

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

**VERIFIED PETITION OF NORTHERN INDIANA)
PUBLIC SERVICE COMPANY LLC FOR)
APPROVAL OF ITS PROPOSED 2024-2026 ENERGY)
EFFICIENCY PLAN FOR ELECTRIC SERVICE AND)
ASSOCIATED RATEMAKING AND)
ACCOUNTING TREATMENT, INCLUDING) CAUSE NO. 45849
TIMELY RECOVERY THROUGH NIPSCO'S)
DEMAND SIDE MANAGEMENT ADJUSTMENT)
MECHANISM OF ASSOCIATED COSTS)
(INCLUDING PROGRAM OPERATING COSTS,)
LOST REVENUES, AND FINANCIAL)
INCENTIVES), IN ACCORDANCE WITH)
INDIANA CODE SECTION 8-1-8.5-10, AND FOR)
AUTHORITY TO DEFER PROGRAM COSTS.)**

VERIFIED PETITION

Northern Indiana Public Service Company LLC (“NIPSCO” or “Petitioner”) petitions the Indiana Utility Regulatory Commission (“Commission”) for approval of its proposed energy efficiency programs for the period January 1, 2024 through December 31, 2026 (the “2024-2026 Plan” or “Plan”) for electric service, including proposed programs, program costs and budgets, program portfolios, evaluation, measurement, and verification (“EM&V”) procedures, and associated ratemaking and accounting treatment for the Plan. The requested ratemaking and accounting treatment includes timely recovery through NIPSCO’s Rider 883 – Adjustment of Charges for Demand Side

Management Adjustment Mechanism and Appendix G – Demand Side Management Adjustment Mechanism (DSMA) Factor (“DSMA Mechanism”) of Program Operating Costs (direct and indirect program-specific costs, including EM&V, administrative, and marketing costs), lost revenues (the difference, if any, between revenues lost and the variable operating and maintenance costs saved by NIPSCO as a result of implementing energy efficiency programs) that result from its 2024-2026 Plan and that accrue during the 2024-2026 Plan, and financial incentives, and authority to defer costs and subsequently recover the over- and under-recoveries of projected Program Operating Costs and lost revenues pending reconciliation in subsequent periods until such costs are reflected in Petitioner’s retail electric rates, as well as authority to defer any Program Operating Costs incurred in implementing the 2024-2026 Plan prior to the date of the Commission’s Final Order in this Cause. In accordance with 170 IAC 1-1.1-8 and 1-1.1-9, Petitioner submits the following information in support of this Petition.

Petitioner’s Corporate and Regulated Status

1. 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. Petitioner renders electric and gas 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. NIPSCO is a wholly-owned subsidiary of NiSource Inc., an energy holding company whose stock is listed on the New York Stock Exchange. Petitioner is a “public utility” under Ind. Code § 8-1-2-1 and is subject to the jurisdiction of this Commission in the manner and to the extent provided by the Public Service Commission Act, as amended, and other pertinent laws of the State of Indiana. Petitioner is also an “electricity supplier” under Ind. Code § 8-1-8.5-10.

Petitioner’s Operations

2. Petitioner is authorized by the Commission to provide electric utility service to the public in all or part of Benton, Carroll, DeKalb, Elkhart, Fulton, Jasper, Kosciusko, LaGrange, Lake, LaPorte, Marshall, Newton, Noble, Porter, Pulaski, Saint Joseph, Starke, Steuben, Warren and White Counties in northern Indiana. Petitioner provides electric utility service to more than 483,000 residential, commercial, industrial, wholesale and other customers.

Current Electric Energy Efficiency Plan

3. On September 1, 2021, the Commission issued an Order in Cause No. 45456 (the “45456 Order”) approving a Stipulation and Settlement Agreement among NIPSCO, the Indiana Office of Utility Consumer Counselor

("OUCC") and Citizens Action Coalition of Indiana, Inc. ("CAC") for approval of NIPSCO's proposed energy efficiency programs for the period January 1, 2022 through December 31, 2023 (the "Current Plan") for electric service, including NIPSCO's proposed energy efficiency goals, the proposed programs to achieve those goals, the program budgets and costs, the EM&V procedures for the programs, and associated ratemaking and accounting treatment. The ratemaking and accounting treatment included timely recovery through NIPSCO's Rider 883 – Adjustment of Charges for Demand Side Management Adjustment Mechanism and Appendix G – Demand Side Management Adjustment Mechanism (DSMA) Factor of Program Operating Costs along with recovery of lost revenues and financial incentives (Program Operating Costs, lost revenues and financial incentives are referred to as "Energy Efficiency Program Costs"),¹ and authority to defer costs and subsequently recover the over- and under-recoveries of projected Program Operating Costs and lost revenues through the DSMA Mechanism pending reconciliation in subsequent periods until such costs are reflected in Petitioner's retail electric rates; and authority to defer any Program Operating Costs incurred in implementing the 2022-2023 Plan prior to the date of the Commission's Final Order in that Cause.

¹ Ind. Code § 8-1-8.5-9(d).

4. On December 4, 2019, the Commission issued an Order in Cause No. 45159 (the “45159 Order”) approving, among other things, NIPSCO’s DSMA Mechanism. The 45159 Order also approved new allocators and NIPSCO’s proposal to reset lost revenues in its DSMA Mechanism, effective upon the implementation of new base rates (January 2020), and to eliminate lost revenues attributable to all energy efficiency measures installed on or before December 31, 2017.

Indiana Code § 8-1-8.5-10

5. In 2015, the Indiana General Assembly passed Ind. Code § 8-1-8.5-10 which, among other things, requires electricity suppliers to petition the Commission, not later than 2017, for approval of a plan that includes: (1) energy efficiency goals; (2) energy efficiency programs to achieve the energy efficiency goals; (3) program budgets and program costs; and (4) EM&V procedures that include independent EM&V. Ind. Code § 8-1-8.5-10 outlines ten factors the Commission must consider when determining the overall reasonableness of an electricity supplier’s proposed plan. If the Commission determines that an electricity supplier’s plan is reasonable, the Commission shall approve the plan in its entirety, allow the electricity supplier to recover all associated program costs on a timely basis through a periodic rate adjustment mechanism, including reasonable financial incentives and lost revenues, and allocate and assign costs

associated with a program to the class or classes of customers that are eligible to participate in the program.

6. Petitioner’s request in this Cause is being made in compliance with Ind. Code § 8-1-8.5-10.

NIPSCO’s Proposed 2024-2026 Plan

7. As detailed in Petitioner’s case-in-chief testimony, the energy efficiency goals of its proposed 2024-2026 Plan are as follows:

Gross Energy Efficiency Goals in MWh				
	2024	2025	2026	2024-2026
Residential Programs	43,263	46,236	47,969	137,468
C&I Programs	78,713	77,057	73,843	229,613
Emerging Technology				8,041
Total 2024-2026 Plan	121,976	123,293	121,812	375,122

8. As detailed in Petitioner’s case-in-chief testimony, Petitioner proposes to implement twelve residential energy efficiency programs and six Commercial & Industrial (“C&I”) energy efficiency programs to achieve the energy efficiency goals.

9. As detailed in Petitioner’s case-in-chief testimony, Petitioner seeks authority to recover Energy Efficiency Program Costs that will result from implementation of the 2024-2026 Plan for the duration of the Plan.

10. As detailed in Petitioner’s case-in-chief testimony, Petitioner’s

proposed program budgets and program costs for its proposed Plan are as follows:

	Residential	C&I	Emerging Technology	Total
Vendor Implementation Cost	\$28,907,973	\$37,114,188	\$1,653,230	\$67,675,391
NIPSCO Administrative	\$1,445,400	\$1,855,709	\$82,661	\$3,383,770
NIPSCO Marketing	\$722,701	\$1,270,903	\$41,331	\$2,034,935
EM&V	\$1,445,400	\$1,855,709	\$82,661	\$3,383,770
Total Program Budget	\$32,521,474	\$42,096,509	\$1,859,883	\$76,477,866
Lost Revenues	\$12,277,878	\$19,410,024	TBD	\$31,687,902
Financial Incentives	\$1,070,351	\$7,802,612	TBD	\$8,872,963
Total Program Costs	\$45,869,703	\$69,309,145	\$1,859,883	\$117,038,731

11. As detailed in Petitioner’s case-in-chief testimony, Petitioner is proposing a comprehensive plan and procedures to evaluate, measure, and verify the impacts from its 2024-2026 Plan, including the use of an independent evaluator.

12. With this Petition, NIPSCO is filing testimony in support of its Petition, which includes details relating to NIPSCO’s proposed 2024-2026 Plan, such as energy efficiency goals, energy efficiency programs to achieve those goals, program budgets and program costs, EM&V procedures (including independent EM&V), allocation of costs, and other information as required by Ind. Code § 8-1-8.5-10 and 170 IAC 4-8-1 *et seq.* NIPSCO’s testimony also details its requested ratemaking and accounting treatment.

13. Consistent with Ind. Code § 8-1-8.5-10, Petitioner's proposed Plan is consistent with its integrated resource plan.

Relief Sought by Petitioner

14. In this proceeding, Petitioner requests Commission approval of its proposed 2024-2026 Plan in its entirety, including: (1) energy efficiency goals; (2) energy efficiency programs to achieve the energy efficiency goals; (3) program budgets and Program Operating Costs; (4) EM&V procedures that include an independent EM&V evaluator; (5) allocation and recovery of all Program Operating Costs on a timely basis through a periodic rate adjustment mechanism, including recovery of financial incentives related to the programs and lost revenues resulting from the programs; (6) authority to defer and subsequently recover the over- and under-recoveries of projected Program Operating Costs and lost revenues through the DSMA Mechanism pending reconciliation in subsequent periods; and (7) authority to defer any Program Operating Costs incurred in implementing the 2024-2026 Plan prior to the date of the Commission's Final Order in this Cause.

15. Petitioner also requests Commission approval to begin implementation of its 2024-2026 Plan as of January 1, 2024.

16. Additionally, consistent with current practice, Petitioner requests

Commission approval to continue to utilize its existing NIPSCO Oversight Board (“OSB”) to assist in the administration of its proposed Plan. The OSB would continue to have authority and flexibility to shift costs within a program budget, as needed, shift funds among programs so long as the overall 2024-2026 Plan budget is not exceeded including the budget flexibility discussed in NIPSCO’s case-in-chief, and design and implement new programs so long as they are cost-effective, and the overall 2024-2026 Plan budget is not exceeded.

17. Consistent with current practice, NIPSCO requests to continue the same EM&V program for its 2024-2026 Plan. Specifically, NIPSCO’s OSB will utilize a single vendor to do the EM&V for both the gas and electric programs. This provides administrative efficiency for the evaluation of NIPSCO’s programs.

Proposed Reporting Requirements

18. To provide the Commission with the ability to monitor the progress of NIPSCO’s 2024-2026 Plan, NIPSCO proposes to file its annual EM&V results no later than July 15 of each year. NIPSCO also proposes to file scorecards quarterly within 60 days of the end of each relevant period, with the fourth quarter scorecard to include information for the full year. NIPSCO also proposes to file by July 15 of each year, an updated fourth quarter/full year scorecard after

the EM&V results have been received based on the updated savings achieved according to the evaluated results, as well as actual lost revenues, financial incentives, and EM&V expenditures.

Procedural Matters

19. The books and records of Petitioner supporting the DSMA Mechanism are kept in accordance with the Uniform System of Accounts for Electric Utilities, as prescribed by this Commission, and generally accepted accounting principles, and are available for inspection and review by the OUCC and this Commission.

20. NIPSCO has notified the other members of its OSB of its intent to file this Petition.

21. At the same time NIPSCO files this Petition, NIPSCO will provide a copy of this Petition and its proposed Plan to the OUCC.

22. At the same time NIPSCO files this Petition, NIPSCO will post an electronic copy of this Petition and its proposed Plan on its internet web site (redacted to exclude any confidential or proprietary information).

23. For purposes of this proceeding, NIPSCO, the OUCC, and CAC have agreed to the following procedural schedule:

NIPSCO files Petition and Case-In-Chief	February 15, 2023
OUCC / Intervenors Filing	June 20, 2023 (125 days)
NIPSCO Rebuttal	June 30, 2023 (10 days)
Evidentiary Hearing	July 17, 2023 (or another date available on the Commission's calendar the week of July 17, 2023) (to allow 10 business days between rebuttal and hearing date) (25 days)
Order	No later than December 31, 2023

Discovery is available for all parties and shall be conducted on an informal basis. Any response or objection to a discovery request shall be made within ten calendar days of the receipt of such request. After the submission of the OUCC / Intervenor's Filing date, any response or objection to a discovery request shall be made within five business days of the receipt of such request. Discovery requests received after 5:00 p.m. EST on Monday through Thursday or after 12:00 p.m. EST on Fridays or the day before a Holiday shall be deemed received the next business day. All discovery requests and responses shall be served on all parties of record. The parties have agreed to electronic service.

24. NIPSCO requests that an evidentiary hearing on this matter be set and noticed as required by law. So that the 2024-2026 Plan may be timely implemented commencing January 1, 2024, NIPSCO requests a final Commission order approving the relief sought herein on or before December 31, 2023. Absent approval, Petitioner's Current Plan will cease on December 31, 2023.

Applicable Law

25. Petitioner considers the provisions of the Public Service Commission Act, as amended, including Ind. Code § 8-1-8.5-10 and Ind. Code §§ 8-1-2-12, 8-1-2-42(a), and 8-1-2-61 to be applicable to the subject matter of this Petition and believes that such traditional statutes provide the Commission authority to approve the requested relief. Petitioner also considers the provisions of 170 IAC 4-6-1 *et seq.* to be applicable to the subject matter of this Petition.

Petitioner’s Counsel

26. The names and addresses of all persons authorized to accept service of papers in this proceeding are:

Counsel of Record:

Mark Alson (No. 27724-64)
Ice Miller LLP
One American Square, Suite 2900
Indianapolis, Indiana 46282-0002
Phone: (317) 236-2263
Fax: (317) 592-4698
Email: mark.alson@icemiller.com

With a copy to:

Alison M. Becker
Northern Indiana Public Service Company LLC
150 West Market Street, Suite 600
Indianapolis, Indiana 46204
Phone: (317) 684-4910
Fax: (317) 684-4918
Email: abecker@nisource.com

Debi McCall
NiSource Corporate Services - Legal
150 West Market Street, Suite 600
Indianapolis, Indiana 46204
Phone: (317) 684-4925
Fax: (317) 684-4918
Email: demccall@nisource.com

WHEREFORE, Northern Indiana Public Service Company LLC respectfully requests that the Commission promptly publish notice, make such other investigation and hold such hearings as are necessary or advisable in this Cause and thereafter, make and enter an order in this Cause:

(a) Approving Petitioner's proposed 2024-2026 Plan in its entirety to be implemented as of January 1, 2024;

(b) Approving Petitioner's proposed energy efficiency programs, Program Operating Costs, and program budgets, along with approval of the proposed budget and program flexibility described above;

(c) Approving Petitioner's proposed allocation of its 2024-2026 Plan costs to customer classes;

(d) Approving Petitioner's proposed recovery of lost revenues that will result from implementation of the 2024-2026 Plan;

(e) Approving Petitioner's proposed financial incentives associated with the 2024-2026 Plan;

(f) Approving Petitioner's proposal to defer, for subsequent recovery, costs associated with the 2024-2026 Energy Efficiency Plan, until such costs are reflected in Petitioner's retail electric rates;

(g) Approving all accounting and ratemaking treatment requested herein, including the authority to defer and recover the over- and under-recoveries of projected Program Operating Costs and lost revenues through the DSMA Mechanism pending reconciliation in subsequent rider periods and approving the deferral of any costs and lost revenues incurred implementing the 2024-2026 Plan prior to the time the Commission issues an Order in this proceeding authorizing NIPSCO to recognize these costs through the ratemaking process;

(h) Approving NIPSCO's request to utilize its existing NIPSCO OSB to administer the 2024-2026 Plan;

(i) Approving NIPSCO's request to continue the same EM&V program for its 2024-2026 Plan;

(j) Approving NIPSCO's proposed reporting requirements; and

(k) Granting to NIPSCO such additional or further relief as may be deemed necessary or appropriate.

Dated this 15th of February, 2023.

NORTHERN INDIANA PUBLIC SERVICE COMPANY LLC

A handwritten signature in black ink, reading "Erin E. Whitehead", written over a horizontal line.

Erin E. Whitehead
Vice President
Regulatory Policy and Major Accounts

Verification

I affirm under penalties for perjury that the foregoing representations are true to the best of my knowledge, information, and belief.

Dated: February 15, 2023

A handwritten signature in black ink, reading "Erin E. Whitehead", written over a horizontal line.

Erin E. Whitehead
Vice President
Regulatory Policy and Major Accounts

CERTIFICATE OF SERVICE

The undersigned hereby certifies that the foregoing was served via email transmission upon the following:

Kelly E. Earls
Indiana Office of Utility Consumer Counselor
115 W. Washington Street
Suite 1500 South
Indianapolis, Indiana 46204
keearls@oucc.in.gov
infomgt@oucc.in.gov

Jennifer A. Washburn
Citizens Action Coalition
1915 West 18th Street, Suite C
Indianapolis, Indiana 46202
jwashburn@citact.org
rkurtz@citact.org

Dated this 15th day of February, 2023.



Mark R. Alson

Mark Alson (No. 27724-64)
Ice Miller LLP
One American Square, Suite 2900
Indianapolis, Indiana 46282-0002
Phone: (317) 236-2263
Fax: (317) 592-4698
Email: mark.alson@icemiller.com

Attorney for Petitioner
Northern Indiana Public Service Company LLC