

Formula Rate - Non-Levelized

Rate Formula Template
Utilizing FERC Form 1 Data

For the 12 months ended 12/31/13

Northern Indiana Public Service Company

Line No.			Total	Allocator	Allocated Amount
1	GROSS REVENUE REQUIREMENT (page 3, line 31, column 5)				\$ 124,067,858
	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)		1,782,773	TP 1.00000	1,782,773
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)				1,782,773
6a	Historic Year Actual ATRR				0
6b	Projected ATRR from Prior Year	Input from Prior Year			0
6c	Prior Year ATRR True-Up	(line 6a - line 6b)			0
6d	Prior Year Divisor True-Up	(Note BB)			0
6e	Interest on Prior Year True-Up				0
7	NET REVENUE REQUIREMENT (line 1 - line 6 + line 6c through 6e)				\$ 122,285,085
	DIVISOR				
8	Average of 12 coincident system peaks for requirements (RQ) service			(Note A)	2,614,333
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)	316,500
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)				2,930,833
16	Annual Cost (\$/kW/Yr) (line 7 / line 15)		41.724		
17	Network & P-to-P Rate (\$/kW/Mo) (line 16 / 12)		3.477		
			Peak Rate		Off-Peak Rate
18	Point-To-Point Rate (\$/kW/Wk) (line 16 / 52; line 16 / 52)		0.802		\$0.802
19	Point-To-Point Rate (\$/kW/Day) (line 16 / 260; line 16 / 365)		0.160 Capped at weekly rate		\$0.114
20	Point-To-Point Rate (\$/MWh) (line 16 / 4,160 times 1000; line 16 / 8,760 times 1,000)		10.030 Capped at weekly and daily rates		\$4.763
21	FERC Annual Charge (\$/MWh) (Note E)		\$0.0456 Short Term		\$0.0456 Short Term
22			\$0.0456 Long Term		\$0.0456 Long Term

Formula Rate - Non-Levelized		Rate Formula Template Utilizing FERC Form 1 Data			For the 12 months ended 12/31/13	
Line No.	(1)	(2) Form No. 1 Page, Line, Col.	(3) Northern Indiana Public Service Company Company Total	(4) Allocator	(5) Transmission (Col 3 times Col 4)	
RATE BASE:						
GROSS PLANT IN SERVICE (Note Z, Note GG)						
1	Production	205.46.g	3,415,468,212	NA		
2	Transmission	207.58.g	835,355,408	TP	1.00000 835,355,408	
3	Distribution	207.75.g	1,567,049,829	NA		
4	General & Intangible	205.5.g & 207.99.g	203,935,423	W/S	0.14130 28,816,760	
5	Common	356.1 (Note O)	234,357,227	CE	0.14130 33,115,463	
6	TOTAL GROSS PLANT (sum lines 1-5)		<u>6,256,166,099</u>	GP=	<u>14.342%</u> 897,287,630	
ACCUMULATED DEPRECIATION (Note Z, Note GG)						
7	Production	219.20-24.c	2,158,083,892	NA		
8	Transmission	219.25.c	421,638,077	TP	1.00000 421,638,077	
9	Distribution	219.26.c	907,653,187	NA		
10	General & Intangible	219.28.c & 200.21.c	112,532,813	W/S	0.14130 15,901,264	
11	Common	356.1 (Note O)	132,231,232	CE	0.14130 18,684,717	
12	TOTAL ACCUM. DEPRECIATION (sum lines 7-11)		<u>3,732,139,201</u>		<u>456,224,058</u>	
NET PLANT IN SERVICE						
13	Production	(line 1- line 7)	1,257,384,320			
14	Transmission	(line 2- line 8)	413,717,331		413,717,331	
15	Distribution	(line 3 - line 9)	659,396,642		0	
16	General & Intangible	(line 4 - line 10)	91,402,610		12,915,495	
17	Common	(line 5 - line 11)	102,125,995		14,430,746	
18	TOTAL NET PLANT (sum lines 13-17)		<u>2,524,026,898</u>	NP=	<u>17.475%</u> 441,063,572	
100% CWIP Recovery for Commission Approved Order						
18a	No. 679 Transmission Projects (Note Z)	216.b	14,913,549	NA	1.00000 14,913,549	
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	-821,156,644	NP	0.17475 -143,493,828	
21	Account No. 283 (enter negative) (Note F, Note AA)	277.9.k	-139,048,727	NP	0.17475 -24,298,207	
22	Account No. 190 (Note F, Note AA)	234.8.c	292,132,852	NP	0.17475 51,049,044	
23	Account No. 255 (enter negative) (Note F, Note AA)	267.8.h	-5,625,557	NP	0.17475 -983,043	
23a	Unamortized Balance of Abandoned Plant (Note Y, Note Z)		<u>0</u>	NA	1.00000 <u>0</u>	
24	TOTAL ADJUSTMENTS (sum lines 19- 23a)		<u>-673,698,075</u>		<u>-117,726,035</u>	
25	LAND HELD FOR FUTURE USE (Note AA)	214.x.d (Note G)	3,499,493	TP	1.00000 3,499,493	
WORKING CAPITAL (Note H)						
26	CWC	1/8 page 3, line 8, column 3 & 5	25,306,631		5,282,973	
27	Materials & Supplies (Note G, Note FF)	227.8.c & .16.c	27,092,366	TE	0.86493 23,432,918	
28	Prepayments (Account 165, Note AA)	111.57.c	30,295,742	GP	0.14342 4,345,152	
29	TOTAL WORKING CAPITAL (sum lines 26 - 28)		<u>82,694,738</u>		<u>33,061,044</u>	
30	RATE BASE (sum lines 18, 18a, 24, 25, & 29)		<u>1,951,436,604</u>		<u>374,811,623</u>	

Formula Rate - Non-Levelized		Rate Formula Template Utilizing FERC Form 1 Data			For the 12 months ended 12/31/13	
Line No.	(1)	(2) Form No. 1 Page, Line, Col.	(3) Company Total	(4) Allocator	(5) Transmission (Col 3 times Col 4)	
O&M (Note EE)						
1	Transmission	321.112.b	29,448,646	TE 0.86493	25,470,929	
1a	Less LSE Expenses included in Transmission O&M Accounts (Note V)		8,912,633	1.00000	8,912,633	
2	Less Account 565	321.96.b	0	TE 0.86493	0	
3	A&G	323.197.b	183,441,266	W/S 0.14130	25,920,866	
4	Less FERC Annual Fees		0	W/S 0.14130	0	
5	Less EPRI & Reg. Comm. Exp. & Non-safety Ad. (Note I)		1,524,229	W/S 0.14130	215,379	
5a	Plus Transmission Related Reg. Comm. Exp. (Note I)		0	TE 0.86493	0	
6	Common	356.1 (Note O)	0	CE 0.14130	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>202,453,050</u>		<u>42,263,783</u>	
DEPRECIATION AND AMORTIZATION EXPENSE (Note GG)						
9	Transmission	336.7.b	21,562,645	TP 1.00000	21,562,645	
9a	Abandoned Plant Amortization	(Note Y)	0	NA 1.00000	0	
10	General & Intangible	336.10.f & 336.1.f	25,431,103	W/S 0.14130	3,593,500	
11	Common	336.11.f (Note O)	23,576,103	CE 0.14130	3,331,382	
12	TOTAL DEPRECIATION (sum lines 9 - 11)		<u>70,569,851</u>		<u>28,487,528</u>	
TAXES OTHER THAN INCOME TAXES (Note J)						
LABOR RELATED						
13	Payroll	263.i	11,093,859	W/S 0.14130	1,567,600	
14	Highway and vehicle	263.i	0	W/S 0.14130	0	
15	PLANT RELATED					
16	Property	263.i	30,162,491	GP 0.14342	4,326,041	
17	Gross Receipts	263.i	20,901,632	NA zero	0	
18	Other	263.i	1,802,137	GP 0.14342	258,471	
19	Payments in lieu of taxes		0	GP 0.14342	0	
20	TOTAL OTHER TAXES (sum lines 13 - 19)		<u>63,960,119</u>		<u>6,152,111</u>	
INCOME TAXES (Note K)						
21	$T=1 - \{(1 - SIT) * (1 - FIT)\} / (1 - SIT * FIT * p) =$		40.04%			
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.		49.48%			
23	$1 / (1 - T) =$ (from line 21)		1.6677			
24	Amortized Investment Tax Credit (266.8f) (enter negative)		0			
25	Income Tax Calculation = line 22 * line 28		93,448,252	NA	17,948,567	
26	ITC adjustment (line 23 * line 24)		0	NP 0.17475	0	
27	Total Income Taxes (line 25 plus line 26)		<u>93,448,252</u>		<u>17,948,567</u>	
28	RETURN [Rate Base (page 2, line 30) * Rate of Return (page 4, line 30)]		188,863,338	NA	36,274,903	
29	REV. REQUIREMENT (sum lines 8, 12, 20, 27, 28)		619,294,610		131,126,893	
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]		4,492,176		4,492,176	
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]		2,566,859		2,566,859	
31	REV. REQUIREMENT TO BE COLLECTED UNDER ATTACHMENT O (line 29 - line 30 - line 30a)		<u>612,235,575</u>		<u>124,067,858</u>	

Formula Rate - Non-Levelized

Rate Formula Template
Utilizing FERC Form 1 Data

For the 12 months ended 12/31/13

Northern Indiana Public Service Company

SUPPORTING CALCULATIONS AND NOTES

Line

TRANSMISSION PLANT INCLUDED IN ISO RATES		
1	Total transmission plant (page 2, line 2, column 3)	835,355,408
2	Less transmission plant excluded from ISO rates (Note M)	0
3	Less transmission plant included in OATT Ancillary Services (Note N)	0
4	<u>Transmission plant included in ISO rates (line 1 less lines 2 & 3)</u>	<u>835,355,408</u>
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)	29,448,646
7	Less transmission expenses included in OATT Ancillary Services (Note L)	3,977,717
8	<u>Included transmission expenses (line 6 less line 7)</u>	<u>25,470,929</u>
9	Percentage of transmission expenses after adjustment (line 8 divided by line 6)	0.86493
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= 0.86493

WAGES & SALARY ALLOCATOR (W&S)

	Form 1 Reference	\$	TP	Allocation	
12	Production	354.20.b	42,798,836	0.00	0
13	Transmission	354.21.b	11,796,014	1.00	11,796,014
14	Distribution	354.23.b	17,629,875	0.00	0
15	Other	354.24, 25, 26.b	11,255,345	0.00	0
16	Total (sum lines 12-15)		<u>83,480,070</u>		11,796,014 = 0.14130 = WS

COMMON PLANT ALLOCATOR (CE) (Note O)

		\$	% Electric (line 17 / line 20)	W&S Allocator (line 16)	CE
17	Electric	200.3.c	5,812,566,583		
18	Gas		0	1.00000 *	0.14130 = 0.14130
19	Water		0		
20	<u>Total (sum lines 17 - 19)</u>		<u>5,812,566,583</u>		

RETURN (R)

		\$
21	Long Term Interest (117, sum of 62.c through 67.c)	<u>\$73,198,483</u>
22	Preferred Dividends (118.29c) (positive number)	\$ -
Development of Common Stock:		
23	Proprietary Capital (112.16.c) (Note AA)	1,722,356,365
24	Less Preferred Stock (line 28) (Note AA)	0
25	Less Account 216.1 (112.12.c) (enter negative) (Note AA)	<u>-30,475,628</u>
26	Common Stock (sum lines 23-25)	1,691,880,737

	\$	%	Cost (Note P)	Weighted
27	Long Term Debt (112, sum of 18.c through 21.c) (Note AA)	1,228,643,896	42%	0.0596
28	Preferred Stock (112.3.c) (Note AA)	0	0%	0.0000
29	Common Stock (line 26) (Note AA)	<u>1,691,880,737</u>	58%	<u>0.1238</u>
30	Total (sum lines 27-29)	<u>2,920,524,633</u>		<u>0.0968</u> =R

REVENUE CREDITS

		Load
ACCOUNT 447 (SALES FOR RESALE) (310-311) (Note Q)		
31	a. Bundled Non-RQ Sales for Resale (311.x.h)	0
32	b. Bundled Sales for Resale included in Divisor on page 1	0
33	<u>Total of (a)-(b)</u>	<u>0</u>
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	\$23,245,322
36	b. Transmission charges for all transmission transactions included in Divisor on Page 1	\$14,514,390
36a	c. Transmission charges from Schedules associated with Attachment GG (Note X)	\$4,549,379
36b	d. Transmission charges from Schedules associated with Attachment MM (Note DD)	<u>\$2,398,780</u>
37	<u>Total of (a)-(b)-(c)-(d)</u>	<u>\$1,782,773</u>

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.
 - G Includes 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 = | 35.00% | |
| | SIT= | 7.75% | (State Income Tax Rate or Composite SIT) |
| | p = | 0.00% | (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.
 - 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	0	
Projected Year Divisor	Pg 1, Line 15	0	
Difference between Historic & Project Yr Divisor		0	
Prior Year Projected Annual Cost (\$ per kw per yr.)	Pg 1, Line 16	0.00000	
Projected Year Divisor True-up (Difference * Prior Year Projected Annual Cost)		0	
 - 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.

Formula Rate calculation

Rate Formula Template
Utilizing Attachment O Data

Northern Indiana Public Service Company

To be completed in conjunction with Attachment O.

Line No.	(1)	(2) Attachment O Page, Line, Col.	(3) Transmission	(4) Allocator
1	Gross Transmission Plant - Total	Attach O, p 2, line 2 col 5 (Note A)	850,268,957	
2	Net Transmission Plant - Total	Attach O, p 2, line 14 and 23b col 5 (Note B)	428,630,880	
O&M EXPENSE				
3	Total O&M Allocated to Transmission	Attach O, p 3, line 8 col 5	42,263,783	
4	Annual Allocation Factor for O&M	(line 3 divided by line 1 col 3)	4.97%	4.97%
GENERAL AND COMMON (G&C) DEPRECIATION EXPENSE				
5	Total G&C Depreciation Expense	Attach O, p 3, lines 10 & 11, col 5 (Note H)	6,924,883	
6	Annual Allocation Factor for G&C Depreciation Expense	(line 5 divided by line 1 col 3)	0.81%	0.81%
TAXES OTHER THAN INCOME TAXES				
7	Total Other Taxes	Attach O, p 3, line 20 col 5	6,152,111	
8	Annual Allocation Factor for Other Taxes	(line 7 divided by line 1 col 3)	0.72%	0.72%
9	Annual Allocation Factor for Expense	Sum of line 4, 6, and 8		6.51%
INCOME TAXES				
10	Total Income Taxes	Attach O, p 3, line 27 col 5	17,948,567	
11	Annual Allocation Factor for Income Taxes	(line 10 divided by line 2 col 3)	4.19%	4.19%
RETURN				
12	Return on Rate Base	Attach O, p 3, line 28 col 5	36,274,903	
13	Annual Allocation Factor for Return on Rate Base	(line 12 divided by line 2 col 3)	8.46%	8.46%
14	Annual Allocation Factor for Return	Sum of line 11 and 13	12.65%	12.65%

Network Upgrade Charge Calculation By Project

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	
Line No.	Project Name	MTEP Project Number	Project Gross Plant	Annual Allocation Factor for Expense	Annual Expense Charge	Project Net Plant	Annual Allocation Factor for Return	Annual Return Charge	Project Depreciation Expense	Annual Revenue Requirement	True-Up Adjustment	Network Upgrade Charge
			(Note C)	(Page 1 line 9)	(Col. 3 * Col. 4)	(Note D)	(Page 1 line 14)	(Col. 6 * Col. 7)	(Note E)	(Sum Col. 5, 8 & 9)	(Note F)	Sum Col. 10 & 11 (Note G)
1a	MTEP07	612	\$ 5,786,830	6.51%	\$376,643	\$ 5,151,567	12.65%	\$651,693	\$167,862	\$1,196,198	\$ -	\$ 1,196,198
1b	MTEP08	1551	\$ 4,422,573	6.51%	\$287,848	\$ 3,820,931	12.65%	\$483,363	\$124,180	\$895,391	\$ -	\$ 895,391
1c	MTEP07	1615 GIP	\$ 2,075,151	6.51%	\$135,064	\$ 1,799,568	12.65%	\$227,652	\$61,111	\$423,827	\$ -	\$ 423,827
1d	MTEP11	2322	\$ 9,263,850	6.51%	\$602,949	\$ 8,748,836	12.65%	\$1,106,762	\$267,049	\$1,976,760	\$ -	\$ 1,976,760
2	Annual Totals									\$4,492,176	\$0	\$4,492,176
3	Rev. Req. Adj For Attachment O									\$4,492,176		

Note Letter

- A Gross Transmission Plant is that identified on page 2 line 2 of Attachment O and includes any sub lines 2a or 2b etc. and is inclusive of any CWIP included in rate base when authorized by FERC order less any prefunded AFUDC, if applicable.
- B Net Transmission Plant is that identified on page 2 line 14 of Attachment O and includes any sub lines 14a or 14b etc. and is inclusive of any CWIP included in rate base when authorized by FERC order less any prefunded AFUDC, if applicable.
- C Project Gross Plant is the total capital investment for the project calculated in the same method as the gross plant value in line 1 and includes CWIP in rate base less any prefunded AFUDC, if applicable. This value includes subsequent capital investments required to maintain the facilities to their original capabilities.
- D Project Net Plant is the Project Gross Plant Identified in Column 3 less the associated Accumulated Depreciation.
- E Project Depreciation Expense is the actual value booked for the project and included in the Depreciation Expense in Attachment O page 3 line 12.
- F True-Up Adjustment is included pursuant to a FERC approved methodology if applicable.
- G The Network Upgrade Charge is the value to be used in Schedules 26, 37 and 38.
- H The Total General and Common Depreciation Expense excludes any depreciation expense directly associated with a project and thereby included in page 2 column 9.

Formula Rate calculation

Rate Formula Template
Utilizing Attachment O Data

Northern Indiana Public Service Company

To be completed in conjunction with Attachment O.
(inputs from Attachment O are rounded to whole dollars)

Line No.	(1)	(2) Attachment O Page, Line, Col.	(3) Transmission	(4) Allocator
1	Gross Transmission Plant - Total	Attach O, p 2, line 2 col 5 (Note A)	850,268,957	
1a	Transmission Accumulated Depreciation	Attach O, p 2, line 8 col 5 (Note A)	421,638,077	
2	Net Transmission Plant - Total	Line 1 minus Line 1a (Note B)	428,630,880	
O&M TRANSMISSION EXPENSE				
3	Total O&M Allocated to Transmission	Attach O, p 3, line 8 col 5	42,263,783	
3a	Transmission O&M	Attach O, p 3, line 1 col 5	25,470,929	
3b	Less: LSE Expenses included in above, if any	Attach O, p 3, line 1a col 5	8,912,633	
3c	Less: Account 565 included in above, if any	Attach O, p 3, line 2 col 5	-	
3d	Adjusted Transmission O&M	Line 3a minus Line 3b minus Line 3c	16,558,296	
4	Annual Allocation Factor for Transmission O&M	(Line 3d divided by line 1a, col 3)	3.93%	3.93%
OTHER O&M EXPENSE				
4a	Other O&M Allocated to Transmission	Line 3 minus Line 3d	25,705,488	
4b	Annual Allocation Factor for Other O&M	Line 4a divided by Line 1, col 3	3.02%	3.02%
GENERAL AND COMMON (G&C) DEPRECIATION EXPENSE				
5	Total G&C Depreciation Expense	Attach O, p 3, lines 10 & 11, col 5 (Note H)	6,924,883	
6	Annual Allocation Factor for G&C Depreciation Expense	(line 5 divided by line 1 col 3)	0.81%	0.81%
TAXES OTHER THAN INCOME TAXES				
7	Total Other Taxes	Attach O, p 3, line 20 col 5	6,152,111	
8	Annual Allocation Factor for Other Taxes	(line 7 divided by line 1 col 3)	0.72%	0.72%
9	Annual Allocation Factor for Other Expense	Sum of line 4b, 6, and 8	4.56%	4.56%
INCOME TAXES				
10	Total Income Taxes	Attach O, p 3, line 27 col 5	17,948,567	
11	Annual Allocation Factor for Income Taxes	(line 10 divided by line 2 col 3)	4.19%	4.19%
RETURN				
12	Return on Rate Base	Attach O, p 3, line 28 col 5	36,274,903	
13	Annual Allocation Factor for Return on Rate Base	(line 12 divided by line 2 col 3)	8.46%	8.46%
14	Annual Allocation Factor for Return	Sum of line 11 and 13		12.65%

Multi-Value Project (MVP) Revenue Requirement Calculation

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	
Line No.	Project Name	MTEP Project Number	Project Gross Plant	Project Accumulated Depreciation	Transmission O&M Annual Allocation Factor	Annual Allocation for Transmission O&M Expense	Expense Annual Allocation Factor	Annual Allocation for Other Expense	Annual Expense Charge	Project Net Plant	Annual Allocation Factor for Return	Annual Return Charge	Project Depreciation Expense	Annual Revenue Requirement	True-Up Adjustment	MVP Annual Adjusted Revenue Requirement
			(Note C)	Page 1 line 4	(Col 4 * Col 5)	Page 1 line 9	(Col 3 * Col 7)	(Col 6 + Col 8)	(Col 3 - Col 4)	(Page 1 line 14)	(Col 10 * Col 11)	(Note E)	Sum Col. 9, 12 & 13	(Note F)	Sum Col. 14 & 15 (Note G)	
Multi-Value Projects (MVP)																
1a	MTEP11	2202	\$ 390,640	\$ -	3.93%	\$ -	4.56%	\$ 17,818	\$ 17,818	\$ 390,640	12.65%	\$ 49,418	\$ -	67,235	\$ -	67,235
1b	MTEP11	3203	\$ 14,522,909	\$ -	3.93%	\$ -	4.56%	\$ 662,419	\$ 662,419	\$ 14,522,909	12.65%	\$ 1,837,204	\$ -	2,499,624	\$ -	2,499,624
2	MVP Total Annual Revenue Requirements													\$2,566,859	\$0	\$2,566,859
3	Rev. Req. Adj For Attachment O													\$2,566,859		

Note

- Letter**
- A Gross Transmission Plant is that identified on page 2 line 2 of Attachment O and includes any sub lines 2a or 2b etc. and is inclusive of any CWIP included in rate base when authorized by FERC order less any prefunded AFUDC, if applicable. Transmission Depreciation comports with this Note A and Note B below. References to Attachment O "Column 5" throughout this template is an illustrative column designation intended to reference the appropriate right-most column in Attachment O which position may vary by company.
 - B Net Transmission Plant is that identified on page 2 line 14 of Attachment O and includes any sub lines 14a or 14b etc. and is inclusive of any CWIP included in rate base when authorized by FERC order.
 - C Project Gross Plant is the total capital investment for the project calculated in the same method as the gross plant value in line 1 and includes CWIP in rate base when authorized by FERC order less any prefunded AFUDC, if applicable. This value includes capital investments required to maintain the facilities to their original capabilities.
 - D Note deliberately left blank.
 - E Project Depreciation Expense is the actual value booked for the project and included in the Depreciation Expense in Attachment O page 3 line 12.
 - F True-Up Adjustment is included pursuant to a FERC approved methodology if applicable.
 - G The MVP Annual Revenue Requirement is the value to be used in Schedule 26-A.
 - H The Total General and Common Depreciation Expense excludes any depreciation expense directly associated with a project and thereby included in page 2 column 13.

Northern Indiana Public Service Company

Plant in Service

Actuals for the period ending December 2013

Gross Plant in Service

	Electric Plant					Common Allocated to Electric
	Production	Transmission	Distribution	General & Intangible		
December-12	\$ 3,351,640,950	\$ 823,835,437	\$ 1,542,987,938	\$ 202,859,695	\$	223,863,410
January-13	3,352,628,099	833,509,910	1,545,867,041	202,887,784		224,783,373
February-13	3,357,468,302	825,812,939	1,547,388,371	203,222,185		224,831,171
March-13	3,359,668,239	829,040,671	1,552,853,992	203,932,245		239,943,092
April-13	3,358,907,744	829,672,993	1,555,568,450	204,068,606		240,069,897
May-13	3,363,378,924	831,362,511	1,560,302,185	204,988,063		240,172,193
June-13	3,363,986,673	833,350,410	1,569,218,153	205,648,620		240,249,519
July-13	3,364,082,333	835,640,188	1,571,257,718	205,672,737		240,333,248
August-13	3,364,581,095	837,312,675	1,576,807,258	205,799,999		239,988,376
September-13	3,363,366,923	842,622,083	1,580,536,344	204,229,296		239,963,513
October-13	3,360,956,712	844,406,295	1,584,465,016	201,868,250		230,508,866
November-13	3,711,557,352	843,406,983	1,588,391,430	202,286,317		230,582,939
December-13	3,728,863,409	849,647,212	1,596,003,883	203,696,706		231,354,350
13 month Average	\$ 3,415,468,212	\$ 835,355,408	\$ 1,567,049,829	\$ 203,935,423	\$	234,357,227

Accumulated Depreciation & Amortization

	Electric Plant					Common Allocated to Electric
	Production	Transmission	Distribution	General & Intangible		
December-12	\$ 2,123,481,698	\$ 411,959,486	\$ 891,676,845	\$ 100,116,874	\$	117,942,067
January-13	2,132,029,162	413,624,688	894,710,875	101,859,973		119,729,291
February-13	2,136,352,879	415,116,669	897,264,618	103,965,685		121,601,360
March-13	2,142,611,090	416,444,505	900,174,796	107,616,632		130,102,241
April-13	2,146,365,376	418,181,800	902,947,073	112,188,660		132,141,349
May-13	2,154,054,259	419,943,686	905,974,039	114,006,474		134,144,774
June-13	2,157,444,974	421,141,332	908,600,985	117,778,542		136,213,372
July-13	2,165,194,372	422,772,567	911,437,032	119,886,083		138,255,132
August-13	2,171,200,207	425,219,997	914,486,185	122,533,979		140,143,335
September-13	2,179,312,802	426,989,703	917,535,877	120,515,090		141,664,034
October-13	2,183,596,509	428,972,731	919,183,137	114,075,952		133,869,488
November-13	2,177,598,460	429,773,189	922,647,521	114,045,271		135,696,364
December-13	2,185,848,809	431,154,650	912,852,449	114,337,354		137,503,203
13 month Average	\$ 2,158,083,892	\$ 421,638,077	\$ 907,653,187	\$ 112,532,813	\$	132,231,232

Northern Indiana Public Service Company

FERC APPROVED CWIP

Actuals for the period ending December 2013

Pre 12/31/2011 to 12/31/2013 Projected Capital Expenditures

	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 CapEx	Total CWIP	Monthly CapEx
December-12	\$ 4,306,123	\$ 4,306,123	\$ -	\$ -
January-13	4,660,498	4,660,498	-	-
February-13	5,509,532	5,509,532	-	-
March-13	6,637,306	6,631,912	5,394	5,394
April-13	7,584,073	7,574,023	10,049	4,655
May-13	9,608,015	9,596,011	12,003	1,954
June-13	10,799,884	10,687,108	112,776	100,773
July-13	13,405,446	13,278,238	127,208	14,432
August-13	17,646,676	17,504,138	142,539	15,331
September-13	23,185,478	23,010,108	175,370	32,831
October-13	27,392,371	27,203,098	189,273	13,903
November-13	28,861,638	28,561,549	300,089	110,815
December-13	<u>34,279,102</u>	<u>30,275,481</u>	<u>4,003,622</u>	<u>3,703,533</u>
13 month Average	\$ 14,913,549	\$ 14,522,909	\$ 390,640	

Northern Indiana Public Service Company

Adjustments to Rate Base

Average of Beginning and End of Year Balance

	281	282	283	190	255
Gross Accumulated Deferred Income Taxes					
December-12 \$	-	784,842,141	145,455,639	300,925,643	6,850,566
January-13					
February-13					
March-13					
April-13					
May-13					
June-13					
July-13					
August-13					
September-13					
October-13					
November-13					
December-13		875,007,705	146,146,941	290,601,680	4,400,547
BOY/EOY Average \$	-	829,924,923	145,801,290	295,763,662	5,625,557
FAS109 Regulatory Assets or Liabilities					
December-12 \$	-	(6,657,863)	(6,483,871)	(4,421,447)	-
January-13					
February-13					
March-13					
April-13					
May-13					
June-13					
July-13					
August-13					
September-13					
October-13					
November-13					
December-13		(10,878,696)	(7,021,256)	(2,840,172)	-
BOY/EOY Average \$	-	(8,768,280)	(6,752,564)	(3,630,810)	-
Sum of BOY/EOY Averages \$	-	821,156,644	139,048,727	292,132,852	5,625,557

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-12	\$ 3,499,493
January-13	
February-13	
March-13	
April-13	
May-13	
June-13	
July-13	
August-13	
September-13	
October-13	
November-13	
December-13	3,499,493

BOY/EOY Average \$ 3,499,493

* 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 Common Electric & Gas	FERC 163 Common Allocated to Electric (a)	FERC 163 Electric Allocated to Transmission (b)	FERC 154 Transmission Plant (c)	Total
December-12	\$ 1,310,817			25,831,622	
January-13					
February-13					
March-13					
April-13					
May-13					
June-13					
July-13					
August-13					
September-13					
October-13					
November-13					
December-13	2,048,553	-	-	27,884,713	
BOY/EOY Average	\$ 1,679,685	\$ 1,340,221	\$ 234,198	\$ 26,858,168	\$ 27,092,366

(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) Based on most recent study of Material & Supplies Inventory year-end balances for 2012 and 2013. Inventory balances for 2012 were restated in the 2013 FERC Form 1.

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-12	\$ 27,976,476
January-13	
February-13	
March-13	
April-13	
May-13	
June-13	
July-13	
August-13	
September-13	
October-13	
November-13	
December-13	<u>32,615,007</u>
BOY/EOY Average	\$ 30,295,742

Northern Indiana Public Service Company

Transmission Expenses

Actuals for the period ending December 2013

Account Number		12 Months ending December 31, 2013
<i>OPERATION</i>		
560.0	Supervision and Engineering	\$ 1,523,429
561.0	Load Dispatching	-
561.1	Load Dispatching - Reliability	1,529,355
561.2	Load Dispatching - Monitor & Operate Transmission System	2,448,362
561.3	Load Dispatching- Transmission Service & Scheduling	-
561.4	Scheduling, System Control & Dispatch Service	454,998
561.5	Reliability, Planning and Standards Development	1,798,747
561.6	Transmission Service Studies	15,151
561.7	General Interconnection Studies	-
561.8	Reliability, Planning and Standards Development Services	8,457,635
562.0	Station Expense	2,904,371
563.0	Overhead Line Expense	291,307
565.0	Transmission of Electricity by Others	-
566.0	Miscellaneous Transmission Expenses	1,002,055
567.0	Rents	-
	Total Operation	<u>\$ 20,425,410</u>
<i>MAINTENANCE</i>		
568.0	Supervision and Engineering	\$ 1,370,633
569.0	Structures	1,264
569.1	Computer Hardware	617,425
569.2	Computer Software	957,753
569.3	Communication Equipment	-
570.0	Station Equipment	4,342,186 (a)
571.0	Overhead Lines	1,612,107
573.0	Miscellaneous Transmission Plant	121,868
	Total Maintenance	<u>\$ 9,023,236</u>
	Total Operations and Maintenance	\$ 29,448,646

(a) FERC , Pg 320, line 107, b has been reduced for Transmission Upgrade Agreements O&M costs of \$420.

Northern Indiana Public Service Company

Administrative and General Expenses

Actuals for the period ending December 2013

Account Number		12 Months ending December 31, 2013
<i>ADMINISTRATIVE AND GENERAL EXPENSES</i>		
920.0	Administrative and General Salaries	\$ 23,947,739
921.0	Office Supplies and Expenses	19,398,907
Less 922.0	Administrative Expenses Transferred- Credit	(3,350,544)
923.0	Outside Services Employed	76,216,099
924.0	Property Insurance	7,441,246
925.0	Injuries and Damages	7,419,082
926.0	Employees Pensions and Benefits	47,829,849
928.0	Regulatory Commission Expenses	1,064,205
929.0	(Less) Duplicate Charges - Cr	(89,019)
930.1	General Advertising Expense	27,690
930.2	Miscellaneous General Expenses	2,557,887
931.0	Rents	909,335
935.0	Maintenances of General Plant	68,790
	Total Administrative and General	<u>\$ 183,441,266</u>

Ref		12 Months ending December 31, 2013
	EPRI, REG COMMISSION EXPENSE & NON SAFETY ADVERTISING	
a	Electric Power Research Institute	\$ 432,334
928.0, b	Regulatory Commission Expenses	1,064,205
c	Non-safety Advertisement	27,690
		<u>\$ 1,524,229</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

Actuals for the period ending December 2013

	12 Months ending December 31, 2013
<i>DEPRECIATION EXPENSE</i>	
Transmission	\$ 21,562,645
General	25,431,103
Common	23,576,103

Northern Indiana Public Service Company

Taxes Other than Income Allocated to Electric

Actuals for the period ending December 2013

	12 Months ending December 31, 2013
Payroll	\$ 11,093,859
Property	30,162,491
Gross Receipts	20,901,632
Other	1,802,137

Northern Indiana Public Service Company

Wages and Salary / Common Plant Allocator

Actuals for the period ending December 2013

	12 Months ending December 31, 2013
<i>ELECTRIC WAGES & SALARY ALLOCATOR (W&S)</i>	
Production	\$ 42,798,836
Transmission	11,796,014
Distribution	17,629,875
Other	11,255,345
	12 Months ending December 31, 2013
<i>COMMON PLANT ALLOCATOR</i>	
Electric	\$5,812,566,583
Gas	-
Water	-
	<hr/>
	\$5,812,566,583

Northern Indiana Public Service Company

Capital Structure

Actuals for the period ending December 2013

<u>Long-Term Debt</u>		
	December-12	\$ 1,171,221,943
	January-13	
	February-13	
	March-13	
	April-13	
	May-13	
	June-13	
	July-13	
	August-13	
	September-13	
	October-13	
	November-13	
	December-13	<u>1,286,065,848</u>
	Average of Beginning and End of Year Balance	\$ 1,228,643,896
<u>Interest & Preferred Dividend Expense</u>		
	Annualized Long-Term Debt Interest Expense	\$ 73,198,483
	Preferred Dividends	\$ -
<u>Common Equity</u>		
	December-12	\$ 1,647,386,620
	January-13	
	February-13	
	March-13	
	April-13	
	May-13	
	June-13	
	July-13	
	August-13	
	September-13	
	October-13	
	November-13	
	December-13	<u>1,797,326,109</u>
	Average of Beginning and End of Year Balance	\$ 1,722,356,365
Preferred Stock		
	December-12	\$ -
	January-13	
	February-13	
	March-13	
	April-13	
	May-13	
	June-13	
	July-13	
	August-13	
	September-13	
	October-13	
	November-13	
	December-13	<u>-</u>
	Average of Beginning and End of Year Balance	\$ -
Unappropriated Undistributed Subsidiary Earnings		
	December-12	\$ 29,204,373
	January-13	
	February-13	
	March-13	
	April-13	
	May-13	
	June-13	
	July-13	
	August-13	
	September-13	
	October-13	
	November-13	
	December-13	<u>31,746,882</u>
	Average of Beginning and End of Year Balance	\$ 30,475,628

Northern Indiana Public Service Company

Monthly Peaks and Output in (Mw)

DIVISOR

Monthly Peaks and Output in (Mw)

Actuals for the period ending December 2013

	NIPSCO Internal	Wholesale
January	2,412	283
February	2,366	278
March	2,288	281
April	2,154	250
May	2,596	310
June	2,886	365
July	3,194	457
August	3,110	430
September	3,081	409
October	2,410	292
November	2,346	121
December	2,529	322
Total	<u>31,372</u>	<u>3,798</u>
Average (Mw)	2,614.33	316.50
Average (kWh)	<u><u>2,614,333</u></u>	<u><u>316,500</u></u>

Northern Indiana Public Service Company

Account 456.1 (Other Electric Revenues)

Actuals for the period ending December 2013

Transmission of Electricity for Others (Account 456.1)	12 Months ending December 31, 2013
Transmission Charges for Transmission Transactions	
Mid-Continent ISO (Schedule 7&8)	\$ 1,782,773
Mid-Continent ISO (Schedule 9)	2,787,744
Mid-Continent ISO (Schedule 26)	4,549,379
Mid-Continent ISO (Schedule 26-a)	2,398,780 (a)
Indiana Municipal Power Agency	372,596
Wabash Valley Power Authority	11,194,032
Total	<u>\$ 23,085,304</u>
Other Account 456.1 Charges	
Mid-Continent ISO (Schedule 1)	\$ 74,765
Mid-Continent ISO (Schedule 2)	85,253
Mid-Continent ISO (Schedule 24)	-
Total Account 456.1 Charges	<u>\$ 23,245,322</u>
Less: Schedule 1 (related to Sch 9)	\$ 74,765
Less: Schedule 2 (related to Sch 9)	85,253
Less: Schedule 9	2,787,744
Less: Schedule 24	-
Less: Schedule 26	4,549,379
Less: Schedule 26-a	2,398,780
Indiana Municipal Power Agency	372,596
Wabash Valley Power Authority	11,194,032
Total Revenue Credit	<u><u>\$ 1,782,773</u></u>

(a) Includes an estimated true-up adjustment of \$649,094.

