

Formula Rate - Non-Levelized

**Proposed Effective Date January 1, 2016
pending approval of the Federal Energy
Regulatory Commission in Docket No.
ER16-197**

Rate Formula Template
Utilizing FERC Form 1 Data

For the 12 months ended 12/31/16

Northern Indiana Public Service Company

Line No.		Total	Allocator	Allocated Amount
1	GROSS REVENUE REQUIREMENT (page 3, line 31, column 5)			\$ 130,936,907
	REVENUE CREDITS (Note T)			
2	Account No. 454 (page 4, line 34, column 5)	0	TP 1.00000	0
3	Account No. 456.1 (page 4, line 37, column 5)	1,524,000	TP 1.00000	1,524,000
4	Revenues from Grandfathered Interzonal Transactions	0	TP 1.00000	0
5	Revenues from service provided by the ISO at a discount	0	TP 1.00000	0
6	TOTAL REVENUE CREDITS (sum lines 2-5)			\$ 1,524,000
6a	Historic Year Actual ATRR			\$ 121,280,799
6b	Projected ATRR from Prior Year (Input from Prior Year)			118,658,057
6c	Prior Year ATRR True-Up (line 6a - line 6b)			\$ 2,622,742
6d	Prior Year Divisor True-Up (Note BB)			(6,155,429)
6e	Interest on Prior Year True-Up			(229,625)
7	NET REVENUE REQUIREMENT (line 1 - line 6 + line 6c through 6e)			\$ 125,650,595
	DIVISOR			
8	Average of 12 coincident system peaks for requirements (RQ) service (Note A)			2,672,421
9	Plus 12 CP of firm bundled sales over one year not in line 8 (Note B)			0
10	Plus 12 CP of Network Load not in line 8 (Note C)			316,068
11	Less 12 CP of firm P-T-P over one year (enter negative) (Note D)			0
12	Plus Contract Demand of firm P-T-P over one year			0
13	Less Contract Demand from Grandfathered Interzonal Transactions over one year (enter negative) (Note S)			0
14	Less Contract Demands from service over one year provided by ISO at a discount (enter negative)			0
15	Divisor (sum lines 8-14)			2,988,489
16	Annual Cost (\$/kW/Yr) (line 7 / line 15)	42.045		
17	Network & P-to-P Rate (\$/kW/Mo) (line 16 / 12)	3.504		
		Peak Rate		Off-Peak Rate
18	Point-To-Point Rate (\$/kW/Wk) (line 16 / 52; line 16 / 52)	0.809		\$0.809
19	Point-To-Point Rate (\$/kW/Day) (line 16 / 260; line 16 / 365)	0.162 Capped at weekly rate		\$0.115
20	Point-To-Point Rate (\$/MWh) (line 16 / 4,160 times 1000; line 16 / 8,760 times 1,000)	10.107 Capped at weekly and daily rates		\$4.800
21	FERC Annual Charge (\$/MWh) (Note E)	\$0.0444 Short Term		\$0.0444 Short Term
22		\$0.0444 Long Term		\$0.0444 Long Term

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For the 12 months ended 12/31/16

Line No.	(1)	(2) Form No. 1 Page, Line, Col.	Northern Indiana Public Service Company		(5) Transmission (Col 3 times Col 4)
			(3) Company Total	(4) Allocator	
RATE BASE:					
GROSS PLANT IN SERVICE (Note Z, Note GG)					
1	Production	205.46.g	4,278,757,278	NA	
2	Transmission	207.58.g	948,435,366	TP	1.00000 948,435,366
3	Distribution	207.75.g	1,803,896,032	NA	
4	General & Intangible	205.5.g & 207.99.g	208,750,599	W/S	0.13297 27,757,396
5	Common	356.1 (Note O)	299,686,554	CE	0.13297 39,849,076
6	TOTAL GROSS PLANT (sum lines 1-5)		<u>7,539,525,829</u>	GP=	<u>1,016,041,838</u>
GP= 13.476%					
ACCUMULATED DEPRECIATION (Note Z, Note GG)					
7	Production	219.20-24.c	2,405,296,815	NA	
8	Transmission	219.25.c	469,832,957	TP	1.00000 469,832,957
9	Distribution	219.26.c	943,295,276	NA	
10	General & Intangible	219.28.c & 200.21.c	146,165,356	W/S	0.13297 19,435,488
11	Common	356.1 (Note O)	205,630,071	CE	0.13297 27,342,462
12	TOTAL ACCUM. DEPRECIATION (sum lines 7-11)		<u>4,170,220,475</u>		<u>516,610,907</u>
NET PLANT IN SERVICE					
13	Production	(line 1 - line 7)	1,873,460,463		
14	Transmission	(line 2 - line 8)	478,602,409		478,602,409
15	Distribution	(line 3 - line 9)	860,600,756		
16	General & Intangible	(line 4 - line 10)	62,585,243		8,321,909
17	Common	(line 5 - line 11)	94,056,483		12,506,614
18	TOTAL NET PLANT (sum lines 13-17)		<u>3,369,305,354</u>	NP=	<u>499,430,931</u>
NP= 14.823%					
100% CWIP Recovery for Commission Approved Order					
18a	No. 679 Transmission Projects (Note Z)	216.b	211,638,781	NA	1.00000 211,638,781
ADJUSTMENTS TO RATE BASE					
19	Account No. 281 (enter negative) (Note F, Note AA)	273.8.k	0	NA	zero 0
20	Account No. 282 (enter negative) (Note F, Note AA)	275.2.k	-879,833,651	NP	0.14823 -130,417,428
21	Account No. 283 (enter negative) (Note F, Note AA)	277.9.k	-145,787,770	NP	0.14823 -21,610,069
22	Account No. 190 (Note F, Note AA)	234.8.c	304,712,667	NP	0.14823 45,167,450
23	Account No. 255 (enter negative) (Note F, Note AA)	267.8.h	-618,433	NP	0.14823 -91,670
23a	Unamortized Balance of Abandoned Plant (Note Y, Note Z)		0	NA	1.00000 0
24	TOTAL ADJUSTMENTS (sum lines 13-17)	(sum lines 19- 23a)	<u>-721,527,187</u>		<u>-106,951,718</u>
25	LAND HELD FOR FUTURE USE (Note AA)	214.x.d (Note G)	3,563,032	TP	1.00000 3,563,032
WORKING CAPITAL (Note H)					
26	CWC		27,701,771		5,324,861
27	Materials & Supplies (Note G, Note FF)	1/8 page 3, line 8, column 3 & 5 227.8.c & .16.c	30,326,337	TE	0.91333 27,698,090
28	Prepayments (Account 165, Note AA)	111.57.c	29,641,529	GP	0.13476 3,994,553
29	TOTAL WORKING CAPITAL (sum lines 26 - 28)		<u>87,669,638</u>		<u>37,017,504</u>
30	RATE BASE (sum lines 18, 18a, 24, 25, & 29)	(sum lines 18, 18a, 24, 25, & 29)	<u>2,950,649,617</u>		<u>644,698,529</u>

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Utilizing FERC Form 1 Data

For the 12 months ended 12/31/16

Line No.	(1)	(2) Form No. 1 Page, Line, Col.	Northern Indiana Public Service Company		(5) Transmission (Col 3 times Col 4)
			(3) Company Total	(4) Allocator	
	O&M (Note EE)				
1	Transmission	321.112.b	43,361,981	TE 0.91333	39,603,993
1a	Less LSE Expenses included in Transmission O&M Accounts (Note V)		23,882,835	1.00000	23,882,835
2	Less Account 565	321.96.b	0	TE 0.91333	0
3	A&G	323.197.b	204,093,148	W/S 0.13297	27,138,099
4	Less FERC Annual Fees		0	W/S 0.13297	0
5	Less EPRI & Reg. Comm. Exp. & Non-safety Ad. (Note I)		1,958,123	W/S 0.13297	260,370
5a	Plus Transmission Related Reg. Comm. Exp. (Note I)		0	TE 0.91333	0
6	Common	356.1 (Note O)	0	CE 0.13297	0
7	Transmission Lease Payments		0	1.00000	0
8	TOTAL O&M (sum lines 1, 3, 5a, 6, 7 less lines 1a, 2, 4, 5)		<u>221,614,171</u>		<u>42,598,887</u>
	DEPRECIATION AND AMORTIZATION EXPENSE (Note GG)				
9	Transmission	336.7.b	25,743,666	TP 1.00000	25,743,666
9a	Abandoned Plant Amortization	(Note Y)	0	NA 1.00000	0
10	General & Intangible	336.10.f & 336.1.f	27,009,685	W/S 0.13297	3,591,456
11	Common	336.11.f (Note O)	29,723,804	CE 0.13297	3,952,350
12	TOTAL DEPRECIATION	(sum lines 9 - 11)	<u>82,477,155</u>		<u>33,287,471</u>
	TAXES OTHER THAN INCOME TAXES (Note J)				
	LABOR RELATED				
13	Payroll	263.i	10,833,514	W/S 0.13297	1,440,524
14	Highway and vehicle	263.i	0	W/S 0.13297	0
15	PLANT RELATED				
16	Property	263.i	32,185,899	GP 0.13476	4,337,437
17	Gross Receipts	263.i	23,719,554	NA zero	0
18	Other	263.i	1,742,476	GP 0.13476	234,820
19	Payments in lieu of taxes		0	GP 0.13476	0
20	TOTAL OTHER TAXES (sum lines 13 - 19)		<u>68,481,443</u>		<u>6,012,780</u>
	INCOME TAXES (Note K)				
21	$T = 1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$		39.14%		
22	$CIT = (T / (1 - T)) * (1 - (WCLTD / R)) =$ where WCLTD = (page 4, line 27) and R = (page 4, line 30) and FIT, SIT & p are as given in footnote K.		48.59%		
23	$1 / (1 - T) =$ (from line 21)		1.6432		
24	Amortized Investment Tax Credit (266.8f) (enter negative)		0		
25	Income Tax Calculation = line 22 * line 28		135,129,262	NA	29,524,900
26	ITC adjustment (line 23 * line 24)		0	NP 0.14823	0
27	Total Income Taxes (line 25 plus line 26)		<u>135,129,262</u>		<u>29,524,900</u>
28	RETURN [Rate Base (page 2, line 30) * Rate of Return (page 4, line 30)]		278,082,963	NA	60,759,392
29	REV. REQUIREMENT (sum lines 8, 12, 20, 27, 28)		785,784,994		172,183,431
30	LESS ATTACHMENT GG ADJUSTMENT [Attachment GG, page 2, line 3, column 10] (Note W) [Revenue Requirement for facilities included on page 2, line 2, and also included in Attachment GG]		3,973,588		3,973,588
30a	LESS ATTACHMENT MM ADJUSTMENT [Attachment MM, page 2, line 3, column 14] (Note CC) [Revenue Requirement for facilities included on page 2, line 2, and also included in Attachment MM]		37,272,937		37,272,937
31	REV. REQUIREMENT TO BE COLLECTED UNDER ATTACHMENT O (line 29 - line 30 - line 30a)		<u>744,538,469</u>		<u>130,936,907</u>

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For the 12 months ended 12/31/16

Northern Indiana Public Service Company

SUPPORTING CALCULATIONS AND NOTES

Line No.	TRANSMISSION PLANT INCLUDED IN ISO RATES				
1	Total transmission plant (page 2, line 2, column 3)			948,435,366	
2	Less transmission plant excluded from ISO rates (Note M)			0	
3	Less transmission plant included in OATT Ancillary Services (Note N)			0	
4	Transmission plant included in ISO rates (line 1 less lines 2 & 3)			948,435,366	
5	Percentage of transmission plant included in ISO Rates (line 4 divided by line 1)			TP=	1.00000
TRANSMISSION EXPENSES					
6	Total transmission expenses (page 3, line 1, column 3)			43,361,981	
7	Less transmission expenses included in OATT Ancillary Services (Note L)			3,757,988	
8	Included transmission expenses (line 6 less line 7)			39,603,993	
9	Percentage of transmission expenses after adjustment (line 8 divided by line 6)			0.91333	
10	Percentage of transmission plant included in ISO Rates (line 5)			TP	1.00000
11	Percentage of transmission expenses included in ISO Rates (line 9 times line 10)			TE=	0.91333
WAGES & SALARY ALLOCATOR (W&S)					
	Form 1 Reference	\$	TP	Allocation	
12	Production 354.20.b	46,108,302	0.00	0	
13	Transmission 354.21.b	11,365,471	1.00	11,365,471	
14	Distribution 354.23.b	16,468,740	0.00	0	W&S Allocator
15	Other 354.24, 25, 26.b	11,531,961	0.00	0	(\$ / Allocation)
16	Total (sum lines 12-15)	85,474,473		11,365,471 =	0.13297 = WS
COMMON PLANT ALLOCATOR (CE) (Note O)					
17	Electric 200.3.c	5,921,721,268		% Electric (line 17 / line 20)	W&S Allocator (line 16) CE
18	Gas	0		1.00000 *	0.13297 = 0.13297
19	Water	0			
20	Total (sum lines 17 - 19)	5,921,721,268			
RETURN (R)					
21	Long Term Interest (117, sum of 62.c through 67.c)			\$	889,847,522
22	Preferred Dividends (118.29c) (positive number)			\$	-
Development of Common Stock:					
23	Proprietary Capital (112.16.c) (Note AA)				2,279,506,008
24	Less Preferred Stock (line 28) (Note AA)				0
25	Less Account 216.1 (112.12.c) (enter negative) (Note AA)				-37,313,949
26	Common Stock (sum lines 23-25)				2,242,192,059
		\$	%	Cost (Note P)	Weighted
27	Long Term Debt (112, sum of 18.c through 21.c) (Note AA)	1,656,500,000	42%	0.0542	0.0230 =WCLTD
28	Preferred Stock (112.3.c) (Note AA)	0	0%	0.0000	0.0000
29	Common Stock (line 26) (Note AA)	2,242,192,059	58%	0.1238	0.0712
30	Total (sum lines 27-29)	3,898,692,059			0.0942 =R
REVENUE CREDITS					
ACCOUNT 447 (SALES FOR RESALE) (310-311) (Note Q)					
31	a. Bundled Non-RQ Sales for Resale (311.x.h)			Load	0
32	b. Bundled Sales for Resale included in Divisor on page 1				0
33	Total of (a)-(b)				0
34	ACCOUNT 454 (RENT FROM ELECTRIC PROPERTY) (Note R)				\$0
ACCOUNT 456.1 (OTHER ELECTRIC REVENUES) (Note U) (330.x.n)					
35	a. Transmission charges for all transmission transactions				\$57,259,645
36	b. Transmission charges for all transmission transactions included in Divisor on Page 1				\$14,489,121
36a	c. Transmission charges from Schedules associated with Attachment GG (Note X)				\$3,973,588
36b	d. Transmission charges from Schedules associated with Attachment MM (Note DD)				\$37,272,937
37	Total of (a)-(b)-(c)-(d)				\$1,524,000

Northern Indiana Public Service Company

General Note: References to pages in this formulary rate are indicated as: (page#, line#, col#)
References to data from FERC Form 1 are indicated as: #.y.x (page, line, column)

- Note
Letter
- A Peak as would be reported on page 401b, column d of Form 1 at the time of the applicable pricing zone coincident monthly peaks.
 - B Labeled LF, LU, IF, IU on pages 310-311 of Form 1 at the time of the applicable pricing zone coincident monthly peaks.
 - C Labeled LF on page 328 of Form 1 at the time of the applicable pricing zone coincident monthly peaks.
 - D Labeled LF on page 328 of Form 1 at the time of the applicable pricing zone coincident monthly peaks.
 - E The FERC's annual charges for the year assessed the Transmission Owner for service under this tariff.
 - F The balances in Accounts 190, 281, 282 and 283, as adjusted by any amounts in contra accounts identified as regulatory assets or liabilities related to FASB 106 or 109. Balance of Account 255 is reduced by prior flow throughs and excluded if the utility chose to utilize amortization of tax credits against taxable income as discussed in Note K. Account 281 is not allocated. The calculations of ADIT in the annual true-up calculation will use the beginning-of-year and end-of-year balances. The calculation of ADIT in the annual projection will be performed in accordance with IRS regulation Section 1.167(l)-1(h)(6). Work papers supporting the ADIT calculations will be posted with each Annual True-Up and or Projected Net Revenue Requirement and included in the annual Informational Filing submitted to the Commission. The Annual True-Up or Projected Net Revenue Requirement ADIT worksheets set forth the calculation pursuant to IRS regulation Section 1.167(l)-1(h)(6).
 - G Identified in Form 1 as being only transmission related balances.
 - H Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission at page 3, line 8, column 5. Prepayments are the electric related prepayments booked to Account No. 165 and reported on Page 111, line 57 in the Form 1.
 - I Line 5 - EPRI Annual Membership Dues listed in Form 1 at 353.f, all Regulatory Commission Expenses itemized at 351.h, and non-safety related advertising included in Account 930.1. Line 5a - Regulatory Commission Expenses directly related to transmission service, ISO filings, or transmission siting itemized at 351.h.
 - J Includes only FICA, unemployment, highway, property, gross receipts, and other assessments charged in the current year. Taxes related to income are excluded. Gross receipts taxes are not included in transmission revenue requirement in the Rate Formula Template, since they are recovered elsewhere.
 - K The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = "the percentage of federal income tax deductible for state income taxes". If the utility is taxed in more than one state it must attach a work paper showing the name of each state and how the blended or composite SIT was developed. Furthermore, a utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) multiplied by (1/1-T) (page 3, line 26).

Inputs Required:	FIT =	35.000%
	SIT =	6.375% (State Income Tax Rate or Composite SIT)
	p =	0.000% (percent of federal income tax deductible for state purposes)
 - L Removes dollar amount of transmission expenses included in the OATT ancillary services rates, including Account Nos. 561.1, 561.2, 561.3, and 561.BA.
 - M Removes transmission plant determined by Commission order to be state-jurisdictional according to the seven-factor test (until Form 1 balances are adjusted to reflect application of seven-factor test).
 - N Removes dollar amount of transmission plant included in the development of OATT ancillary services rates and generation step-up facilities, which are deemed included in OATT ancillary services. For these purposes, generation step-up facilities are those facilities at a generator substation on which there is no through-flow when the generator is shut down.
 - O NIPSCO is a combined gas and electric company and does have common plant assets. As all common plant balances and related depreciation expenses are allocated to either gas or electric plant on page(s) 356 of FERC Form 1 using ratios approved by the state jurisdiction, NIPSCO has not included a balance for gas assets in lines 5 and 11 of page 2 nor gas expenses in lines 6 and 11 of page 3. Therefore, there is no need to populate line 18 on page 4 as the gas plant balances and expenses have been eliminated from amounts reported in this Attachment O.
 - P Debt cost rate = long-term interest (line 21) / long term debt (line 27). Preferred cost rate = preferred dividends (line 22) / preferred outstanding (line 28). ROE will be supported in the original filing and no change in ROE may be made absent a filing with FERC. A 50 basis point adder for RTO participation may be added to the ROE up to the upper end of the zone of reasonableness established by FERC.
 - Q Line 33 must equal zero since all short-term power sales must be unbundled and the transmission component reflected in Account No. 456.1 and all other uses are to be included in the divisor.
 - R Includes income related only to transmission facilities, such as pole attachments, rentals and special use.
 - S Grandfathered agreements whose rates have been changed to eliminate or mitigate pancaking - the revenues are included in line 4, page 1 and the loads are included in line 13, page 1. Grandfathered agreements whose rates have not been changed to eliminate or mitigate pancaking - the revenues are not included in line 4, page 1 nor are the loads included in line 13, page 1.
 - T The revenues credited on page 1, lines 2-5 shall include only the amounts received directly (in the case of grandfathered agreements) or from the ISO (for service under this tariff) reflecting the Transmission Owner's integrated transmission facilities. They do not include revenues associated with FERC annual charges, gross receipts taxes, ancillary services, facilities not included in this template (e.g., direct assignment facilities and GSUs) which are not recovered under this Rate Formula Template.
 - U Account 456.1 entry shall be the annual total of the quarterly values reported at Form 1, 330.x.n.
 - V Account Nos. 561.4 and 561.8 consist of RTO expenses billed to load-serving entities and are not included in Transmission Owner revenue requirements.
 - W Pursuant to Attachment GG of the Midwest ISO Tariff, removes dollar amount of revenue requirements calculated pursuant to Attachment GG.
 - X Removes from revenue credits revenues that are distributed pursuant to Schedules associated with Attachment GG of the Midwest ISO Tariff, since the Transmission Owner's Attachment O revenue requirements have already been reduced by the Attachment GG revenue requirements.
 - Y Page 2, line 23a includes any unamortized balances related to the recovery of abandoned plant costs approved by FERC. Page 3, line 9a includes the Amortization expense of abandonment plant costs approved by FERC. These are shown in the workpapers required pursuant to the Annual Rate Calculation and True-Up Procedures.
 - Z Calculate using 13 month average balance, reconciling to FERC Form No. 1 by page, line and column as shown in Column 2.
 - AA Calculate using a simple average of beginning of year and end of year balances reconciling to FERC Form No. 1 by page, line and column as shown in Column 2.
 - BB Calculation of Prior Year Divisor True-Up:

Historic Year Actual Divisor	Pg 1, Line 15	2,975,917
Projected Year Divisor	Pg 1, Line 15	2,829,153
Difference between Historic & Project Yr Divisor		146,764
Prior Year Projected Annual Cost (\$ per kw per yr.)	Pg 1, Line 16	41,94100
Projected Year Divisor True-up (Difference * Prior Year Projected Annual Cost)		(6,155,429)
 - CC Pursuant to Attachment MM of the Midwest ISO Tariff, removes dollar amount of revenue requirements calculated pursuant to Attachment MM.
 - DD Removes from revenue credits revenues that are distributed pursuant to Schedules associated with Attachment MM of the Midwest ISO Tariff, since the Transmission Owner's Attachment O revenue requirements have already been reduced by the Attachment MM revenue requirements.
 - EE Schedule 10-FERC charges should not be included in O&M recovered under this Attachment O.
 - FF Stores Expense Undistributed (Account 163) will be the average of the beginning of the year and the end of year balances, multiplied by the "Ratio O&M" percentage for electric, as reported on page(s) 356 of the Form 1, multiplied by the Net Plant (NP) Allocator, as calculated on page 2, line 18, column 4 of this Attachment O.
 - GG Plant in Service, Accumulated Depreciation, and Depreciation Expense amounts exclude Asset Retirement Obligation amounts unless authorized by FERC.

Northern Indiana Public Service Company

Plant in Service

Budgeted for the period ending December 31, 2015 and December 2016

Gross Plant in Service

	Electric Plant				Common Allocated to Electric
	Production	Transmission	Distribution	General &Intangible	
December-15	4,007,445,292	933,821,719	1,752,581,823	206,278,518	299,655,435
January-16	4,278,315,721	935,303,002	1,757,857,309	206,532,666	299,887,124
February-16	4,279,986,677	936,343,243	1,761,504,630	206,708,377	299,996,414
March-16	4,284,511,887	939,160,381	1,771,382,147	207,184,230	300,175,173
April-16	4,289,226,045	942,095,147	1,781,672,094	207,679,952	300,400,731
May-16	4,297,414,237	947,192,648	1,799,545,074	208,540,990	300,549,556
June-16	4,302,804,307	950,548,198	1,811,310,386	209,107,788	300,652,713
July-16	4,306,499,086	952,848,357	1,819,375,257	209,496,316	300,779,915
August-16	4,308,495,837	954,091,420	1,823,733,715	209,706,287	300,894,691
September-16	4,311,554,288	955,995,437	1,830,409,627	210,027,901	301,259,189
October-16	4,314,515,031	957,838,627	1,836,872,263	210,339,241	301,374,288
November-16	4,317,127,542	959,465,027	1,842,574,786	210,613,962	294,869,114
December-16	4,325,948,664	964,956,554	1,861,829,311	211,541,557	295,430,859
13 month Average	\$ 4,278,757,278	\$ 948,435,366	\$ 1,803,896,032	\$ 208,750,599	\$ 299,686,554

Accumulated Depreciation & Amortization

	Electric Plant				Common Allocated to Electric
	Production	Transmission	Distribution	General &Intangible	
December-15	\$2,345,127,295	\$463,627,698	\$941,883,687	\$140,381,171	\$192,022,566
January-16	\$2,356,006,680	\$465,058,039	\$943,503,100	\$141,416,047	\$194,413,829
February-16	\$2,366,980,195	\$466,690,369	\$945,864,182	\$142,486,948	\$196,908,103
March-16	\$2,376,677,655	\$467,533,359	\$945,450,936	\$143,423,112	\$199,347,522
April-16	\$2,386,300,166	\$468,333,666	\$944,879,778	\$144,351,819	\$201,744,887
May-16	\$2,394,375,320	\$468,179,045	\$940,947,499	\$145,110,915	\$204,216,233
June-16	\$2,403,722,630	\$468,819,544	\$939,792,293	\$146,003,121	\$206,733,515
July-16	\$2,413,841,625	\$469,942,712	\$940,322,129	\$146,977,168	\$209,201,810
August-16	\$2,424,729,874	\$471,545,633	\$942,529,789	\$148,032,635	\$211,686,810
September-16	\$2,435,146,434	\$472,857,923	\$943,713,498	\$149,038,592	\$213,960,033
October-16	\$2,445,613,397	\$474,203,989	\$945,010,349	\$150,050,157	\$216,459,416
November-16	\$2,456,242,873	\$475,653,220	\$946,664,138	\$151,073,522	\$212,112,295
December-16	\$2,464,094,453	\$475,383,250	\$942,277,208	\$151,804,415	\$214,383,907
13 month Average	\$ 2,405,296,815	\$ 469,832,957	\$ 943,295,276	\$ 146,165,356	\$ 205,630,071

Northern Indiana Public Service Company

FERC APPROVED CWIP

Budgeted for the period ending December 31, 2015 and December 31, 2016

Pre 12/31/2011 to 12/31/2016 Projected Capital Expenditures

	Total CWIP	Reynolds to Burr Oak to Hiple 345 kV transmission line (MISO Project 12)		Reynolds to Greentown 765 kV transmission line (MISO Project 14)	
		Total CWIP	Monthly Budgeted CapEx	Total CWIP	Monthly Budgeted Cap
December-15	153,877,909	95,671,498		58,206,411	
January-16	161,968,917	101,994,323	6,322,824	59,974,594	1,768,183
February-16	167,714,080	105,037,426	3,043,104	62,676,654	2,702,060
March-16	178,168,296	110,663,390	5,625,964	67,504,906	4,828,252
April-16	188,365,026	115,529,822	4,866,431	72,835,205	5,330,299
May-16	201,457,659	120,521,050	4,991,229	80,936,608	8,101,403
June-16	210,861,408	126,172,001	5,650,950	84,689,407	3,752,799
July-16	223,919,504	131,513,057	5,341,057	92,406,447	7,717,040
August-16	234,173,037	137,056,560	5,543,503	97,116,476	4,710,029
September-16	245,338,324	142,645,916	5,589,356	102,692,408	5,575,931
October-16	252,829,531	147,873,934	5,228,017	104,955,597	2,263,190
November-16	260,683,310	153,021,742	5,147,808	107,661,568	2,705,971
December-16	<u>271,947,150</u>	<u>158,547,794</u>	5,526,052	<u>113,399,357</u>	5,737,789
13 month Average	211,638,781	126,634,501		85,004,280	

Northern Indiana Public Service Company

Adjustments to Rate Base

Average of Beginning through End of Year Balance using the Prorata Method

Proposed Effective Date January 1, 2016 pending approval of the Federal Energy Regulatory Commission in Docket No. ER16-197

	281	282	283	190	255
Gross Accumulated Deferred Income Taxes					
December-15 \$	-	\$ (875,483,038)	\$ (143,154,718)	\$ 310,129,752	\$ (706,997)
January-16 \$	-	\$ (875,826,877)	\$ (143,274,437)	\$ 308,466,854	\$ (677,752)
February-16 \$	-	\$ (876,141,978)	\$ (143,384,149)	\$ 306,942,945	\$ (650,951)
March-16 \$	-	\$ (876,425,260)	\$ (143,482,783)	\$ 305,572,916	\$ (626,857)
April-16 \$	-	\$ (876,677,751)	\$ (143,570,696)	\$ 304,351,803	\$ (605,381)
May-16 \$	-	\$ (876,898,424)	\$ (143,647,531)	\$ 303,284,570	\$ (586,612)
June-16 \$	-	\$ (877,088,306)	\$ (143,713,644)	\$ 302,366,253	\$ (570,462)
July-16 \$	-	\$ (877,246,369)	\$ (143,768,679)	\$ 301,601,817	\$ (557,018)
August-16 \$	-	\$ (877,372,615)	\$ (143,812,636)	\$ 300,991,260	\$ (546,280)
September-16 \$	-	\$ (877,468,069)	\$ (143,845,871)	\$ 300,529,620	\$ (538,161)
October-16 \$	-	\$ (877,531,705)	\$ (143,868,028)	\$ 300,221,860	\$ (532,749)
November-16 \$	-	\$ (877,564,549)	\$ (143,879,464)	\$ 300,063,016	\$ (529,955)
December-16	-	\$ (877,565,575)	\$ (143,879,821)	\$ 300,058,052	\$ (529,868)

BOY/EOY Average \$	-	\$ (876,524,306)	\$ (143,517,269)	\$ 305,093,902	\$ (618,433)
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	281	282	283	190	255
FAS109 Regulatory Assets or Liabilities					
December-15 \$	-	\$ (2,369,245)	\$ (1,757,964)	\$ (436,733)	\$ -
January-16 \$	-	\$ (2,679,677)	\$ (1,927,210)	\$ (418,407)	\$ -
February-16 \$	-	\$ (2,964,162)	\$ (2,082,310)	\$ (401,613)	\$ -
March-16 \$	-	\$ (3,219,921)	\$ (2,221,748)	\$ (386,514)	\$ -
April-16 \$	-	\$ (3,447,881)	\$ (2,346,030)	\$ (373,057)	\$ -
May-16 \$	-	\$ (3,647,113)	\$ (2,454,650)	\$ (361,296)	\$ -
June-16 \$	-	\$ (3,818,546)	\$ (2,548,114)	\$ (351,176)	\$ -
July-16 \$	-	\$ (3,961,252)	\$ (2,625,917)	\$ (342,751)	\$ -
August-16 \$	-	\$ (4,075,231)	\$ (2,688,058)	\$ (336,023)	\$ -
September-16 \$	-	\$ (4,161,411)	\$ (2,735,042)	\$ (330,935)	\$ -
October-16 \$	-	\$ (4,218,864)	\$ (2,766,366)	\$ (327,543)	\$ -
November-16 \$	-	\$ (4,248,517)	\$ (2,782,532)	\$ (325,793)	\$ -
December-16	-	\$ (4,249,444)	\$ (2,783,037)	\$ (325,738)	\$ -

BOY/EOY Average \$	-	\$ (3,309,344)	\$ (2,270,501)	\$ (381,235)	\$ -
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Sum of BOY/EOY Averages \$	-	\$ (879,833,651)	\$ (145,787,770)	\$ 304,712,667	\$ (618,433)
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Northern Indiana Public Service Company

Land Held for Future Use (Balances at beginning of year and end of year)

Average of Beginning and End of Year Balance

Land Held for Future Use (Balances at beginning of year and end of year)

	Account 105*
December-15	\$ 3,563,032
January-16	
February-16	
March-16	
April-16	
May-16	
June-16	
July-16	
August-16	
September-16	
October-16	
November-16	
December-16	3,563,032

BOY/EOY Average \$ 3,563,032

* Only Land Held for Future Use that is Transmission Related. Excludes Land Held for Future Use for MVP projects, as balance is included in FERC Approved CWIP

Northern Indiana Public Service Company

Materials & Supplies

Average of Beginning and End of Year Balance

Source: Footnote to FERC Form 1, 227.8.c & .16.c

	FERC 163	FERC 163	FERC 163	FERC 154	Total
	Common Electric & Gas	Common Allocated to Electric (a)	Electric Allocated to Transmission (b)	Transmission Plant	
December-15	\$ 1,734,995			30,121,495	
January-16					
February-16					
March-16					
April-16					
May-16					
June-16					
July-16					
August-16					
September-16					
October-16					
November-16					
December-16	1,734,995	-	-	30,121,495	
BOY/EOY Average	\$ 1,734,995	\$ 1,381,924	\$ 204,842	\$ 30,121,495	\$ 30,326,337

(a) allocated using Ratio O&M reported on page 356.1 of FERC Form 1

(b) allocated using the Net Plant (NP) allocator reported on page 2 line 18 column 4

(c) FERC 163 and 154 are based on 2013 EOY Balance, which is the most current information

Northern Indiana Public Service Company

Prepayments

Average of Beginning and End of Year Balance

Working Capital (Balances at beginning of year and end of year)

Source: Footnote to FERC Form 1, 111.57.c

	<u>Prepayments</u>
December-15	\$ 29,641,529
January-16	
February-16	
March-16	
April-16	
May-16	
June-16	
July-16	
August-16	
September-16	
October-16	
November-16	
December-16	<u>29,641,529</u>
BOY/EOY Average	\$ 29,641,529

Northern Indiana Public Service Company

Transmission Expenses

Budgeted for the period ending December 31, 2016

Account Number		December-16
<i>OPERATION</i>		
560.0	Supervision and Engineering	\$ 1,549,707
561.0	Load Dispatching	88,929
561.1	Load Dispatching - Reliability	1,565,461
561.2	Load Dispatching -Monitor & Operate Transmission System	2,192,527
561.3	Load Dispatching- Transmission Service & Scheduling	-
561.4	Scheduling, System Control & Dispatch Service	423,808
561.5	Reliability, Planning and Standards Development	1,179,496
561.6	Transmission Service Studies	-
561.7	General Interconnection Studies	-
561.8	Reliability, Planning and Standards Development Services	-
561.81	RECB Network Upgrade Charges	23,459,027
562.0	Station Expense	960,824
563.0	Overhead Line Expense	254,611
565.0	Transmission of Electricity by Others	-
566.0	Miscellaneous Transmission Expenses	1,303,546
567.0	Rents	-
	Total Operation	<u>\$ 32,977,936</u>
<i>MAINTENANCE</i>		
568.0	Supervision and Engineering	\$ 1,402,193
569.0	Structures	151
569.1	Computer Hardware	388,422
569.2	Computer Software	1,147,930
569.3	Communication Equipment	-
570.0	Station Equipment	3,887,005
571.0	Overhead Lines	3,395,740
573.0	Miscellaneous Transmission Plant	162,604
	Total Maintenance	<u>\$ 10,384,045</u>
	Total Operations and Maintenance	\$ 43,361,981

Northern Indiana Public Service Company

Administrative and General Expenses

Budgeted for the period ending December 31, 2016

Account Number		December-16
<i>ADMINISTRATIVE AND GENERAL EXPENSES</i>		
	920.0 Administrative and General Salaries	\$ 79,221,985
	921.0 Office Supplies and Expenses	22,076,261
Less	922.0 Administrative Expenses Transferred- Credit	(13,040,531)
	923.0 Outside Services Employed	42,035,606
	924.0 Property Insurance	7,514,429
	925.0 Injuries and Damages	8,821,784
	926.0 Employees Pensions and Benefits	37,526,743
	928.0 Regulatory Commission Expenses	1,031,666
	929.0 (Less) Duplicate Charges - Cr	-
	930.1 General Advertising Expense	35,419
	930.2 Miscellaneous General Expenses	13,455,778
	931.0 Rents	3,501,738
	935.0 Maintenances of General Plant	1,912,270
	Total Administrative and General	<u>\$ 204,093,148</u>

Ref		December-16
	EPRI, REG COMMISSION EXPENSE & NON SAFETY ADVERTISING	
a	Electric Power Research Institute	\$ 891,039
928.0, b	Regulatory Commission Expenses	1,031,666
c	Non-safety Advertisement	35,419
		<u>\$ 1,958,123</u>

a - Listed in Form 1 at 353.f

b - only amounts directly related to transmission service, ISO filings, or transmission siting

c - included in account 930.1

Northern Indiana Public Service Company

Depreciation and Amortization

Budgeted for the period ending December 31, 2016

<i>DEPRECIATION EXPENSE</i>	December-16
Transmission	\$ 25,743,666
General	\$ 27,009,685
Common	\$ 29,723,804

Northern Indiana Public Service Company

Taxes Other than Income Allocated to Electric

Budgeted for the period ending December 31, 2016

	December-16
Payroll	\$ 10,833,514
Property	32,185,899
Gross Receipts	23,719,554
Other	1,742,476

Northern Indiana Public Service Company
Wages and Salary / Common Plant Allocator
Budgeted for the period ending December 31, 2016

ELECTRIC WAGES & SALARY ALLOCATOR (W&S)

	December-16
Production	\$ 46,108,302
Transmission	\$ 11,365,471
Distribution	\$ 16,468,740
Other	\$ 11,531,961

COMMON PLANT ALLOCATOR

	December-16
Electric	\$5,921,721,268
Gas	
Water	-
	<hr/>
	\$5,921,721,268

Northern Indiana Public Service Company
 Capital Structure
 Budgeted for the period ending December 31, 2016

<u>Long-Term Debt</u>		
	December-15	\$ 1,574,500,000
	January-16	
	February-16	
	March-16	
	April-16	
	May-16	
	June-16	
	July-16	
	August-16	
	September-16	
	October-16	
	November-16	
	December-16	<u>1,738,500,000</u>
	Average of Beginning and End of Year Balance	\$ <u>1,656,500,000</u>
<u>Interest & Preferred Dividend Expense</u>		
	Annualized Long-Term Debt Interest Expense	\$ 89,847,522
	Preferred Dividends	\$ -
<u>Common Equity</u>		
	December-15	\$ 2,181,328,231
	January-16	
	February-16	
	March-16	
	April-16	
	May-16	
	June-16	
	July-16	
	August-16	
	September-16	
	October-16	
	November-16	
	December-16	<u>2,377,683,785</u>
	Average of Beginning and End of Year Balance	\$ <u>2,279,506,008</u>
Preferred Stock		
	December-15	\$ -
	January-16	
	February-16	
	March-16	
	April-16	
	May-16	
	June-16	
	July-16	
	August-16	
	September-16	
	October-16	
	November-16	
	December-16	<u>-</u>
	Average of Beginning and End of Year Balance	\$ <u>-</u>
Unappropriated Undistributed Subsidiary Earnings		
	December-15	\$ 36,322,770
	January-16	
	February-16	
	March-16	
	April-16	
	May-16	
	June-16	
	July-16	
	August-16	
	September-16	
	October-16	
	November-16	
	December-16	<u>38,305,128</u>
	Average of Beginning and End of Year Balance	\$ <u>37,313,949</u>

Northern Indiana Public Service Company

Monthly Peaks and Output in (Mw)

DIVISOR

Monthly Peaks and Output in (Mw)

Year ended December 31, 2016

	NIPSCO Internal	Wholesale
January	2,610	309
February	2,479	275
March	2,528	273
April	2,289	228
May	2,677	303
June	3,016	365
July	3,153	421
August	3,145	414
September	2,937	361
October	2,399	273
November	2,385	273
December	2,451	298
Total	<u>32,069</u>	<u>3,793</u>
Average (Mw)	2,672.42	316.07
Average (kWh)	<u><u>2,672,421</u></u>	<u><u>316,068</u></u>

Northern Indiana Public Service Company

Account 456.1 (Other Electric Revenues)

Year ended December 31, 2016

Transmission of Electricity for Others (Account 456.1)

	December-16
Transmission Charges for Transmission Transactions	
Midwest ISO (Schedule 7&8)	\$ 1,524,000
Midwest ISO (Schedule 9)	2,456,323
Midwest ISO (Schedule 26)	3,973,588
Midwest ISO (Schedule 26-a)	37,272,937
Indiana Municipal Power Agency	371,555
Wabash Valley Power Authority	11,512,547
Total	<u>\$ 57,110,950</u>

Other Account 456.1 Charges

Midwest ISO (Schedule 1)	\$ 71,388
Midwest ISO (Schedule 2)	77,307
Midwest ISO (Schedule 24)	-
Total Account 456.1 Charges	<u>\$ 57,259,645</u>

Less: Schedule 1	\$ 71,388
Less: Schedule 2	77,307
Less: Schedule 9	2,456,323
Less: Schedule 24	-
Less: Schedule 26	3,973,588
Less: Schedule 26-a	37,272,937
Indiana Municipal Power Agency	371,555
Wabash Valley Power Authority	<u>11,512,547</u>

Total Revenue Credit \$ 1,524,000