo will offer the opportunity to ensure that electric service costs tied to data center development and operation do not result in costs to other ratepayers. While the model's effectiveness will depend on future special contracts such as PPAs submitted to the Commission, it reflects a forward-looking approach to risk mitigation.

GenCo Order at p. 52. This proceeding has substantial evidence supporting that Joint Petitioners have further refined this insulation and forward-looking approach to risk mitigation and have also brought an approach that will drive material benefits to NIPSCO's other customers. Accordingly,

the Commission finds that the Settlement is supported by substantial evidence, is in the public interest, and is approved.

9. Effect of Settlement. The Settlement is not to be used as precedent in any other proceeding or for any other purpose except to the extent necessary to implement or enforce its terms; consequently, with regard to future citation of the Settlement or of this Order, we find our approval herein should be treated in a manner consistent with our finding in *Richmond Power & Light*, Cause No. 40434, 1997 WL 34880849 at *7-8 (March 19, 1997).

10. Confidential Information. On November 7, 2025, NIPSCO and GenCo filed a Motion for Protection and Nondisclosure of Confidential and Proprietary Information in this Cause, which was supported by affidavits showing that certain pricing and other negotiated commercial terms to be submitted to the Commission was trade secret information as defined in Ind. Code § 24-2-3-2 and should be treated as confidential in accordance with Ind. Code §§ 5-14-3-4 and 8-1-2-29. In a docket entry dated November 18, 2025, the Presiding Officers found the information should be held confidential on a preliminary basis. After reviewing the information and consideration of the affidavits, we find the information is trade secret information as defined in Ind. Code § 24-2-3-2, is exempt from public access and disclosure pursuant to Ind. Code §§ 5-14-3-4 and 8-1-2-29, and shall be held as confidential and protected from public access and disclosure by the Commission.

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

1. The Settlement, a copy of which is attached to this Order, is approved.
2. The Customer Contract is approved.
3. The Power Purchase Agreement is approved.
4. The alternative regulatory plans proposed by NIPSCO and GenCo are approved.
5. The depreciation accrual rates for the generation and transmission assets to be constructed by GenCo and NIPSCO, respectively, are approved.
6. The information filed in this Cause pursuant to the motion for protection is determined to be confidential pursuant to Ind. Code § 5-14-3-4 and Ind. Code § 8-1-2-29, 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.
7. This Order shall be effective on and after the date of its approval.

**ZAY, DEIG, AND ZIEGNER CONCUR; VELETA CONCURS WITH OPINION;
SWINGER NOT PARTICIPATING:**

APPROVED: JUN 17 2026

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

_____ on behalf of
Dana Kosco
Secretary of the Commission

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

VERIFIED JOINT PETITION OF NORTHERN)
INDIANA PUBLIC SERVICE COMPANY LLC)
("NIPSCO") AND NIPSCO GENERATION LLC)
("GENCO") FOR (1) APPROVAL OF A SPECIAL)
CONTRACT ("DATA CENTER CUSTOMER #1)
SPECIAL CONTRACT") PURSUANT TO IND.)
CODE §§ 8-1-2-24 AND 8-1-2-25; (2) APPROVAL)
OF A POWER PURCHASE AGREEMENT)
("PPA") BETWEEN NIPSCO AND GENCO; (3))
APPROVAL OF ALTERNATIVE REGULATORY)
PLANS PURSUANT TO IND. CODE §§ 8-1-2.5-5)
AND 8-1-2.5-6 FOR BOTH NIPSCO AND GENCO;)
AND (4) APPROVAL OF DEPRECIATION)
ACCRUAL RATES FOR GENERATION AND)
TRANSMISSION ASSETS TO BE)
CONSTRUCTED TO FULFILL THE)
OBLIGATIONS IN THE DATA CENTER)
CUSTOMER #1 SPECIAL CONTRACT AND PPA.)

CAUSE NO. 46322

APPROVED:

CONCURRING OPINION OF COMMISSIONER DAVID E. VELETA

I concur in today's Order approving the Settlement in this proceeding, including the Commission's grant of confidential treatment to the information designated by Joint Petitioners. Nonetheless, the volume of large-load related filings coming before the Commission is increasing, and so is the public's legitimate interest in understanding their effect on reliability and affordability.

I write to urge the parties who file proprietary, trade secret information with the Commission to give greater care to the format of their public, redacted filings. Every party to a proceeding such as this one (with the exception of competitors) has access to the information at issue under the Commission's protective order. Where the redaction is done for the convenience of litigation rather than with the reader in mind, the result is a public record that the parties can readily follow and the public cannot. Redactions confined to the genuinely sensitive information rather than applied to entire exhibits and preserving enough surrounding context for a reader to follow would preserve what the law protects while leaving the public better able to understand what the Commission has decided and why.

OFFICIAL
EXHIBITS

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

VERIFIED JOINT PETITION OF NORTHERN)
INDIANA PUBLIC SERVICE COMPANY LLC)
("NIPSCO") AND NIPSCO GENERATION LLC)
("GENCO") FOR (1) APPROVAL OF A SPECIAL)
CONTRACT ("DATA CENTER CUSTOMER #1)
SPECIAL CONTRACT") PURSUANT TO IND. CODE)
§§ 8-1-2-24 AND 8-1-2-25; (2) APPROVAL OF A)
POWER PURCHASE AGREEMENT ("PPA"))
BETWEEN NIPSCO AND GENCO; (3) APPROVAL)
OF ALTERNATIVE REGULATORY PLANS)
PURSUANT TO IND. CODE §§ 8-1-2.5-5 AND 8-1-2.5-)
6 FOR BOTH NIPSCO AND GENCO; AND (4))
APPROVAL OF DEPRECIATION ACCRUAL RATES)
FOR GENERATION AND TRANSMISSION ASSETS)
TO BE CONSTRUCTED TO FULFILL THE)
OBLIGATIONS IN THE DATA CENTER)
CUSTOMER #1 SPECIAL CONTRACT AND PPA.)

Settling Parties

EXHIBIT No. 1
4-7-26 AT AT
DATE REPORTER

CAUSE NO. 46322

STIPULATION AND SETTLEMENT AGREEMENT

This Stipulation and Settlement Agreement ("Agreement") is entered into as of this 26th day of February, 2026, by and between Northern Indiana Public Service Company LLC ("NIPSCO"), NIPSCO Generation LLC ("GenCo") (collectively, "Joint Petitioners"), the Indiana Office of Utility Consumer Counselor ("OUCC"), and the NIPSCO Industrial Group ("Industrial Group"), (collectively the "Settling Parties" and individually "Settling Party"). The Settling Parties, solely for purposes of compromise and settlement and having been duly advised by their respective staff, experts, and

counsel, stipulate and agree that the terms and conditions set forth below represent a fair, just, and reasonable resolution of the issues in this Cause, subject to their incorporation by the Indiana Utility Regulatory Commission ("Commission") into a final, non-appealable order ("Final Order")¹ without any modification or further condition that is not acceptable to any Settling Party. If the Commission does not approve this Agreement, in its entirety, the entire Agreement shall be null and void and deemed withdrawn, unless otherwise agreed to in writing by the Settling Parties.

A. Settlement Terms and Conditions

The Settling Parties agree this Agreement resolves all disputes, claims, and issues directly related to Joint Petitioners' request for an Order from the Commission approving the Special Contract dated September 18, 2025 by and between NIPSCO and Amazon Data Services, Inc. ("Amazon") ("Special Contract") in its entirety; approving the Power Purchase Agreement dated November 7, 2025 by and between NIPSCO and GenCo (the "PPA") in its entirety; approving in their entireties the alternative regulatory plan ("ARP") relief pursuant to Ind. Code §§ 8-1-2.5-5 and 6 proposed by NIPSCO and GenCo; approving depreciation accrual rates for the generation and transmission assets to be constructed by GenCo and NIPSCO, respectively and the other relief as described in Joint Petitioners' case-in-chief, except to the extent modified under this Agreement.

¹ "Final Order" as used herein means an order issued by the Commission as to which no person has filed a Notice of Appeal within the 30-day period after the date of the Commission order.

The Settling Parties agree that matters for which Joint Petitioners requested relief in this Cause that are not addressed herein, but were expressly supported by testimony, are resolved as Joint Petitioners proposed, or if modified in rebuttal, as modified in rebuttal without waiving the right to challenge such resolution prospectively.

1. **General Special Contract and PPA Structure.**

(a) The Settling Parties do not object to the Special Contract and PPA being approved (1) subject to two confirmations/clarifications related to (a) billing disputes and (b) clarification that ERAS-related costs are recoverable from GenCo under all circumstances, which are both addressed below; and (2) with the agreement that NIPSCO may not recover from NIPSCO's other retail customers² any liability amount to which NIPSCO agrees under the Special Contract and/or the PPA, which is addressed below.

(b) With respect to Section A.1.(a)(1), Settling Parties agree to the revised sections to the PPA, which are identical to the revisions proposed by Joint Petitioners in Witness Parisi's rebuttal testimony, and included in Revised Highly Confidential Attachment 1-C. The revised sections are as follows:

Revised Section 5.1.1 (Additions in underline): "NIPSCO shall initially be responsible for arranging, maintaining and paying the costs associated with the interconnection of the Generation Assets to MISO's System; provided,

² NIPSCO's retail electric customers, excluding special contract customers, are referred to as "other retail customers."

however, that GenCo shall reimburse NIPSCO for all such costs. (To the extent GenCo has not reimbursed such costs, they shall be included in Committed Costs, and to the extent GenCo has reimbursed such costs, they shall be included in Incurred Costs.) NIPSCO shall comply with MISO's requirements for interconnection and shall comply with all requirements set forth in the applicable Transmission Tariff."

New Section 8.6: "To the extent Data Center Customer has disputed an invoice from NIPSCO under the Special Contract and withheld payment from NIPSCO related to such dispute, NIPSCO shall be relieved from making payment to GenCo under this Agreement for the amounts owed to GenCo and withheld by the Data Center Customer related to that invoice until such withheld payment is received by NIPSCO from Data Center Customer"

2. Cost Responsibility under the PPA.

(a) NIPSCO's other retail customers will not be financially responsible for NIPSCO's and/or GenCo's financial responsibilities under or as a result of the Special Contract or PPA or the related investments, expenses, and costs.³ This includes, but is not limited to, NIPSCO's and GenCo's responsibilities for breach or default under the Special Contract and PPA, liquidated damages, termination payments, or similar responsibilities. For clarity, NIPSCO's other retail customers will not be financially responsible for any contract damages in excess of the applicable damages caps that NIPSCO and/or GenCo would be responsible for under the Special Contract and/or PPA.

(b) To the extent GenCo's construction and operation of any facility at any currently- or future-owned NIPSCO location increases NIPSCO's costs or expenses

³ Expenses and costs includes, but is not limited to, the time of NIPSCO employees and attorneys' fees.

for its other retail customers, NIPSCO's other retail customers will not be financially responsible for such increases. This includes, but is not limited to, carbon monoxide oxidation catalysts (CO catalysts) required on the NIPSCO Schahfer Peaker Project⁴ and any associated operations and maintenance expense.

(c) All revenues recovered through the Existing System Charge for the Special Contract will be passed back to NIPSCO's other retail customers under the proposed Shared System Credit Mechanism discussed by Joint Petitioners' witnesses Parisi and Phillips. Allocation of these revenues will be based on the then-current revenue allocators from NIPSCO's most recent electric rate case, as Mr. Phillips proposed in his case-in-chief testimony. For clarity, the proposed revenue allocators in Joint Petitioners' case-in-chief include all transmission revenues, including transmission revenues from Tiers 2 and 3 of Rate 631.

3. NIPSCO Customer Fund.

(a) Joint Petitioners (individually or collectively) will contribute to a customer fund at the level noted in Mr. Parisi's direct testimony, which will be 100% shareholder funded. The Customer Fund will be utilized as follows: (i) 50% will be utilized for the benefit of NIPSCO's customers in the counties where GenCo's generation and/or Amazon's data center facilities are located, in recognition of the impacts on and

⁴ The Schahfer Peaker Project was approved by the Commission in Cause No. 45947 (IURC 10/16/2024).

potential inconvenience associated with development and construction of the generation and Amazon's facilities; and (2) 50% will be combined with the Existing System Charge and passed back to NIPSCO's other retail customers under the proposed Shared System Credit Mechanism.

4. Future Special Contracts and PPAs.

(a) Subject to Commission approval, for future special contract and PPA proceedings that are compliant with the terms of this Settlement Agreement, the Settling Parties agree to support a procedural schedule that will facilitate a Commission order being issued within 120 days after the filing of a petition and supporting testimony. However, to the extent Commission review and issuance of an order on an expedited basis is necessary, Joint Petitioners may seek approval of a procedural schedule that would have a Commission order issued not more than 90 days after the filing of a petition and supporting testimony. If Joint Petitioners have reasonably demonstrated that issuance of an order on an expedited basis is necessary, the other participating Settling Parties will work with Joint Petitioners to reach agreement upon such schedule.

(b) Joint Petitioners commit to holding pre-filing meetings with the Settling Parties and other stakeholders who are expected to participate in each proceeding and will make themselves available and initiate efforts to have such meetings at least 14 days in advance of submission of each case-in-chief.

5. **ARP Requests.**

(a) The proposed ARPs for NIPSCO and GenCo set out in paragraphs 14 and 15 of the Verified Petition and Tables 3 and 4 in Mr. Parisi's direct testimony will be approved as requested in Joint Petitioners' case-in-chief, except the request related to a potential water and wastewater services agreement (Petition, Paragraph 14(c), Parisi at 39). Specifically, NIPSCO's request for either (a) a determination that certain incidental services to be provided by NIPSCO to Amazon are not subject to Commission jurisdiction or, in the alternative, (b) declining jurisdiction over such services, shall not yet be approved or otherwise acted upon. However, Joint Petitioners shall retain the right to present such contract to the Commission in the future should NIPSCO execute a contract for certain water/wastewater services with Amazon, and the other Settling Parties shall retain the right to take any position whatsoever with respect to the arguments Joint Petitioners present. If such a contract is executed, the water/wastewater service agreement delineating the terms of this proposed water/wastewater service and any use by Amazon of NIPSCO's water or wastewater facilities shall be filed with the Commission. NIPSCO agrees said agreement will expressly recognize that NIPSCO's other retail customers shall have no financial responsibility for any and all liabilities that may arise from NIPSCO's provision of water and/or wastewater related services to Amazon and will be reimbursed for use of infrastructure already funded by ratepayers.

(b) Consistent with Mr. Gode's direct testimony, NIPSCO will establish a separate business segment for all activities and costs related to the Special Contract. This new business segment will include both (a) the transmission assets related to the Special Contract (to ensure they are not included in NIPSCO's rate base) and (b) all costs and associated revenues incurred by NIPSCO in the provision of services to Amazon. The costs of this new business segment will not be recoverable from any other NIPSCO retail customers, other than megaload customers.

6. **Affiliate Guidelines.**

(a) The terms of the Affiliate Guidelines will not be retroactively applied to actions taken by NIPSCO in advance of the receipt of the Commission's order approving the Stipulation and Settlement Agreement by and between GenCo, NIPSCO, and the NIPSCO Industrial Group approved by the Commission's September 24, 2025 Order in Cause No. 46183 (the "46183 Settlement"), specifically relating to the procurement and transfer of short-term generation capacity and submission and processing of Expedited Resource Addition Study ("ERAS") applications, but the Affiliate Guidelines will govern all other dealings between NIPSCO and GenCo. GenCo will reimburse NIPSCO for the full costs of at least the amount of the applicable capacity

transaction at the full purchase price and all NIPSCO-incurred costs related to the ERAS application discussed by Mr. Stanley in his direct testimony.⁵

(b) For any transfers of NIPSCO assets to a megaload customer, NIPSCO will seek Commission approval in a docketed proceeding (which may be done in the same proceeding where a special contract with the megaload customer is being presented for Commission review), will certify that the disposition of the property will not impact service to NIPSCO's other retail customers, will demonstrate the sale was at a reasonable market price, and will adjust rate base and provide rate credits as appropriate. All NIPSCO-incurred costs and expenses associated with any such transfer and associated regulatory proceeding shall not be recoverable from NIPSCO's other retail customers.

(c) For generation resources that are reasonably expected to be constructed and operated by GenCo, GenCo will submit the applicable filings to MISO and/or FERC, and NIPSCO will not submit such filings.

(d) For any Material Transaction between NIPSCO and GenCo (defined as PPAs, any asset sale or transfer, transmission or interconnection agreements, transactions affecting the reliability or price for NIPSCO service to another retail customer, and similar transactions), Joint Petitioners will (a) utilize separate commercial

⁵ The exact amount is confidential but is listed on page 13, footnote 5 of Mr. Stanley's Verified Direct Testimony (Joint Petitioners' Confidential Exhibit No. 3).

representatives and legal counsel, providing further that GenCo shall be represented by distinct outside counsel (and not solely by in house counsel) and that no outside counsel for one party shall represent the other party in another negotiation between NIPSCO and GenCo within a one-year period; (b) identify to the Commission who those representatives are when any such transaction is presented for Commission review or approval; (c) reduce such agreements to writing; and (d) either file for Commission review pursuant to Ind. Code § 8-1-2-49 or, where required by the 46183 Settlement or Indiana law, submit for approval in a docketed proceeding. In any such review proceeding, NIPSCO shall bear the burden of showing the contract is just and reasonable and that it reasonably protects the interests of NIPSCO's other retail customers.

(e) Any sales of any property or services by NIPSCO to GenCo, including transfers of valuable contractual rights or rights under any permit, must be at the higher of cost or market price, or if there is not a market for such property, asset, resource, contractual right, permit, etc., NIPSCO shall demonstrate that transfer is at a reasonable price.

(f) In all negotiations between GenCo and a third party relating to assets supporting service to a megaload customer, GenCo will have qualified representatives with the relevant subject matter expertise participate, which may be employees of GenCo, NIPSCO, NiSource, NiSource Corporate Services Company, or outside consultants.

(g) NIPSCO will not act as agent, express or implied, for GenCo in connection with the solicitation or procurement of any property, resource or contractual rights, except by written agreement either duly filed with the Commission for review pursuant to Ind. Code § 8-1-2-49 or, where required by the 46183 Settlement or Indiana law, submitted for Commission approval in a docketed proceeding.

7. **Transmission Studies (Gas and Electric).**

(a) NIPSCO will perform, or cause to be performed, studies to identify any potential, material impacts on its electric transmission or gas transmission systems as a result of service to megaload customers. NIPSCO will provide notice to the Settling Parties describing any such studies before they begin. Within 30 days of the completion of each study, the results of each study, including any study by a third party such as MISO, together with supporting documentation and any mitigation proposal, if applicable, will be filed as a compliance filing in Cause No. 46322, subject to a 60-day period for review and objection (if any) and a Commission ruling on any timely objection. NIPSCO commits (i) to implement necessary upgrades on the system that are identified in such studies and (ii) that all such costs (for the studies and the upgrades) shall be borne solely by GenCo or Amazon; provided, however, that to the extent there are demonstrated benefits to NIPSCO's other retail customers, NIPSCO may propose some level of cost allocation to NIPSCO's other customers in a docketed proceeding. In the

event NIPSCO proposes to allocate any such costs to NIPSCO's other retail customers, all Settling Parties reserve the right to assert any position with respect to any such proposal.

(b) During the 60-day review period following the compliance filing, Joint Petitioners agree to meet with any Settling Party, on reasonable request, to discuss the results and any proposed mitigation measures.

8. **Other.**

(a) Any sale of a generation asset by GenCo shall be subject to Commission approval under Ind. Code § 8-1-2-84.

(b) With respect to any generation resource developed or held by GenCo to support commitments under the PPA which is not or is no longer needed to support NIPSCO's provision of services under the Special Contract, GenCo may utilize the asset to (1) support NIPSCO's service under a special contract with a different megaload customer; (2) support a PPA with NIPSCO or transfer the asset to NIPSCO, subject to compliance with the 46183 Settlement and Affiliate Guidelines; (3) support sales to eligible customers on the NIPSCO system; or (4) may sell the asset to an unaffiliated third party. Joint Petitioners shall act consistent with the representations and commitments they have made in Cause Nos. 46183 and 46322 to reasonably protect the interests of NIPSCO's other retail customers and for GenCo not to become an independent power producer or leverage GenCo generation assets for long-term participation in the

wholesale power markets.⁶ Notwithstanding anything in this section, Joint Petitioners shall be permitted to fully comply with the terms of the Special Contract and PPA, including, but not limited to, the contract provisions related to Mitigation (as defined in the Special Contract and PPA).

(c) In all respects, the provisions of the 46183 Settlement continue to be binding and are in no respect superseded or vacated by any provision in this Agreement.

(d) The commitments, filings, and submissions made under this Agreement or committed to in testimony in this proceeding will be subject to confidentiality protections, as deemed appropriate by the Commission.

(e) LaPorte County Board of Commissioners is agreeing to not oppose this Agreement for the consideration and commitments contained in Addendum A, which Joint Petitioners agree to support, but which other Settling Parties agree to not oppose.

⁶ Section A.2(a) of the 46183 Settlement provides: "Subject to agreed limitations and clarifications contained in this Settlement Agreement, GenCo operations will be limited to serving as the energy and capacity provider to NIPSCO and NIPSCO's customers through PPAs for purposes of allowing NIPSCO to serve new megaload entities as retail customers under Commission approved special contracts. NIPSCO will be GenCo's only customer. (i) This term shall not prohibit GenCo from participating in the wholesale market using existing, non-committed capacity or energy, subject to such regulatory approvals as may be required."

9. **Reporting Requirements**

(a) Updates to the Special Contract, such as identification of Customer Data Center Locations in Exhibit A-2 and Energization Schedule in Exhibit A-3, will be submitted to the Commission as compliance filings in Cause No. 46322. In terms of cadence, NIPSCO will do so each time there is agreement of NIPSCO and Amazon to add a new data center location or when there is a material change or addition to the energization schedule for an identified data center location.

(b) In the event of a material default by GenCo under the PPA, NIPSCO shall, as a compliance filing in Cause No. 46322 and subject to a 60-day period for review and objection and a Commission ruling on any timely objections, file notice of the default and submit a proposed plan to address the default, including potential exercise of NIPSCO's option to go into default and pay liquidated damages or attempt to procure replacement resources to continue service under the Special Contract and, in that event, specify the expected volume of capacity needed, expected duration of the need to cover, and the anticipated source of the replacement resources ("Material Default Mitigation Plan"). In the event the Material Default Mitigation Plan involves any proposed cost recovery or regulatory accounting impacting the rates of other retail customers arising from a material GenCo default, NIPSCO shall bear the burden of demonstrating the reasonableness of any such proposed cost recovery or regulatory accounting, and in that

event, the rights of all other parties shall be preserved to take any position regarding such proposal.

(c) Joint Petitioners will include the following additional information in the required Cause No. 46183 Annual Informational Filing on a backward looking basis each year as part of this report: (i) a comparison of megaload customer actual demand to forecasted demand; and (ii) a comparison of megaload customer demand to GenCo capacity and how NIPSCO and GenCo met NIPSCO megaload customers' demand needs.

(d) NIPSCO will include the following additional information in its required HEA 1520 Reports: (i) forward looking information related to a comparison of megaload customer demand to GenCo capacity; and (ii) how NIPSCO and GenCo anticipate meeting NIPSCO megaload customers' demand needs.

(e) NIPSCO will include the following additional information in its quarterly FAC filings: (i) GenCo's balance sheet; (ii) GenCo's income statement; (iii) GenCo's cash flow statement; and (iv) GenCo's statement of shareholders equity. NIPSCO will provide a report containing this information to the OUCC and intervenors in quarterly FAC filings or GenCo will provide this information to the OUCC concurrent with each FAC filing, with the understanding that GenCo will do so to the extent already available and as it is ordinarily kept in its business records.

(f) In the event any of the following events occur, NIPSCO will provide notice of such event in Cause No. 46322 no later than 30 days after NIPSCO receives the applicable notice, payment, or triggering information: (i) notice of Termination by Amazon of the Special Contract, as well as NIPSCO's Pre-Operation Termination Payment assessed on Amazon (Special Contract Term 6.3.1); (ii) any Early Termination Notice(s) and Early Termination Payments received by NIPSCO from Amazon under Special Contract Term 6.3.2(c); and (iii) any Avoidance Plan created by NIPSCO under Special Contract Term 6.3.2(b).

(g) To the extent any additional or different generation is sought to be developed by GenCo to serve Amazon, GenCo will submit a request for approval of this generation, as required by the 46183 Settlement.

(h) Joint Petitioners will make a compliance filing in Cause No. 46322 each time a sale or lease of NIPSCO's property is finalized—including the Schahfer land sale to Amazon and the sale or lease of Schahfer and Mitchell land to GenCo for the CCGTs and BESS, respectively.

(i) All filings and reporting will be subject to appropriate confidentiality protections.

B. Procedural Aspects and Presentation of the Agreement

1. The Settling Parties acknowledge that a significant motivation to enter into this Agreement is the simplification and minimization of issues to be presented in the proceeding.

2. The Settling Parties agree to jointly present this Agreement to the Commission for approval in this proceeding and agree to assist and cooperate in the preparation and presentation of supplemental testimony as necessary to provide an appropriate factual basis for such approval. All evidence which has been prefiled by the Settling Parties, as the same may have been supplemented or amended, will be admitted into the record. All Settling Parties waive cross-examination on all witnesses of other Settling Parties but reserve the right to ask questions of any witness who may be cross-examined by a non-settling party.

3. The concurrence of the Settling Parties with the terms of this Agreement is expressly predicated upon the Commission's approval of the Agreement in its entirety without modification or a material condition deemed unacceptable to any Settling Party. If the Commission does not approve the Agreement in its entirety, the Agreement shall be null and void and deemed withdrawn upon notice in writing by any Settling Party within fifteen (15) business days after the date of the Final Order that contains any unacceptable modifications. If the Agreement is withdrawn, the Settling Parties agree that the terms herein shall not be admissible in evidence or cited by any party in a

subsequent proceeding. In the event the Agreement is withdrawn, the Settling Parties will request an Attorneys' Conference to be convened to establish a procedural schedule for the continued litigation of this proceeding.

4. The Settling Parties acknowledge that this Agreement addresses all issues in the proceeding and includes compromises upon the part of each Settling Party. The Settling Parties agree that this Agreement and each term, condition, amount, methodology, and exclusion contained herein (a) reflects a fair, just, and reasonable resolution and compromise for the purpose of settlement; and (b) is agreed upon without prejudice to the ability of any party to propose a different term, condition, amount, methodology, or exclusion in any future proceeding. As set forth in the Order in *Re Petition of Richmond Power & Light*, Cause No. 40434, the Settling Parties agree and ask the Commission to incorporate as part of its Final Order that this Agreement, and any Final Order approving it, not be cited as precedent by any person or deemed an admission by any party in any other proceeding except as necessary to enforce its terms before the Commission or any court of competent jurisdiction on these particular issues. This Agreement is solely the result of compromise in the settlement process. Each of the Settling Parties has entered into this Agreement solely to avoid future disputes and litigation with attendant inconvenience and expense.

5. The Settling Parties stipulate that the evidence of record presented in this Cause constitutes substantial evidence sufficient to support this Agreement and provides

an adequate evidentiary basis upon which the Commission can make any finding of fact and conclusion of law necessary for the approval of this Agreement as filed. The Settling Parties agree to the admission into the evidentiary record of this Agreement, along with testimony supporting it, without objection.

6. The undersigned represent and agree that they are fully authorized to execute this Agreement on behalf of their designated clients who will be bound thereby; and further represent and agree that each Settling Party has had the opportunity to review all evidence in this proceeding, consult with attorneys and experts, and is otherwise fully advised of the terms.

7. The Settling Parties shall not appeal the Final Order or any subsequent Commission order as to any portion of such order that is specifically implementing, without modification, the provisions of this Agreement, so long as the Agreement has not been withdrawn, and the Settling Parties shall not support any appeal of any portion of the Final Order by any person not a party to this Agreement.

8. Subject to Section B.3. above, the provisions of this Agreement shall be enforceable by any Settling Party before the Commission or in any court of competent jurisdiction.

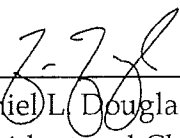
9. The terms set forth in this Agreement are the complete and final agreement among the Settling Parties. The communications and discussions during the negotiations

and conferences which produced this Agreement have been conducted on the understanding that they are or relate to offers of settlement and contained the mental impressions and work product of attorneys present and shall therefore be confidential and privileged communications.

ACCEPTED AND AGREED this 26th day of February 2026.

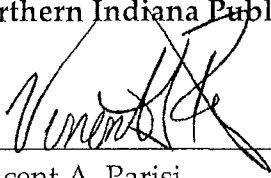
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NIPSCO Generation LLC



Daniel L. Douglas
President and Chief Operating Officer
NIPSCO Generation LLC

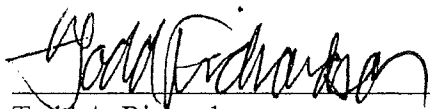
Northern Indiana Public Service Company LLC

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Vincent A. Parisi

President, Chief Operating Officer, and Chief Executive Officer
Northern Indiana Public Service Company LLC

NIPSCO Industrial Group

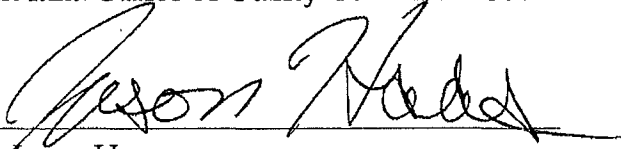
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Todd A. Richardson

LEWIS KAPPES, P.C.

Counsel for NIPSCO Industrial Group

Indiana Office of Utility Consumer Counselor

A handwritten signature in black ink, appearing to read "T. Jason Haas", written over a horizontal line.

T. Jason Haas

Senior Deputy Consumer Counselor

Indiana Office of Utility Consumer Counselor

ATTACHMENT 1-C-S
[HIGHLY CONFIDENTIAL PDF – Filed Separately]

Addendum A

Agreed Addendum between Northern Indiana Public Service Company LLC (“NIPSCO”), NIPSCO Generation LLC (“GenCo”) (collectively, “Joint Petitioners”) and the LaPorte County Commissioners to Not Oppose Settlement Agreement between Joint Petitioners and the Indiana Office of the Utility Consumer Counselor (“OUCC”), et al. in Cause No. 46322

1) Priority Evaluation of LaPorte County Locations

Consistent with NIPSCO’s settlement obligation in Cause No. 46120, NIPSCO has completed a pair of studies outlined in Appendix A to the Stipulation and Settlement Agreement and identified potential sites for a natural gas combined cycle facility, simple cycle combustion turbine facility, or battery energy storage system in LaPorte County. To the extent additional data center customer demand and related generation capacity needs are identified, Joint Petitioners commit to priority evaluation of locations identified in LaPorte County in the study, with special emphasis being placed on light or heavy industrially zoned districts, such as Kingsbury Industrial Park, as potential locations for future GenCo generation and battery energy storage system (“BESS”) sites. The LaPorte County Board of Commissioners, to the extent allowed by law, commits to use best efforts, to the extent consistent with all legal requirements, to cooperate with Joint Petitioners and expedite review and approval associated with obtaining any necessary siting, rezoning, etc. necessary for generation location and development, including associated transmission. All costs and expenses associated with such evaluation and study shall not be recovered from NIPSCO’s other retail customers or LaPorte County. All costs and expenses will be paid for by Joint Petitioners using shareholder funds.

2) Non-Opposition to Any Settlement & Admission of Prefiled Testimony

The LaPorte County Board of Commissioners agrees to not oppose the settlement in this proceeding and to take no position on any issue the non-settling parties raise. Joint Petitioners agree to not oppose the admission of the prefiled testimony of LaPorte County Board of Commissioners’ witnesses filed in this Cause and waive cross examination of those witnesses. The LaPorte County Board of Commissioners agrees to not oppose the admission of the prefiled testimony of all Settling Parties’ witnesses filed in this Cause and will waive cross examination of the Settling Parties’ witnesses.

Addendum A

3) Reservation of Rights

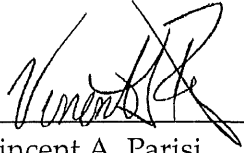
Nothing in this agreed addendum will be construed to limit the LaPorte County Board of Commissioners' right to intervene in other causes in which NIPSCO and/or NIPSCO Generation LLC is a petitioner.

ACCEPTED AND AGREED this 26th day of February, 2025.

[SIGNATURE PAGES FOLLOW]

Addendum A

Northern Indiana Public Service Company LLC

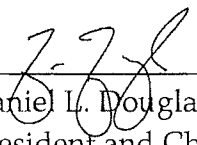
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Vincent A. Parisi

President, Chief Operating Officer, and Chief Executive Officer
Northern Indiana Public Service Company LLC

Addendum A

NIPSCO Generation LLC



Daniel L. Douglas
President and Chief Operating Officer
NIPSCO Generation LLC

Addendum A

LaPorte County Board of Commissioners

 3-4-2026

Steve Holifield

President of the LaPorte County Board of Commissioners