

**ORIGINAL**

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

Commissioner	Yes	No	Not Participating
Huston	√		
Bennett	√		
Freeman	√		
Veleta	√		
Ziegner	√		

PETITION OF NORTHERN INDIANA PUBLIC SERVICE )  
COMPANY LLC PURSUANT TO IND. CODE §§ 8-1-2-42.7, 8- )  
1-2-61 AND 8-1-2.5-6 FOR (1) AUTHORITY TO MODIFY ITS )  
RETAIL RATES AND CHARGES FOR ELECTRIC UTILITY )  
SERVICE THROUGH A PHASE IN OF RATES; (2) )  
APPROVAL OF NEW SCHEDULES OF RATES AND )  
CHARGES, GENERAL RULES AND REGULATIONS, AND )  
RIDERS (BOTH EXISTING AND NEW); (3) APPROVAL OF )  
REVISED COMMON AND ELECTRIC DEPRECIATION )  
RATES APPLICABLE TO ITS ELECTRIC PLANT IN )  
SERVICE; (4) APPROVAL OF NECESSARY AND )  
APPROPRIATE ACCOUNTING RELIEF, INCLUDING, BUT )  
LIMITED TO, AUTHORITY TO CAPITALIZE AS RATE )  
BASE ALL EXPENDITURES FOR IMPROVEMENTS TO )  
PETITIONER'S INFORMATION TECHNOLOGY SYSTEMS )  
THROUGH THE DESIGN, DEVELOPMENT, AND )  
IMPLEMENTATION OF A WORK AND ASSET )  
MANAGEMENT ("WAM") PROGRAM; AND (5) APPROVAL )  
OF ALTERNATIVE REGULATORY PLANS FOR THE )  
PARTIAL WAIVER OF 170 IAC 4-1-16(f) AND PROPOSED )  
REMOTE DISCONNECTION AND RECONNECTION )  
PROCESS AND, TO THE EXTENT NECESSARY, )  
IMPLEMENTATION OF A LOW INCOME PROGRAM. )

CAUSE NO. 46120

APPROVED: JUN 26 2025

ORDER OF THE COMMISSION

Presiding Officers:

James F. Huston, Chairman

Loraine L. Seyfried, Chief Administrative Law Judge

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On September 12, 2024, Northern Indiana Public Service Company LLC (“NIPSCO” or “Petitioner”) filed a Petition with the Indiana Utility Regulatory Commission (“Commission”) seeking authority to increase its rates and charges for electric utility service and associated relief as discussed below.<sup>1</sup> On that same day, Petitioner filed its case-in-chief, workpapers, and the information listed in the minimum standard filing requirements set forth at 170 IAC 1-5. NIPSCO’s case-in-chief included testimony, attachments, and workpapers from the following witnesses:<sup>2</sup>

- Vincent A. Parisi, President and Chief Operating Officer, NIPSCO;
- Erin E. Whitehead, Vice President of Regulatory Policy and Major Accounts, NIPSCO;
- Richard D. Weatherford, Manager, Regulatory – Rate Case Execution, NiSource Corporate Services Company (“NCSC”);
- Emily J. Bytnar, Manager of Rate Case Execution, NCSC;
- Nick Bly, Director of Accounting, NCSC;
- Patrick L. Baryenbruch, President, Baryenbruch & Company, LLC;
- Orville Cocking, Senior Vice President of Electric Operations, NIPSCO;
- Stephen Holcomb, Director of Environmental Policy & Sustainability, NCSC;
- Rosalva Robles, Manager of Planning – Regulatory Support, NIPSCO;
- Kirstie Eyre, Compensation Manager, NCSC;
- John J. Spanos, President, Gannett Fleming Valuation and Rate Consultants, LLC;
- Vincent V. Rea, Managing Director, Regulatory Finance Associates, LLC;
- Jennifer A. Harding, Vice President of Tax, NCSC;<sup>3</sup>
- Melissa Bartos, Senior Vice President, Concentric Energy Advisors (“Concentric”);
- John D. Taylor, Managing Partner, Atrium Economics, LLC (“Atrium”); and
- Candice Lash, Lead Regulatory Studies Analyst, NCSC.

As part of its requested relief, NIPSCO sought approval of an Alternative Regulatory Plan (“ARP”) pursuant to Ind. Code § 8-1-2.5-6 to partially waive 170 IAC 4-1-16(f) and to approve Petitioner’s proposed remote disconnection and reconnection process, and to the extent necessary to implement a low income program.

Petitions to Intervene were filed by United States Steel Corporation (“U.S. Steel”); NLMK Indiana, a division of NLMK USA (“NLMK”); NIPSCO Industrial Group (“Industrial Group”);<sup>4</sup> Walmart Inc. (“Walmart”); Citizens Action Coalition of Indiana, Inc. (“CAC”); RV Industry

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<sup>1</sup> On August 13, 2024, NIPSCO provided its notice of intent to file a rate case in accordance with the Commission’s General Administrative Order 2013-5. Petitioner’s Exhibit 1, Attachment 1-B.

<sup>2</sup> NIPSCO filed corrections or revisions to its case-in-chief on November 26, 2024, December 18, 2024, December 30, 2024, January 27, 2025, and February 6, 2025. NIPSCO also late-filed Attachments 1-C and 1-D (consisting of the Proofs of Legal Notice Publication and Customer Notice) to Mr. Parisi’s testimony on January 20, 2025. NIPSCO originally filed the Verified Direct Testimony of Gregory Skinner, Vice President of IT Utilities Systems, NCSC that was not offered into evidence.

<sup>3</sup> NIPSCO initially filed the Verified Direct Testimony of Jonathan Bass, Director of Income Tax Planning & Controversy, NCSC.

<sup>4</sup> The companies that comprise the Industrial Group are BP Products North America, Inc., Cleveland-Cliffs Steel LLC, Linde, Marathon, and USG.

User's Group ("RV Group");<sup>5</sup> United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union AFL-CIO/CLC and its Locals 12775 and 13796 ("USW"); and Board of County Commissioners of LaPorte County, Indiana ("LaPorte County"). These petitions were granted without objection. The Indiana Office of Utility Consumer Counselor ("OUCC") also participated as a party.

Pursuant to Ind. Code § 8-1-2-61(b), public field hearings were held in Valparaiso, Indiana on November 26, 2024; in Hammond, Indiana on December 5, 2024; and in Gary, Indiana on December 5, 2024. Members of the public presented testimony at each of these hearings.

On December 19, 2024, the OUCC and certain intervenors filed their respective cases-in-chief. For purposes of its case-in-chief, the OUCC prefiled written consumer comments and testimony and attachments from the following witnesses:<sup>6</sup>

- Michael D. Eckert, Chief Technical Advisor, OUCC Electric Division;
- Brian R. Latham, Utility Analyst, OUCC Electric Division;
- Kaleb G. Lantrip, Utility Analyst, OUCC Electric Division;
- Brittany L. Baker, Utility Analyst, OUCC Electric Division;
- Brian A. Wright, Utility Analyst II, OUCC Electric Division;
- Roopali Sanka, Utility Analyst, OUCC Electric Division;
- Gregory L. Krieger, Utility Analyst, OUCC Electric Division;
- Leja D. Courter, Chief Technical Advisor, OUCC;
- John W. Hanks, Utility Analyst, OUCC Electric Division;
- April M. Paronish, Assistant Director, OUCC Electric Division; and
- Michael W. Deupree, a consultant with Acadian Consulting Group.

The OUCC also included with its pre-filed evidence written consumer comments pertaining to the relief requested in NIPSCO's Petition as Public's Exhibit No. 13. On December 30, 2024, and pursuant to a docket entry issued the same day, the OUCC late-filed the testimony and attachments of Roxie McCullar, consultant with William Dunkel and Associates.

The Industrial Group prefiled testimony and attachments from James R. Dauphinais and Michael P. Gorman, both Managing Principals with Brubaker & Associates, Inc., and Brian C. Andrews, a Principle with Brubaker & Associates, Inc.<sup>7</sup>

NLMK prefiled testimony and attachments from Jared R. Robertson, Senior Consultant for Energy Strategies, LLC.

Walmart prefiled the testimony and attachments of Lisa V. Perry, Director, Utility Partnerships – Regulatory for Walmart.

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<sup>5</sup> The companies that comprise the RV Group are: LCI Industries, Inc., Forest River, Inc., Patrick Industries, Inc., and Thor Industries.

<sup>6</sup> The OUCC filed corrections to its case-in-chief on January 15 and January 31, 2025.

<sup>7</sup> The Industrial Group filed corrections to its case-in-chief on February 7, 2025.



The CAC prefiled the testimony and attachments of Benjamin Inskeep, Program Director for the CAC.<sup>8</sup>

The RV Group prefiled the testimony and attachments of Jeffry Pollock, Energy Advisor and President of J. Pollock, Incorporated and Jonathan W. Burke, Chief Energy Consultant at Tactical Energy Group, Inc.

U.S. Steel prefiled the testimony of Jill A. Schuepbach, a Principal in the Energy Practice of NewGen Strategies and Solutions, LLC for U.S. Steel.

LaPorte County prefiled the testimony and attachments of Connie Gramarossa, Board President of LaPorte County; Melissa Whited, Vice President of Synapse Energy Economics; and Michael R. O'Connell, Principal Consultant for Midwest Energy Consulting LLC.

On January 16, 2025, the Industrial Group prefiled cross-answering testimony of James R. Dauphinais; the CAC prefiled cross-answering testimony of Benjamin Inskeep; the RV Group prefiled cross-answering testimony of Jeffry Pollock;<sup>9</sup> and NLMK prefiled cross-answering testimony of Jared R. Robertson. On January 17, 2024, U.S. Steel prefiled cross-answering testimony of Jill Schuepbach and on January 23, 2024, the OUCC prefiled the cross-answering testimony of Michael W. Deupree.<sup>10</sup>

NIPSCO prefiled rebuttal testimony, exhibits, and workpapers on January 16, 2025, for the following witnesses:

- Erin E. Whitehead;
- Richard D. Weatherford;
- Nick Bly;
- Orville Cocking;
- John J. Spanos;
- Vincent V. Rea;
- Jennifer A. Harding;
- John D. Taylor;
- Alan Felsenthal, Managing Director, PricewaterhouseCoopers LLP; and
- Karl E. Stanley, Vice President of Supply & Optimization for NiSource, Inc.

On February 7, 2025, a Stipulation and Settlement Agreement ("Settlement" or "Settlement Agreement") was filed by NIPSCO, the OUCC, the Industrial Group, NLMK, U.S. Steel, Walmart, and the RV Group (collectively the "Settling Parties").

On February 7, 2025, NIPSCO prefiled the settlement testimony, attachments, and workpapers of Ms. Whitehead, Mr. Weatherford, and Mr. Taylor in support of the Settlement

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<sup>8</sup> The CAC late-filed Attachment BI-4 (consisting of the Field Hearing Transcripts) to Mr. Inskeep's testimony on February 3, 2025.

<sup>9</sup> The RV Group also updated its list of companies to remove Patrick Industries, Inc.

<sup>10</sup> The OUCC filed corrections to its cross-answering testimony on January 31, 2025.

Agreement. Also on February 7, 2025, the following witnesses of the OUCC and other Settling Parties filed additional evidence supporting the Settlement Agreement:

- Brian R. Latham;
- Michael P. Gorman;
- James R. Dauphinais;
- Lisa V. Perry; and
- Jill A. Schuepbach

On February 28, 2025, the CAC filed additional testimony of Mr. Inskeep opposing the Settlement Agreement.

On March 7, 2025, NIPSCO prefiled the settlement reply testimony of Ms. Whitehead and Mr. Taylor, the OUCC prefiled the settlement reply testimony of Mr. Deupree, U.S. Steel prefiled the settlement reply testimony of Ms. Schuepbach,<sup>11</sup> and the Industrial Group prefiled settlement reply testimony of Mr. Dauphinais. Also on March 7, 2025, the RV Group and Walmart filed their Joinder in Settlement Reply Testimony.

An evidentiary hearing was conducted in this Cause at 9:30 a.m. on March 25, 2025, in Room 222 of the PNC Center, 101 West Washington Street, Indianapolis, Indiana. At the evidentiary hearing, the Settlement Agreement and the direct, cross-answering, rebuttal, settlement, opposing settlement, and settlement reply testimony and exhibits of each party as well as certain stipulations in lieu of cross-examination were offered and admitted into the record without objection.

The Commission, based upon applicable law and the evidence, finds as follows:

1. **Notice and Jurisdiction.** Legal and timely notice of the public hearings held in this Cause was given and published as required by law. NIPSCO is a public utility as defined in Ind. Code § 8-1-2-1(a) and an “energy utility” as that term is defined in Ind. Code § 8-1-2.5-2. NIPSCO is subject to the Commission’s jurisdiction for approval of its rates and charges for electric utility service under Ind. Code §§ 8-1-2-42 and -42.7. NIPSCO has also elected to become subject to Ind. Code § 8-1-2.5-6. NIPSCO caused to be published the filing of its Petition pursuant to Ind. Code §§ 8-1-2-61 and 8-1-2.5-6 and mailed notice to its customers as required by 170 IAC 4-1-18(C). The Commission has jurisdiction over NIPSCO and the subject matter of this proceeding.

2. **Petitioner’s Organization and Business.** NIPSCO is a public utility with its principal place of business located at 801 East 86th Avenue, Merrillville, Indiana. NIPSCO renders retail electric utility service to more than 487,000 retail customers located in all or part of the following Indiana counties: Benton, Carroll, DeKalb, Elkhart, Fulton, Jasper, Kosciusko, LaGrange, Lake, LaPorte, Marshall, Newton, Noble, Porter, Pulaski, Saint Joseph, Starke, Steuben, Warren, and White. Additionally, NIPSCO is subject to the jurisdiction of the Federal Energy Regulatory Commission (“FERC”) and is a member of Midcontinent Independent System Operator, Inc. (“MISO”), a regional transmission organization operated under FERC’s authority

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<sup>11</sup> U.S. Steel prefiled corrections to Ms. Schuepbach’s testimony on March 17, 2025.

that controls the use of NIPSCO's transmission system and the dispatching of NIPSCO's generating units.

NIPSCO owns, operates, manages, and controls electric generating, transmission, and distribution plant and equipment and related facilities, which are used and useful for the convenience of the public in the production, transmission, distribution, and furnishing of electric energy, heat, light, and power to the public. NIPSCO classifies its property in accordance with the Uniform System of Accounts as prescribed by FERC and approved and adopted by the Commission.

**3. Existing Rates.** The Commission approved NIPSCO's current electric basic rates and charges in its August 2, 2023 Order in Cause No. 45772 ("45772 Order"). The petition initiating Cause No. 45772 was filed with the Commission on September 19, 2022; therefore, in accordance with Ind. Code § 8-1-2-42(a), it has been more than 15 months since NIPSCO filed its most recent petition for an increase in basic rates and charges and the filing of NIPSCO's Petition in this Cause.

In the 45772 Order, the Commission approved a Stipulation and Settlement Agreement ("45772 Settlement") which included a Stipulation and Settlement Agreement between NIPSCO and its industrial customers on Rate 831/531<sup>12</sup> implementation (the "Rate 831/531 Modification Settlement").<sup>13</sup>

**4. Test Year and Rate Base Cutoff.** As authorized by Ind. Code § 8-1-2-42.7(d)(1), NIPSCO proposed a forward-looking test period using projected data, with the test year used for determining projected operating revenues, expenses, and net operating income being the 12-month period ending December 31, 2025 ("Forward Test Year"). NIPSCO is utilizing the test year end, December 31, 2025, as the general rate base cutoff date. The historical base period is the 12-month period ending December 31, 2023.

In its Petition, NIPSCO proposed a two-phase rate implementation, with potential interim phases, to reasonably reflect actual rate base, including the utility property that is used and useful at the time rates are placed into effect. Base rates would be implemented in two steps, with the first step following issuance of an Order in this Cause and based upon the actual rate base and capital structure using a general rate base cutoff of May 31, 2025 (Step 1). The second step would take place following the close of the test year, based upon actual rate base and capital structure as of December 31, 2025 (Step 2).

NIPSCO proposed up to two additional steps for two "major projects" (as that term is defined in 170 IAC 1-5-1(l)). The two major projects are the Fairbanks Solar Generating Facility ("Fairbanks") and the Gibson Solar Generating Facility ("Gibson"). Each project is expected to cost greater than 1% of NIPSCO's projected net original cost rate base. A certificate of public convenience and necessity ("CPCN") was issued for Fairbanks originally in Cause No. 45511 and

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<sup>12</sup> Rate 831 is the tariff rate approved for NIPSCO's large industrial customers in Cause No. 45159, which was later updated to Rate 531 in Cause No. 45772 and is being updated in this case to Rate 631.

<sup>13</sup> The Rate 831/531 Modification Settlement was entered into on September 12, 2022 by and between NIPSCO, Cleveland-Cliffs Steel LLC, Linde, Inc., BP Products North America, Inc., Cargill, Inc., NLMK Indiana, Pratt Paper (IN), LLC, and US Steel.

revised in Cause No. 46028. A CPCN was issued for Gibson originally in Cause No. 45926 and revised in Cause No. 46032. Fairbanks is expected to be in service by the Phase 1 general rate base cutoff and Gibson to be in service by July 31, 2025. NIPSCO proposed additional steps for these two projects to the extent they are not in service by May 31, 2025 by adjusting rates to reflect return (using the capital structure as of May 31, 2025) and depreciation rates reflected in the underlying Order issuing the CPCN. To the extent the projects are not in service by May 31, 2025 but are in service by the time Phase 1 rates are implemented, NIPSCO proposed to include the interim step in the Phase 1 implementation. NIPSCO was granted a waiver of the monthly investment reporting requirement set forth in 170 IAC 1-5-5(D) but was required to declare major projects used and useful in accordance with 170 IAC 1-5-5.

5. **NIPSCO's Requested Relief.** NIPSCO seeks approval of changes to its basic rates and charges for electric utility service and associated accounting relief to provide NIPSCO with the opportunity to recover its ongoing costs of providing electric utility service and earn a fair return on the fair value of its property.

6. **Opposition, Rebuttal, and Cross-Answering.** The OUCC and intervenors raised numerous challenges to NIPSCO's filing, including, but not limited to, challenging rate base, rate of return, operation and maintenance ("O&M") expenses, depreciation rates, cost of service allocation, and rate design. The extent to which these parties disagreed with each other is reflected in their cross-answering testimony. The extent to which NIPSCO disagreed or agreed with the OUCC and intervenors was addressed in NIPSCO's rebuttal evidence.

7. **Settlement Agreement and Supporting Testimony.** The Settling Parties' witnesses presented testimony in support of the Settlement Agreement. They discussed the terms of the Settlement Agreement and explained how the Settlement Agreement resolves all issues presented in the case in a fair and reasonable manner, including issues related to the revenue requirement, cost of service, rate design, and cost allocation. The terms of the Settlement Agreement specifically state that it is a settlement of all issues among the Settling Parties in this Cause. In addition to the Settling Parties, LaPorte County and the USW agreed not to oppose the Settlement.

The Settling Parties' witnesses conveyed that the Settlement Agreement is a product of a diligent effort by all the Settling Parties to reach a comprehensive result. The complexity of the issues and the diverse interests of the Settling Parties dictated the need for compromise on the part of each party involved, and the Settlement Agreement, taken as a total package, reflects a delicate balance that the Settling Parties agree reasonably accommodates their interests.

Ms. Whitehead testified the Settlement is comprehensive in scope and proposes to fairly resolve all issues in dispute. She testified that it provides NIPSCO with an increase in rate revenue sufficient to enable it to meet its revenue requirement, including providing an opportunity to earn an adequate return on the investments made to serve its customers. She stated that after much compromise, NIPSCO agreed to a \$111,616,865, or 30.28%, reduction from the increase requested in its case-in-chief.

According to Mr. Latham, if approved, the Settlement will provide certainty regarding critical issues that would have otherwise remained contested and reasonably resolves them. The

resolved issues include revenue requirements, authorized return, a proposed low income opt-out program, a proposed new multi-family rate class, and the allocation of NIPSCO's revenue requirement among its various rate classes. He explained that the Settlement is the product of intense negotiations, with each party making informed decisions and/or compromises regarding challenging issues and assessing the litigation risks. He said that while the Settlement represents a balancing of interests, the OUCC, as the statutory representative of NIPSCO's ratepayers, concluded the Settlement is a fair resolution, is within the range of outcomes supported by the case's evidence, and should be approved. He noted considerable effort was expended over multiple weeks in balancing the interests of customers and NIPSCO while engaging in arm's length negotiations.

Ms. Schuepbach testified that the Settlement terms represent an equitable compromise among the Settling Parties in this proceeding. Further, she explained that the terms agreed upon in the Settlement will keep NIPSCO profitable and will allow U.S. Steel to remain a customer on the NIPSCO system. She said that other customer classes benefit as well because of reductions in the overall system revenue requirement and the settlement class revenue allocators. She said the Settling Parties worked hard to agree on an outcome that represented the best possible result for each customer class and NIPSCO.

Ms. Perry asserted that the Settlement represents significant compromise among parties with diverse interests based on the evidence presented on the complex issues in this case. She maintained that the Settlement will produce an opportunity for NIPSCO to earn sufficient revenues to provide adequate service to its customers at a fair return while preserving customers' interests in safe and reliable service and reasonable rates.

Mr. Gorman testified the Settlement was the product of arm's length negotiations conducted in good faith by a range of parties with diverse interests represented by competent counsel, and subsequent to the presentation of their positions in evidentiary filings and discovery. Noting the case raised a number of issues on a variety of subjects, he said the Settling Parties were nevertheless able to achieve consensus on the terms of a comprehensive Settlement. In Mr. Gorman's opinion, the Settlement, taken as a total package, is a reasonable resolution that appropriately balances the various interests of the Settling Parties in a manner consistent with sound ratemaking principles.

Mr. Dauphinais testified that, as a total package, the Settlement resolves all of the issues in this complex proceeding on terms that are supported by the record, falls within the range of litigation positions put forward by the parties, and reflects reasonable compromises on the disputed issues. He expressed his belief that the cost of service and rate design terms operate in conjunction with the revenue terms to produce rates that are just and reasonable for all classes. He said each term is integral to the overall reasonableness of the Settlement.

**A. Settlement Overview.** Ms. Whitehead explained that the specific objectives addressed in the Settlement are to establish a level of basic rates and charges for NIPSCO which are calculated to provide the opportunity to earn a fair return on the fair value of its plant and equipment.

Ms. Whitehead noted the Settling Parties have agreed that NIPSCO's base rates will be designed to produce gross revenue at proposed rates of \$2,086,642,669, resulting in a proposed authorized net operating income of \$651,868,680. Ms. Whitehead also supported the Settlement Agreement's stipulated return on equity ("ROE") of 9.75%. Mr. Weatherford explained that under the Settlement Agreement, the total increase in base rates results in a revenue increase from current base rates of \$257,043,752. The stipulated revenue requirement under the Settlement results in a reduction of \$111,616,865 from the amount NIPSCO originally requested in its case-in-chief. Mr. Weatherford presented all the settlement adjustments in his settlement testimony.

Mr. Latham explained that under the Settlement, NIPSCO's originally requested revenue increase is significantly reduced by agreement upon a lower revenue requirement amount and through rate design, thereby furthering affordability. Additionally, NIPSCO's residential customer charge remains unchanged at \$14 in response to the many ratepayers who voiced opposition to NIPSCO's proposed increase in this charge.

As shown in Petitioner's Exhibit 2-S, Attachment 2-S-A, NIPSCO estimates that residential bills for the average customer consuming 672 kilowatts per hour ("kWh") would increase approximately 16.75% following Step 2 rate implementation, including anticipated changes in NIPSCO trackers. Ms. Whitehead testified that under NIPSCO's case-in-chief, residential customers would have received a 22.01% increase following Step 2 rate implementation, based on an average residential customer usage of 729 kWh. She noted that combining the multi-family rate (proposed Rate 615) into Rate 611 results in lower average overall residential customer consumption, which makes comparing these average residential bill impacts challenging.

**B. Revenue Requirement.** The Settlement Agreement provides that NIPSCO's base rates will be designed to produce \$2,086,642,669 prior to application of surviving Riders. The increase in base rates results in an increase from current base rates of \$257,043,752. The agreed upon revenue requirement reflects the depreciation study and accrual rates and amortization provided in the Settlement Agreement. The stipulated revenue requirement is calculated to produce authorized net operating income of \$651,868,680. Mr. Weatherford described the Step 2 revenue requirement and sponsored the supporting schedules.

Mr. Gorman testified that the agreed upon revenue requirement reflects total reductions equal to just under 58% of the total value of the adjustments proposed by the Industrial Group.

**C. Original Cost Rate Base, Capital Structure, and Rate of Return.** The Settlement provides that the weighted average cost of capital times NIPSCO's original cost rate base yields a fair return for purposes of this case. Based upon this agreement, the Settlement provides that NIPSCO should be authorized a fair rate of return of 7.14%. The Settlement provides for a projected net original cost rate base at Step 2 of \$9,129,813,441. The Settlement also provides for NIPSCO's forecasted capital structure, including its Prepaid Pension Asset and Post-Retirement Liability at zero cost as reflected in NIPSCO's direct and rebuttal testimony, and a stipulated ROE of 9.75%. The Settlement provides for the following forecasted capital structure at Step 2:

	Total Company Capitalization	Cost %	Weighted Average Cost %
Common Equity	\$7,718,129,223	9.75%	5.17%
Long-Term Debt	\$5,468,979,284	5.20%	1.95%
Customer Deposits	\$59,885,295	5.63%	0.02%
Deferred Income Taxes	\$1,691,723,532	0.00%	0.00%
Post-Retirement Liability	\$(7,491,885)	0.00%	0.00%
Prepaid Pension Asset	\$(372,308,313)	0.00%	0.00%
Post-1970 Investment Tax Credit	\$174,612	7.87%	0.00%
<b>Totals</b>	<b>\$14,559,091,748</b>		<b>7.14%</b>

In its case-in-chief, NIPSCO proposed a 10.6% ROE and several intervenors, including the OUCC and the Industrial Group, advocated for a considerably lower ROE. The testimony in support of the Settlement Agreement explained that as a result of the negotiations, a compromise was reached between the NIPSCO and intervenor ROE recommendations, resulting in a 9.75% ROE in the Settlement. Ms. Whitehead explained that if NIPSCO's ROE is set too low, it could lead to financial insecurity that would place increased risk on NIPSCO's ability to attract capital, which could also challenge NIPSCO's ability to obtain the capital necessary to continue to provide safe, reliable, and affordable service to its electric customers.

Ms. Whitehead explained that although settlement agreements are not precedential, the Settlement's agreed ROE of 9.75% is slightly lower than or equal to: (1) the negotiated NIPSCO ROE of 9.80% reflected in the settlement approved by the Commission in its 45772 Order; (2) the negotiated AES Indiana ROE of 9.90% approved by the Commission on April 17, 2024 in Cause No. 45911; (3) the negotiated Indiana Michigan Power Company ROE of 9.85% approved by the Commission on May 8, 2024 in Cause No. 45933; (4) the litigated Duke Energy Indiana, LLC ("Duke") ROE of 9.75% approved by the Commission on January 29, 2025 in Cause No. 46038; and (5) the negotiated CenterPoint Energy Indiana South ("CEI South") ROE of 9.8% approved by the Commission on February 3, 2025 in Cause No. 45990. She said for all these reasons, the Settlement Agreement represents a reasonable outcome related to ROE in this proceeding. The Settlement Agreement provides, at Section C.4., that the Agreement "has accounted for the overall level of risk presented to NIPSCO by the Agreement."

Mr. Latham testified the agreed original cost rate base of \$9,129,813,441 is lower than the OUCC's recommended rate base of \$9,229,256,490 as of December 31, 2025, which reflects the OUCC's recommended \$556,951 inventory adjustment NIPSCO accepted in its rebuttal testimony. He explained that the OUCC's case-in-chief recommended a 9.00% cost of equity and that, in the context of the overall settlement, the OUCC considers the agreed 9.75% cost of equity to be a reasonable result. It is within the range of cost of equity evidence presented to the Commission and is a favorable decrease from NIPSCO's currently authorized level, particularly when combined with other compromises made in the Settlement.

Ms. Perry testified she provided numerous concerns with NIPSCO's proposed 10.6% ROE and presented evidence regarding Walmart's perspective on a reasonable authorized return. While the 9.75% ROE set forth in the Settlement may not be as low as Walmart would have advocated

for in litigation, for the purposes of settlement, Walmart believes that a 9.75% ROE provides NIPSCO the opportunity to earn a fair return while still protecting customers' expectations of safe and reliable service at just and reasonable rates.

Mr. Gorman testified that the Industrial Group recommended that NIPSCO's current cost of equity be set in the range of 9.10% to 9.70%, with a point estimate of 9.40%. His analysis was based upon observable market evidence, an assessment of the risk premium associated with market securities, and a general assessment of the market risk associated with investment in regulated utilities. He testified that a further reduction was appropriate to reflect the lower financial risk NIPSCO faces due to its equity rich capital structure to arrive at his recommended ROE of 9.15%. He also conducted an analysis which determined that his recommended ROE would continue to provide NIPSCO with access to adequate capital on reasonable terms. He testified that although 9.75% is higher than his recommended ROE, and slightly outside his recommended range, it is well below the 10.60% to 11.10% range proposed by NIPSCO. Further, the agreed upon ROE is slightly below NIPSCO's current authorized ROE of 9.80%, and below the midpoint between his recommended 9.15% and NIPSCO's requested 10.60% ROE. He stated that, given the totality of the evidence in this case, he considers the 9.75% ROE to be reasonable.

**D. Depreciation and Amortization.** The Settlement Agreement decreases depreciation expense by \$12,270,000 from NIPSCO's case-in-chief filing, which is comprised of a \$10,000,000 reduction as a result of reducing decommissioning costs and adjusting originally proposed service lives or net salvage components associated with certain depreciation accrual rates and a \$2,270,000 reduction as a result of the \$100,000,000 reduction to NIPSCO's case-in-chief projected Transmission & Distribution Rate Base. The proposed depreciation accrual rates by FERC Account that result from these changes are included in Joint Exhibit B to the Settlement.

The Settlement also decreases NIPSCO's amortization expense by \$5,556,445 achieved by changing the amortization periods for the transmission, distribution, and storage system improvement charge ("TDSIC") and Electric Rate Case Expense regulatory asset balances from two to four years. NIPSCO will make a compliance filing at the conclusion of all amortization periods to remove the amortization from the revenue requirement, and rates will be adjusted accordingly. Mr. Weatherford explained the \$5,556,445 deduction is comprised of a decrease of \$4,909,882 for the extended amortization of the TDSIC regulatory asset to now amortize over an additional two-year period through August 2029, which deviates from NIPSCO's originally proposed amortization period of two years, and a decrease of \$646,563 to reflect Electric Rate Case Expense of \$2,586,251 to amortize over a period of four years. This reflects an increase of two years in the period over which the total will be amortized.

Mr. Latham testified that the Settlement Agreement's \$12,270,000 depreciation reduction equates closely to the OUCC's recommended \$12,557,795 reduction to NIPSCO's proposed depreciation. He also testified that the agreed \$5,556,445 reduction to amortization expense is due to extending the amortization periods for the TDSIC and Electric Rate Case Expense regulatory asset balances from two to four years. He said extending the amortization period for these assets reduces the annual financial burden on ratepayers. NIPSCO agreed to also make a compliance filing at the conclusion of all amortization periods to remove the amortization from the revenue requirement and adjust rates accordingly. Mr. Latham explained that NIPSCO's agreement to adjust rates will lower rates as the amortization periods end.



Mr. Gorman testified that the Industrial Group proposed a significant reduction to NIPSCO's depreciation expense of \$46.36 million, based, in large part, on the Industrial Group's concerns related to proposed increases in decommissioning costs for NIPSCO's steam production assets, as well as reductions in net salvage value. Mr. Gorman testified that in his view, the \$10 million assigned by the Settlement to reduce decommissioning costs and adjust net salvage value is a reasonable result within the range of reasonably expected outcomes.

**E. Pro Forma Net Operating Income at Present Rates.** The Settlement Agreement resolved issues raised by the parties concerning pro forma net operating income at present rates for fuel costs and O&M expenses. The Settling Parties agreed that the base cost of fuel proposed in NIPSCO's case-in-chief will be reduced by \$8,970,840 and agreed to a \$20 million reduction to total O&M. This reduction is a compromise to resolve numerous disputed issues, including NIPSCO labor vacancies (generation and non-generation related), NCSC labor vacancies, vegetation management expense, and costs incurred to execute NIPSCO's rate case.

Mr. Latham testified that the Settling Parties agreed NIPSCO's pro forma O&M expenses should be decreased by \$20 million. He said this reduction is a general compromise to resolve numerous disputed O&M issues including labor vacancies, vegetation management expenses, and rate case expenses. He explained the OUCC advocated that ratepayers should not be financially responsible for all of NIPSCO's rate case expenses and a reduction was incorporated into the Settlement O&M expense. He stated the Settling Parties also agreed to a \$8,970,840 reduction in fuel costs consistent with the OUCC's litigation position.

Mr. Gorman testified that the total reduction in NIPSCO's O&M expense of \$20 million resolves a number of disputes between the parties, including NIPSCO's proposed increases in vegetation management program costs, unfilled labor positions, corporate shared services costs, and challenges to the recovery of litigation related expenses. In his opinion, the total adjustment reflects a reasonable resolution to the areas of dispute and good faith efforts to reach compromise in the face of both sides' litigation risk.

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**F. Low Income Program.** The Settlement provides for the approval of NIPSCO's proposed bill assistance program (Rider 697 – Universal Service Program Rider) with the following changes: (1) in recognition of concerns the OUCC expressed, NIPSCO agrees to modify the bill assistance program from an opt-out program as proposed in NIPSCO's rebuttal to a voluntary, opt-in program; and (2) in recognition of concerns expressed by the Settling Parties, NIPSCO will make an annual, below the line (i.e., not to be recovered through rates) shareholder contribution of \$1,500,000.

Mr. Latham testified the bill assistance in the Settlement is a ratepayer favorable outcome as NIPSCO will contribute a significantly greater amount of shareholder funding to the program than NIPSCO proposed in its case-in-chief (\$400,000). He also testified that ratepayers will have the opportunity to opt into the program to help those needing assistance and that a benefit of opt-in over opt-out is that an opt-in plan does not rely on involuntary ratepayer contributions, but instead enables ratepayers to choose to participate in NIPSCO's assistance program.

**G. Other Customer Issues.** The Settlement includes the following additional provisions to address affordability: (1) the Settling Parties agreed to a reduction of NIPSCO's

customer deposit from \$50 to \$0 for all gas and electric customers who receive bill assistance through the Low Income Home Energy Assistance Program ("LIHEAP"); (2) for electric customers who are disconnected for non-payment of charges, NIPSCO agreed to waive its \$90 electric reconnection charge (at the meter during normal business hours) set out in Section 15.1.1 of its General Rules and Regulations no later than with the implementation of Step 2 rates; (3) NIPSCO agreed to delay disconnection for non-payment of electric service if temperatures are below 20 degrees or above 90 degrees on the day of disconnection or are forecasted to be below 20 degrees or above 90 degrees the following two days; and (4) NIPSCO committed to a stakeholder process within six months of the date of a final order in this Cause with the intent of incorporating a public-facing electric vehicle ("EV") rate to facilitate charging at customer-owned locations in NIPSCO's next electric base rate case.

Mr. Latham testified the elimination of the customer deposit will benefit NIPSCO's gas and electric LIHEAP-eligible customers by making additional funds available to meet their day-to-day expenses rather than their cash being required for this deposit. He testified that waiving NIPSCO's \$90 reconnection charge no later than the implementation of Step 2 rates will enable further potential ratepayer savings. Additionally, delaying disconnection for non-payment of electric service if temperatures are below 20 degrees or above 90 degrees on the scheduled day of disconnection or are forecasted to be below 20 degrees or above 90 degrees the following two days is beneficial during periods of extreme weather for ratepayers who may struggle to pay electric bills. Regarding the stakeholder process for a public-facing EV rate, Mr. Latham stated that, as the need for EV chargers grows, NIPSCO's commitment to a stakeholder process that incorporates input from all affected parties, including the public, should facilitate the availability of this additional electric infrastructure.

Ms. Perry stated that in her direct testimony, she recommended that NIPSCO offer a rate structure for business customers who are interested in owning and operating public EV charging equipment, specifically direct current fast chargers, to ensure that such chargers owned by a third-party are able to remain competitive. She said this would foster a robust marketplace for EV charging equipment, encouraging the expansion of a comprehensive EV charging network across Petitioner's service territory. She testified the stakeholder process and intent to incorporate a public facing EV rate in NIPSCO's next rate case adopts her recommendation and Walmart commends NIPSCO for being willing to take this necessary step to further the advancement of competitive EV development to the benefit of its service territory and hopes to see similar developments throughout Indiana.

**H. Phased Rate Implementation.** The Settlement provides that the rate changes will be implemented on a services rendered basis after NIPSCO's new tariffs have been approved by the Commission's Energy Division. Implementation of the agreed rate increase would occur in multiple steps, as follows:

Step 1 rates shall be implemented on a services rendered basis as soon as possible following the issuance of an order and will be based on actual net plant certified to have been completed and placed in service no later than May 31, 2025, except for the Fairbanks and Gibson projects. The Settling Parties agree that Step 1 rates are subject to refund in the event the Commission determines that less than the certified amount of plant additions were placed in service as of May 31, 2025. Prior to implementation of Step 1 rates, NIPSCO will certify the net original cost rate base and

current capital structure as of May 31, 2025 and calculate the Step 1 rates using those certified figures. For purposes of Step 1 rates, “certify” means NIPSCO states in a filing with the Commission the amount of forecasted net plant it has completed and verifies that those forecasted additions have been placed in service and are used and useful in providing utility service as of May 31, 2025. NIPSCO will provide all parties to this proceeding with its certification. The Settling Parties, and other interested parties to this proceeding, will have 60 days to verify or state any objection to the net plant in service numbers from those which NIPSCO certifies. All parties to this proceeding shall be permitted to conduct discovery to verify relevant construction costs and in service dates. If any objections are stated, a hearing will be held to determine NIPSCO’s actual net plant in service as of May 31, 2025, and rates will be trued up, with carrying charges, retroactive to the date Step 1 rates were put into place.

Step 2 rates shall be implemented on a services rendered basis as soon as possible after the end of the Forward Test Year and will be based on actual net plant certified to have been completed and placed in service no later than December 31, 2025. The Settling Parties agree that Step 2 rates are subject to refund in the event the Commission determines that less than the certified amount of plant additions were placed in service as of December 31, 2025. Prior to implementation of Step 2 rates, NIPSCO will certify the net original cost rate base and current capital structure as of December 31, 2025 and calculate the Step 2 rates using those certified figures. For purposes of Step 2 rates, “certify” means NIPSCO states in a filing with the Commission the amount of forecasted net plant it has completed and verifies that those forecasted additions have been placed in service and are used and useful in providing utility service as of December 31, 2025. NIPSCO will provide all parties with its certification. The Settling Parties, and other interested parties to this proceeding, will have 60 days to verify or state any objection to the net plant in service numbers from those which NIPSCO certifies. The Settling Parties shall be permitted to conduct discovery to verify relevant construction costs and service dates. If any objections are stated, a hearing will be held to determine NIPSCO’s actual test-year-end net plant in service, and rates will be trued up, with carrying charges, retroactive to the date Step 2 rates were put into place.

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In the event Fairbanks and/or Gibson are not in service by the general rate base cutoff for Step 1 (May 31, 2025) but come into service on or before the general rate base cutoff for Step 2 (December 31, 2025), the Settling Parties agree to up to two additional steps to include these projects in rates earlier than Step 2 (end of the Forward Test Year). The compliance filing(s) for the additional step(s) will be based on the addition to rate base and associated depreciation expense for Fairbanks or Gibson (whichever the case may be) upon the filing of a certification that the plant is in service. The rates will use the capital structure used for Step 1 rates. NIPSCO shall file a certification that the asset is in service, with a copy to all parties. The rates would take effect on the same interim-subject-to-refund basis as Step 1 and Step 2 rates, with the same period for other parties to raise objections. To the extent Fairbanks and/or Gibson are not in service by May 31, 2025, but are in service by the time of the Step 1 compliance filing in this Cause, NIPSCO may include the plant in Step 1 rates calculated as provided in this paragraph.

Mr. Latham testified that, as advocated by the OUCC, the Settling Parties agreed the rate changes will be implemented on a services-rendered basis after NIPSCO’s new tariff has been approved by the Commission’s Energy Division. This helps to ensure the new rates are not applied to electric service rendered before their approval. Step 1 rates will be implemented on a services-

rendered basis as soon as possible following the issuance of an order in this Cause and approval of NIPSCO's new tariffs.

**I. Cost of Service and Rate Design.** In the Settlement, the Settling Parties acknowledge that, as presented in NIPSCO's case-in-chief and rebuttal, certain rate classes are being subsidized by several other rate classes. The Settlement Agreement proposes to mitigate a portion of the on-going subsidy concerns raised by multiple parties in an effort to balance the goal of subsidy reduction with a policy of gradualism. Consistent with the mitigation approach approved in the 45772 Order, the Settlement revenue requirement reduction (i.e., the settled annual revenue requirement below NIPSCO's as-filed case in chief) will be apportioned as follows: (1) set revenues for Rate 631 at cost of service based on 162.061 megawatts ("MW") of allocated Tier 1 demand; (2) no revenue change to Rate 642 and Rate 643; (3) credit \$575,000 of the Settlement revenue requirement decrease first to each Rate 623 and Rate 626; (4) allocate 25% of the remaining Settlement revenue requirement decrease to the subsidizing classes in proportion to their excess revenues (25% portion); and (5) allocate the remaining amount on an across-the-board basis in proportion to NIPSCO's case-in-chief proposed revenues (the "25% portion"). Because Rate 631 is being brought to parity assuming 162.061 MW of allocated demand, it will not receive either a reduction relating to the 25% portion or a reduction related to the 75% portion, nor will Rate 642 and Rate 643 as there is no change in their revenues. Rate 611 will participate in the across-the-board reduction (the "75% portion"). The provisions of this paragraph are to be implemented in the cost of service and rates included with NIPSCO's testimony supporting the Settlement Agreement.

In Petitioner's Exhibit 16-S, Mr. Taylor presented the Settlement revenue apportionment, and the Settlement proposed class rate increases in Attachment 16-S-A. Table 1 in Mr. Taylor's settlement testimony shows the mitigation of interclass subsidies from the case-in-chief proposal to the Settlement. He presented Attachment 16-S-B which shows detailed calculations for each rate component of each rate schedule, as well as how the targeted total rate schedule revenue will be achieved using the proposed rates and volumes. Further, Attachment 16-S-B shows the transition of revenues at current rates and existing 500 series rate classes to the proposed revenues at the 600 series rate classes. Mr. Taylor sponsored Attachment 16-S-C, showing the typical bill impacts for residential customers. Mr. Taylor also sponsored Attachment 16-S-D as a revised version, consistent with the Settlement, of Attachment 16-H to Petitioner's Exhibit 16, providing the updated tracker allocators that result from the Settlement changes to cost of service and revenue mitigation.

The Settlement Agreement provides that, in light of issues raised by the OUCC, the Industrial Group, U.S. Steel, and the CAC, NIPSCO will study its cost of service production, transmission, and distribution classification and allocation ("Allocation Study") before filing its next general electric rate case. This will include the study of the classification and allocation of production, transmission, and distribution customer, demand, and energy related costs both in base rates as well as in the fuel adjustment clause ("FAC") and resource adequacy ("RA") trackers. In its next general rate case, NIPSCO will file testimony addressing the results of the Allocation Study and supporting its decision regarding whether to make changes to the classification and allocation of production, transmission, and distribution costs.

The 45772 Settlement contemplated future reductions in Rate 531 Tier 1 contract demand and called for progressively narrowing the disparity between the Rate 531 allocated Tier 1 demand and the actual Tier 1 contract demands of customers in that class to bring that rate to parity with the cost to serve. The Settling Parties in this Cause agreed that the provisions of the 831/531 Modification Settlement and Section B.7.(e) through (g) of the 45772 Settlement continue to apply. The Settling Parties further agreed that the method for future reduction in Rate 631 Tier 1 allocated and contract demand provided for in the 831/531 Modification Settlement will be accomplished through the approach recommended by Mr. Dauphinais, with the exclusion of costs associated with Sugar Creek Generating Station, as recommended by Ms. Schuepbach. Using this approach, and reflecting the revenue adjustments under the Settlement, the allocated Rate 631 Tier 1 demand shall be 162.061 MW.

The Settling Parties agreed to Mr. Dauphinais's recommendation of proportional reductions to Rate 631 Tier 1 contract demand to progressively narrow the disparity between Rate 631 allocated demand and class contract demand to move the rate toward the actual cost of service. The minimum contract demand assumed for purposes of the Settlement is 153.692 MW. The Rate 631 charges (transmission, energy, and demand) will be based upon the 153.692 MW of assumed contract demand, which is expected to be consistent with executed Rate 631 contracts. The Settling Parties agree that further reductions to Rate 631 Tier 1 cost allocations in future rate proceedings should continue to follow the methodology set forth in Paragraph 7(f) of the 45772 Settlement employing the computational methodology utilized in the Settlement.

The Settlement also addresses a number of rate design issues unrelated to Rate 631. The Settlement provides that the revenue requirement decrease allocated to Rate 626 will be applied 50% to Rate 626's demand charge and 50% to its energy charge. The Settlement adopts the customer charges proposed by NIPSCO, except NIPSCO's existing monthly charge of \$14 shall remain for Rate 611.

Mr. Taylor testified the Settlement allocated cost of service study ("ACOSS") structure and methodologies remain consistent with those described in his direct and rebuttal testimonies. The changes to the revenue requirement related to legacy coal generation were reflected in an update to the Rate 631 allocated demand in the Settlement ACOSS and the resulting Rate 631 cost of service is the basis of the revenue increase for that customer class. The Settlement ACOSS was further used to inform revenue apportionment to NIPSCO's other remaining customer classes. Mr. Taylor testified that while the ACOSS supports a higher residential customer charge, the Settling Parties agreed that the customer charge for Rate 611 will remain at \$14 per month.

Mr. Latham testified the Settling Parties spent considerable time negotiating the revenue allocation among NIPSCO's rate classes. He said that because the OUCC represents all customer classes, the OUCC works to help ensure cost increases are fairly distributed across rate classes, while also being mindful of the importance of applying the principle of gradualism. The Settling Parties agreed to the customer charge increases NIPSCO proposed in its case-in-chief, with one exception. As recommended in the OUCC's direct testimony, NIPSCO's monthly customer charge for residential customers (Rate 611) will remain at \$14. He said maintaining this charge is beneficial because ratepayer actions to mitigate the volumetric component of their bills may have a greater effect on the overall bill when the fixed charge is lower than the amount NIPSCO proposed in its case-in-chief.

Ms. Schuepbach testified the revenue requirement by customer class is based on the use of a four coincident peak ("4CP") allocation factor for production demand costs. Although her recommendation for the allocation of transmission costs by voltage was not addressed in this case, NIPSCO agreed to conduct an Allocation Study before filing its next general electric rate case. She said NIPSCO will either propose new methods for the classification and allocation or file testimony with the results of its analysis demonstrating why its current approach is still appropriate. She expects the Allocation Study to subfunctionalize transmission costs by voltage and then allocate the costs to each customer class based on the voltage at which they receive service for all rate base and revenue requirement components. She also expects NIPSCO to provide the results of the subfunctionalization analysis, describe how it affects the cost allocation to each rate class and for NIPSCO's Riders. She expects the allocation of transmission costs to Rate 631 to decrease as the majority of Rate 631 customers do not take power at, or use, the 69 kilovolt system.

Ms. Schuepbach testified the Rate 631 Tier 1 load and cost allocation in the Settlement Agreement is easy to understand, easy to duplicate, and defensible based on the language in the 45772 Settlement. She stated that when NIPSCO files its next general rate case, she expects to see the Rate 631 Tier 1 load and cost allocation calculation include only legacy coal assets, no trackable fuel, and be based on actual data for the coal plants. She expects that, as the coal legacy revenue requirement decreases, so will the allocated demand costs to Rate 631, and Rate 631 will reach 70 MW by 2035 when the coal legacy assets are fully depreciated and amortized.

Ms. Schuepbach testified the Settling Parties agreed to mitigate a portion of the settled revenue requirement increase to be consistent with a policy of gradualism. She said this mitigation is consistent with the 45772 Settlement, in that the differential continues to narrow between actual class capacity subscriptions and the allocated class capacity level. Rate 631 is held at parity based on a set total class demand level, as it was in the prior rate cases. She explained that absent Rate 631, there were and are valid concerns that industrial customers could shift their production to locations outside of NIPSCO and Indiana. She said that the Settlement revenue requirement allocated to each customer class was a product of negotiations that represented a reasonable compromise among the Settling Parties, considering very different views on the proper cost of service allocation methodologies. She opined that, in recognition that one allocation method compared to another dramatically shifted costs among rate classes, the Settlement Agreement represents a reasonable balance among the different perspectives that yields results that do not unduly harm one rate class over another and does not endorse one allocation method over another. She stated that with respect to U.S. Steel, the resulting rate increases to Class 631 of 10.32% represent an improvement compared to NIPSCO's original revenue proposal.

Ms. Schuepbach stated that for settlement purposes, the overall class rate increases are reasonable. The demand charge is significantly higher than most utility demand charges, but this is partially due to the difference between the demand costs allocated to Rate 631 and the actual contracted demand for the Rate 631 customers. She said if the demand costs of \$65,921,733 are allocated to Rate 631 based on 162.1 MW of demand, the average rate is \$33.90 per kW. However, the actual contract or billing demand for the class is 153.7 MW, resulting in a rate of \$35.74 per kW, which is 5.4% higher. She said this disconnect between the allocated demand and the contract demand puts additional upward pressure on the demand charge.

Ms. Perry stated Walmart initially recommended that any reduction in revenue requirement from NIPSCO's originally requested amount be allocated by applying 50% of the overall revenue reduction to those rate classes who are paying in excess to their cost-based levels, except that in no event should a subsidizing rate class be moved to a subsidized position. The remaining 50% of the overall revenue reduction should be evenly applied to mitigate the proposed increases for all rate classes on an equal percentage basis. She testified that, while not adopting her proposal specifically, the revenue allocation set forth in the Settlement Agreement essentially adopts her proposal in concept. She stated that providing for a subsidy reduction by using 25% of the overall reduction in annual revenue (as opposed to Walmart's recommended 50%), combined with the additional marginal credit to Rate 626, is a reasonable compromise that benefits all classes while moving no class from a subsidized position to a subsidizing position or vice versa. However, she stated Walmart continues to maintain that greater movement to rectify subsidies is necessary.

Ms. Perry noted Walmart's initial concern that the structure of Rate 626 did not reflect appropriate intra-class cost causation by recovering demand-related costs through the energy component of the rate. Thus, she recommended that if a lower revenue requirement than that proposed by NIPSCO was approved, then the reduction to Rate 626's revenue requirement should be used to reduce the energy charge until the allocations match NIPSCO's cost of service study. She testified the Settlement Agreement adopts a compromise position that results in reasonable movement towards a cost-based rate design structure for Rate 626 that is also revenue neutral to all other rate classes.

Mr. Dauphinais stated the cost of service study presented in this case by NIPSCO was supported by expert testimony and was further supported by several parties including the Industrial Group. He noted its consistency with the cost of service methodology previously approved by the Commission and said the subsidy reduction provision is essentially identical to the corresponding provision in the 45772 Settlement. Several parties, including the Industrial Group, proposed greater reductions to inter-class subsidies, and other parties proposed less. Mr. Dauphinais testified the Settlement strikes a reasonable balance between the respective positions taken by the parties. The Settlement calls for NIPSCO to conduct an Allocation Study and to report on that study in its next rate case filing. He said it is always appropriate for a utility to review and assess reasonable approaches to analyzing cost of service in light of current circumstances and this provision properly leaves the decision to NIPSCO as to whether or not to propose any changes in its next rate case.

Mr. Dauphinais testified that under the 45772 Settlement, which includes the Rate 831/531 Modification Settlement, there will be progressive reductions to both the differential between imputed class demand used for allocation purposes and actual contract demand, as well as contracted Tier 1 demand in excess of the tariff minimum under Rate 631 and successor rates. In both respects, the reductions are calibrated to decreases in costs related to legacy coal plants as recovered in base rates. While this mechanism was approved by the Commission in NIPSCO's last rate case, he said there were some differences among the parties regarding the appropriate way to implement the mechanism. In the Settlement Agreement, the parties agreed to adopt the methodology proposed in his direct testimony, as well as a recommendation proposed in Ms. Schuepbach's testimony. He said the agreed methodology provides clarity regarding the implementation of the Rate 631 Tier 1 adjustment mechanism approved in the 45772 Order, is

consistent with the terms of that previously approved agreement, and provides appropriate guidance and framework for future implementation in successive rate proceedings.

**J. Multi-Family Rate.** In the Settlement, the Settling Parties agree NIPSCO's proposed multi-family rate, Rate 615, shall not be implemented. NIPSCO will collect additional data on residential customer housing types to better identify multi-family customers and further analyze cost differentials between single- and multi-family residential customers and may consider requesting a new multi-family rate for qualifying residential customers in its next rate case. Once additional analysis is complete, NIPSCO will meet with the CAC, the OUCC, and any other interested stakeholders prior to filing its next base rate case to discuss a potential multi-family rate and will provide interested stakeholders with the results of its analysis.

Mr. Taylor testified that both the OUCC and the CAC addressed proposed Rate 615, expressing concerns about the robustness of Petitioner's analysis that was used to establish the rate. Both parties were critical about NIPSCO's ability to identify the potential multi-family customers, the associated load research information used to quantify those customers' demand requirements, and the planning and engineering information used to determine the cost of service differences between single family and multi-family premises. Ultimately, the CAC recommended the adoption of Rate 615 whereas the OUCC recommended denial pending more thorough study. In recognition of these concerns, the Settling Parties agreed to forgo the separation of multi-family customers from Rate 611 at this time.

Mr. Latham testified NIPSCO will continue to collect data on residential customer housing types to better identify its multi-family customers and analyze the cost differentials between NIPSCO's single- and multi-family residential customers. He said this additional insight into NIPSCO's customer housing types and a more robust sample than NIPSCO used in this proceeding should facilitate a better informed analysis when considering a separate multi-family rate and its prospective impact upon NIPSCO's rate classes.

**K. Data Center Sub-docket.** Certain parties requested the creation of a sub-docket for purposes of developing a standard tariff offering and addressing other pertinent issues related to new large load customers that may locate in NIPSCO's electric service territory. The Settlement recognizes that since the filing of NIPSCO's case-in-chief and the OUCC's and intervenors' cases-in-chief, a filing was made related to NIPSCO's proposed overall strategy to serve large load customers, in which it was acknowledged that NIPSCO has not entered into any special contract or equivalent agreement for energy services for a large load customer. NIPSCO expressed its intention that any large load customer that may enter into a contract for electric service will commit to pay the direct, incremental costs associated with serving their load and some portion of the costs of NIPSCO's existing electric system. Accordingly, NIPSCO agreed that to the extent it enters into such contract(s), NIPSCO commits to timely file a proposal with the Commission to pass back to NIPSCO's current electric customers the revenues collected that are related to payment for recovery of some portion of the costs of NIPSCO's existing electric system paid by the large load customer(s). Under the Settlement, no party waives or is otherwise limited in making any argument in pending Cause No. 46183 or related dockets surrounding large load customers, but NIPSCO is precluded from requesting that any portion of the above identified revenues not be passed to NIPSCO's then current electric customers.



Mr. Latham stated that NIPSCO intends for any large load customer that may enter into a contract for electric service to commit to pay the direct, incremental costs associated with serving its load and some portion of NIPSCO's existing electric system costs. To the extent NIPSCO enters into such contracts, he stated NIPSCO committed to timely filing a proposal to pass back to its current electric customers the revenues collected related to payments for recovery of the portion of the costs of NIPSCO's existing electric system paid by large load customers. He explained it is beneficial to NIPSCO's pre-existing ratepayers if large load customers fund a portion of system costs because this funding would reduce system costs for NIPSCO's other ratepayers and be realized when NIPSCO receives an order on its "pass-back" filing.

Ms. Schuepbach testified that, although NIPSCO has stated existing customers will not be harmed or saddled with any incremental costs associated with large load customers, she hopes her concerns regarding the transparency of the transactions between NIPSCO and the large load customers and unintended effects on existing rate payers will be addressed in Cause No. 46183.

**L. Other Relief Requested by NIPSCO.** Section B.14. of the Settlement Agreement provides that any matters not addressed by the Settlement Agreement but expressly supported by NIPSCO's testimony should be approved as NIPSCO proposed or, if modified in NIPSCO's rebuttal, consistent with such modification, without waiving the right to challenge such resolution prospectively.

**M. Typical Bill Comparison.** Attachment 2-S-A of Petitioner's Exhibit 2-S shows the estimated impact on an average residential customer's monthly electric bill and how that compares to the estimated bill impact on customers in NIPSCO's case-in-chief. Ms. Whitehead said that NIPSCO estimates that residential bills for the average customer consuming 672 kWh would increase approximately 16.75% following Step 2 rate implementation, inclusive of anticipated changes in trackers. In NIPSCO's case-in-chief, residential customers would have received a 22.01% increase following Step 2 rate implementation based on average residential customer usage of 729 kWh. She explained that combining the multi-family rate (Rate 615) into Rate 611 results in lower average overall residential customer consumption, making the comparison of these average residential bill impacts challenging.

Mr. Taylor presented the typical bill impacts for residential customers on Attachment 16-S-C of Petitioner's Exhibit 16-S.

**N. Addenda to the Settlement Agreement.** Ms. Whitehead explained that Addendum A contains separate terms between NIPSCO and LaPorte County, which were reached to address concerns raised by LaPorte County and that allowed it to not oppose the Settlement. Addendum B contains separate terms between NIPSCO and the RV Group, which were reached to address concerns it raised and that allowed the RV Group to sign the Settlement. She said neither of the addenda have a direct base rate impact, but do, in part, respond to and address concerns raised by both parties. Because there is no direct base rate impact, NIPSCO does not believe the Commission needs to take any action on the addenda. However, they were included to ensure the Commission was aware of these terms, to memorialize NIPSCO's commitments to these parties, and to provide the basis for the positions to either not oppose or to sign on to the Settlement

**O. Public Interest.** Ms. Whitehead testified that the Settlement is consistent with the public interest. She stated the regulatory compact is, by necessity, a balancing of interests between the utility and its stakeholders. As a general matter, negotiated resolutions to complex issues are consistent with the public interest because the result is the byproduct of input and compromise by the various parties that are directly impacted by the outcome. Ms. Whitehead testified that with respect to the issues addressed in this Cause, NIPSCO was able to reach an agreement that provides for rates and charges sufficient to allow for the recovery of the cost of providing service to its customers, as well as a return of and on its investments in plant and equipment needed to serve its customers. She said the issues addressed in the Settlement and supporting testimony demonstrate the value of compromise in the context of the public interest.

Mr. Latham testified the Settling Parties each made concessions involving considerable give and take on multiple contested issues to reach an overall agreement, reducing the risk and expense of litigation. He testified that the Settlement Agreement, considered in its entirety, serves the public interest by guaranteeing ratepayer savings of \$111,616,865 annually, if approved, compared to NIPSCO's case as initially filed. The OUCC considers the Settlement Agreement to be both reasonable and in the public interest, given the facts and applicable law.

**8. Opposition to Settlement Agreement.** Mr. Inskeep testified as to the CAC's opposition to the Settlement. Specifically, he contends that the Settlement: (1) provides for a modest 30.3% reduction to NIPSCO's overall revenue increase but residential customers will see a much smaller 23.6% reduction; (2) is premised on the acceptance of NIPSCO's ACROSS featuring a 4CP cost allocation that unfairly assigns large portions of production costs to residential customers, even though the Commission recently determined in a different utility's rate case that the 12 coincident peak ("12CP") cost allocation method was superior, and the resulting rates are unjust and unreasonable; (3) contains a term related to NIPSCO conducting an Allocation Study as part of its next rate case that is wholly inadequate; (4) misallocates renewable energy and battery energy storage tax credits, which redistributes millions of dollars each year in tax credits paid for by residential customers, to non-residential customers; (5) provides for an unfairly large portion of the reduction in revenue requirement to go towards reducing the rates of non-residential customers, leaving little benefit and extraordinary rate increases for the residential class; (6) fails to include NIPSCO's proposed multi-family rate, instead lumping this distinct rate class in with Rate 511, leading to rates that far exceed the cost of service for multi-family customers based on NIPSCO's ACROSS; (7) transmogrifies what had been a well-designed low income program into one that mirrors recently failed programs of other Indiana electric utilities, with substantially fewer benefits for eligible customers and without a long-term sustainable funding mechanism; and (8) does not provide adequate ratepayer protections with respect to significant data center load growth being actively negotiated by NIPSCO today.

Mr. Inskeep argued the Settlement is not in the public interest because it is inconsistent with Indiana's affordability pillar and would result in residential rate shock inconsistent with the principles of gradualism and make multi-family residential customers worse off than what NIPSCO presented in its case-in-chief. He said the terms impose a preference for non-residential rate classes over residential customers, resulting in unjust and unreasonable rates. Mr. Inskeep testified that critical residential affordability protections initially proposed by NIPSCO were removed or significantly weakened. He recommended the Commission reject the Settlement or substantially modify its terms.

**9. Settlement Rebuttal.** Several of the Settling Parties filed settlement rebuttal testimony. The RV Group and Walmart submitted a joinder in specific statements and positions taken by Mr. Taylor and Mr. Dauphinais.

Ms. Whitehead testified that her direct and rebuttal testimony detailed NIPSCO's proposals intended to address customer affordability. She testified the Settlement further reduces NIPSCO's as-filed revenue requirement by over \$110 million and contains several provisions designed to address the needs of NIPSCO's lower income electric customers. She stated the agreed revenue reduction is significant and the revenue allocation is fair and reasonable. She stated that while the CAC opposes the Settlement, it contains a number of items that align with the CAC's preferred positions, including no increase in the residential customer charge, a reduction to NIPSCO's ROE, eliminating the security deposit for LIHEAP-qualified customers, and timely phase out of the electric reconnection charge for non-payment. She noted the Settlement is either supported or not opposed by nearly every party and was diligently negotiated in an effort to reach a reasonable outcome that benefits all rate classes. She testified that ultimately, within the constraints available in a highly complex rate case, the Settlement addresses customer affordability for all rate classes through creative problem solving and meaningful adjustments and should be approved in its entirety without modification.

Responding to Mr. Inskeep's contention that the Settlement's overall revenue reduction is modest and inconsistent with the affordability pillar, Ms. Whitehead testified there was a significant focus on affordability by all parties involved in this case. She identified the steps that NIPSCO took to mitigate the bill impact of its initially requested rate relief, which was driven by nearly \$2 billion in pre-approved investments in renewable generation assets. She noted that no party, including the CAC, opposed recovery of NIPSCO's generation assets expected to be in service by December 31, 2025. Ms. Whitehead stated NIPSCO's pre-filing mitigation steps included: eliminating paysite convenience fees for customers paying their bill by cash or check; implementing a unique ratemaking construct to reduce NIPSCO's total rate request to: (1) reflect retirement of Schahfer Units 17 and 18 that will occur on December 31, 2025 (i.e., beyond the Forward Test Year) and (2) reduce base cost of fuel related to the Investment Tax Credit ("ITC") and Production Tax Credit ("PTC"); (3) proposing a rate phase-in approach for the Gibson and Fairbanks projects that reduces the cost to customers; (4) proposing depreciation accrual rates that do not reflect the most current estimates for cost of removal associated with the Bailly Generating Station and instead utilizing the estimates supporting current, and lower, depreciation rates; and (5) requesting a lower than recommended ROE.

Regarding the CAC's assertion that NIPSCO's residential customers will experience rate shock, Ms. Whitehead testified that Mr. Inskeep's residential bill presentation is inaccurate. She said the figure only projects NIPSCO's rates through 2026 and does not reflect the Commission's approval of recent rate increases to residential bills for CEI South and Duke of approximately 8.08% and 13.11%, respectively. She testified the Settlement furthers affordability because the Settling Parties agreed to nearly \$112 million of reductions to NIPSCO's proposed revenue requirement, primarily relating to NIPSCO's proposed ROE, O&M expense, and depreciation and amortization expense. Ms. Whitehead testified that as a result of the Settlement, NIPSCO estimates that the residential bill increase for an average NIPSCO customer has been reduced from 22.01% to 16.75%, which is broken into multiple steps over several months. She said, by comparison, the agreed revenue requirement reduction in this Cause exceeds that approved in CEI South's electric

rate case (Cause No. 45990) while also incorporating customer affordability measures and reasonably balances the remaining pillars of reliability, resiliency, stability, and environmental sustainability. She acknowledged that a rate increase of any amount can impact customers, particularly those with limited or fixed incomes, but stated the Settlement contains specific measures designed to target assistance to those customers who need it the most.

Ms. Whitehead testified that in addition to the reduction to NIPSCO's proposed revenue requirement, other non-revenue requirement terms in the Settlement that benefit residential customers include: (1) eliminating the \$50 customer deposit for NIPSCO's gas and electric customers who receive bill assistance through LIHEAP; (2) no later than the implementation of Step 2 rates, waiver of NIPSCO's \$90 electric reconnection charge for electric customers who are disconnected for non-payment of charges; (3) delay of disconnection of electric service if temperatures are below 20 degrees or above 90 degrees on the scheduled day of disconnection or if forecasted the following two days; and (4) no increase to the monthly residential customer charge of \$14. The Settlement also reflects creation of a bill assistance program for NIPSCO's low income electric customers funded by an annual \$1.5 million contribution from NIPSCO shareholders and voluntary customer contributions.

In response to Mr. Inskeep's criticism of the bill assistance program provided for in the Settlement, Ms. Whitehead testified that the parties' testimony in this Cause reflects disagreement on the appropriate design of a bill assistance program for low income customers, primarily as to whether a non-bypassable, opt-in, or opt-out program design was appropriate. She said NIPSCO agreed to modify its proposed program to achieve a global settlement in this case with all Settling Parties. She also noted that the Commission has not approved an electric low income program structured like NIPSCO's proposed program, and in Cause No. 45465, the Commission rejected NIPSCO's low income program for electric customers due to its opt-out nature. She testified that while NIPSCO appreciates the CAC's continued support of meaningful bill assistance programs to low income customers, denying or modifying the Settlement based on the program's modified design would serve only to harm the eligible low income customers who stand to benefit from the bill assistance that will now be available. She noted that NIPSCO's shareholder contribution is considerable and Petitioner is committed to targeting all bill assistance funding to customers most in need.

As for the elimination of the multi-family rate proposed in NIPSCO's direct case, Ms. Whitehead testified that the parties could not agree on the strength of NIPSCO's supportive data or how many multi-family customers there are in NIPSCO's territory. She noted that although the CAC recommended approval of NIPSCO's multi-family rate, Mr. Inskeep advocated additional data be provided in NIPSCO's next rate case related to metering and transformer costs. She testified that ultimately, the Settlement addresses the concerns raised by the OUCC, a key stakeholder in terms of representing the interests of residential ratepayers, regarding the level of analysis NIPSCO had undertaken to support its multi-family rate.

Responding to Mr. Inskeep's concern that the Settlement does not provide adequate ratepayer protection with respect to significant data center load growth, Ms. Whitehead testified the Settlement describes NIPSCO's intention as it relates to how large load customers that enter into a contract for electric service will commit to pay the direct, incremental costs associated with serving their load and some portion of the costs of NIPSCO's existing electric system. She

disagreed that such treatment is discriminatory or warrants additional scrutiny and consideration. She said NIPSCO has not entered into any contract for electric service with any large load customer and the Forward Test Year in this case does not include any anticipated load growth associated with any such customer. She indicated Mr. Inskeep's present concerns – which are hypothetical and premature – are best addressed within the context of a regulatory filing related to the approval of any such special contract. She also noted that one of the parties who proposed creating a data center subdocket in this Cause, U.S. Steel, signed on to the Settlement and supports its intended outcome.

Mr. Taylor replied to Mr. Inskeep's testimony on cost allocation and rate design. He disagreed with the CAC's assertion that a 4CP cost allocation for production costs is not reasonable in light of MISO's resource adequacy requirements. He testified that NIPSCO has always had the obligation to provide safe and reliable electric service to its customers in all hours of the year and this obligation existed before MISO was created. He said this obligation does not mean that all hours of the year contribute equally (or at all) to the investments necessary to provide reliable service. Rather, the investments driven by a very small number of hours, which have traditionally been in the summer, have caused the investment in the generation system that is able to provide reliable service in all hours of the year. Mr. Taylor stated this reality has not changed with the seasonal resource adequacy construct, meaning that the investments NIPSCO has made to meet its summer needs allow it to also meet its other seasonal requirements. Mr. Taylor testified that, while NIPSCO's 2024 IRP shows it may need to invest in additional resources to meet the winter season requirements in 2028, this depends on a number of factors and NIPSCO has not proposed any such investments to the Commission. He said Mr. Inskeep's testimony conflates compliance within the IRP models with what seasons are actually binding and driving investment; it is the latter that is relevant.

Mr. Taylor also testified that the CAC's initial position was to abandon the 4CP allocator in favor of the Probability of Dispatch method, or an alternative position of a Peak and Average allocation method. He explained that his rebuttal testimony critiqued the CAC's positions, which the Commission has rejected many times. He also noted that the CAC did not attempt to refute his rebuttal position related to these allocators but instead made a catch-all recommendation to use 12CP, which was provided with no analysis and only one sentence for support.

In response to Mr. Inskeep's continued disagreement with the allocation of PTCs and ITCs using class energy as the basis for allocations and flowing the tax credits back to customers through the FAC, Mr. Taylor testified that all four of the solar and solar plus storage projects NIPSCO seeks to include in its Step 2 rate base were pre-approved by the Commission with authority to pass back PTC and ITC proceeds through NIPSCO's FAC. He explained that no party, including the CAC, opposed this pass back mechanism in those proceedings and the manner in which costs are allocated and recovered through the FAC has not changed since the Commission's approval.

Mr. Taylor explained that PTCs are not generated just because the plant exists; the energy must be produced for a PTC to be created, and the PTCs are nominated in units of dollar per unit of energy produced. He testified that both renewable and fossil-fuel units are subject to variation in output due to a number of factors, including weather, curtailments, and a host of other external influences that can impact production. Mr. Taylor explained that under the CAC's approach, one could argue that fuel expense for a coal or gas resource should be allocated using a production-

demand allocator because the fuel could not be combusted to produce energy without the existence of the plant itself. On the other hand, the plant capacity which serves as the basis for participation within the resource adequacy framework is available without producing energy.

Mr. Taylor testified that, of the total expected tax credits included in the Forward Test Year, roughly 93% are PTCs and the remaining 7% are ITCs. He explained that ITCs differ from PTCs in that the tax credits are not a function of production but rather a function of the existence of the plant (and meeting the eligibility requirements) but noted that the Commission has already directed NIPSCO to return the ITCs through the FAC, which is based on energy. Mr. Taylor explained that changing the ITC allocation to the production-demand allocator would result in a reduction to the residential revenue target of approximately \$350,000 before FAC impacts, but this would not result in realized lower rates for residential customers as they are already receiving a significant subsidy from other customers. He also indicated that billing system adjustments would be needed to code a demand allocation into NIPSCO's FAC, an undertaking that is neither quick nor cost-free. Additionally, Mr. Taylor explained that Mr. Inskeep's recommendation to adjust the PTC/ITC allocation as a single item creates a process concern because a holistic review of cost allocation is needed to ensure equity across all customer groups. He said a holistic review is necessary to ensure there are no unintended consequences, that all sides are considered, and interactions between different changes are fully vetted and understood.

Regarding the CAC's concerns with the steps taken in the Settlement to apportion the agreed reduction in NIPSCO's revenue requirement to the customer classes, Mr. Taylor said the steps taken are nearly identical to those taken in the 45772 Settlement – including setting the revenue increase for the residential class at slightly above system average. He explained that the 45772 Settlement also included a term regarding the step down of Rate 531 allocated demand and the present Settlement merely implements that approved term. Mr. Taylor also noted that, while Mr. Inskeep expressed concern about the impact of NIPSCO's rate request on schools, he did not acknowledge that schools fall within the "non-residential" rate classes and stand to benefit from the needed mitigation steps included in the Settlement.

Mr. Taylor responded to the CAC's criticism that the residential rate class will experience only a 23.6% revenue requirement reduction when the overall Settlement revenue is reduced by 30.3%. Mr. Taylor stated that a system average increase not only prohibits any movement towards class parity with cost of service, but exacerbates the cross subsidy to the residential class. He said that his Table 1 shows that even under a 12CP production allocation, residential customers would still receive a subsidy of over \$99 million, negating the CAC's opposition to the residential class revenue increase under the Settlement. He said that, even in a litigated outcome where the CAC's preferred outcome of 12CP is approved, it is likely a residential class revenue increase would be at or above the Settlement amount.

In response to the CAC's concerns about the absence of a multi-family rate, Mr. Taylor testified that not implementing such a rate at this time was part of the negotiation process in response to both the CAC's and the OUCC's concerns with the scope of data to support NIPSCO's proposal. He noted that Mr. Inskeep was initially critical of NIPSCO's analysis regarding the evaluation of metering and transformer costs, resulting in the CAC's recommendation for a more comprehensive evaluation in NIPSCO's next rate case. Mr. Taylor stated that the Settling Parties ultimately agreed NIPSCO would not create the multi-family rate at this time, but to conduct

further study. Mr. Taylor further testified that although the proposed multi-family rate was an effort to reduce intra-class subsidies, under the Settlement, residential customers continue to be treated equally and as a homogenous rate class.

Mr. Deupree disagreed with the CAC's position that the Settlement provides inadequate benefits to residential ratepayers. He testified that as originally proposed, NIPSCO's overall revenue increase was \$368.7 million, or a 20.1% increase in Petitioner's total revenues. Under the Settlement Agreement, this proposed overall revenue increase is reduced by \$111.6 million to \$257.0 million. He explained that all major rate classes benefit from the reduction in NIPSCO's proposed rate increase, including residential customers. Under NIPSCO's case-in-chief, residential ratepayers would have received a \$134.1 million rate increase (\$124.5 million increase for single-family Rate 511 and \$9.6 million for multi-family Rate 515). Under the Settlement Agreement, this revenue increase is reduced to \$103.4 million, a savings for residential ratepayers of approximately \$30.7 million.

Mr. Deupree testified that the Settlement reasonably resolves the differences among the parties on the ACOSS. He stated the Settlement Agreement attempts to balance some parties' desire to reduce residential subsidies under NIPSCO's current rates with concerns over the accuracy of Petitioner's ACOSS due to the allocation of costs associated with production plant.

As for the CAC's concerns regarding the allocation of benefits associated with tax credits, Mr. Deupree explained that NIPSCO's proposed pass back of tax credit proceeds to customers through the FAC, which utilizes an energy allocator, is consistent with the Commission's CPCN orders. He stated that while there are arguments for the allocation of ITC benefits on the basis of underlying production plant, he does not agree with the proposal to allocate PTC benefits on the basis of production plant in the future. Mr. Deupree testified that PTCs accrue with renewable generation, so NIPSCO will earn more PTC benefits in years when its solar and wind generators produce more power than in years in which less renewable energy is generated; therefore, Mr. Deupree concluded that PTC benefits are directly associated with total customer energy requirements and not peak demand requirements. He testified that the Settlement Agreement recognizes NIPSCO will comprehensively review cost allocations before its next base rate case, including allocation of energy-related costs in base rates and the FAC and RA trackers.

Mr. Deupree stated that his direct testimony explained the OUCC's concern that NIPSCO's multi-family rate proposal was supported by very limited analysis and research that may not be representative of actual residential customers in Petitioner's service territory. Specifically, Mr. Deupree testified that NIPSCO's proposal was supported by a load research sampling of only 127 residential customers out of a residential customer base of 431,840 (only 0.03%). Likewise, only 21 of these load research customers were found to be multi-family customers, while NIPSCO estimated there were approximately 68,195 multi-family customers on its system. He testified that although Mr. Inskeep's testimony opposing the Settlement describes Petitioner's analysis as robust, his direct testimony raised concerns similar to those of the OUCC. Mr. Deupree stated he disagrees that not implementing the multi-family rate disproportionately harms lower-income households. He said it has not been demonstrated that all, or even most, prospective multi-family customers are low income customers. Mr. Deupree testified that the agreement not to implement the multi-family rate reflects the OUCC's concern that establishment of a separate multi-family rate in the current proceeding would have likely resulted in single-family customers paying higher

rates, harming these low income customers. Mr. Deupree explained that under the Settlement, NIPSCO will continue to collect data on residential customer housing types to better identify its multi-family customers and the differences in the costs to serve these customers compared to single-family customers and provide the results of this additional study to the CAC and the OUCC. He stated that this study should provide greater insight for facilitating a more robust proposal in future proceedings.

Mr. Deupree testified that the Settlement Agreement modifies NIPSCO's proposed bill assistance program from an opt-out program to a voluntary, opt-in program. He stated that NIPSCO also agreed to make an annual, non-recoverable, \$1.5 million contribution from its shareholders, as compared to its initial proposed \$400,000 shareholder contribution. Mr. Deupree stated this reduces the potential impact of the proposed program on ratepayers, including low income customers, while still enabling assistance from customers who choose to participate in Petitioner's assistance program. He noted that involuntary assistance programs similar to what NIPSCO originally proposed have been rejected by the Commission in multiple prior proceedings. Mr. Deupree stated the increase in Petitioner's financial contribution and the change to a voluntary assistance program under the Settlement Agreement mitigate the Commission's previous concerns.

Mr. Deupree testified that the Settlement Agreement includes NIPSCO's stated intent that new data center customers pay for all direct incremental costs associated with serving these customers. The Settlement Agreement also conveys the intent that new data center customers will pay a portion of existing system costs, thus reducing existing customers' rates. He explained that the CAC appears to be concerned that the Settlement Agreement language is broad and fails to expressly define what is included in "direct, incremental costs" or what is meant by "some portion" of existing system costs. Disagreeing with those concerns, Mr. Deupree said the Settlement Agreement preserves flexibility in considering individual proposals from potential data center customers while recognizing NIPSCO's commitment to ensure that the addition of these new customers does not result in higher costs for NIPSCO's existing customers. It also recognizes NIPSCO's commitment to potentially reduce rates to existing customers by allocating certain existing system costs to new data center customers.

Mr. Dauphinais responded to the CAC's suggestion that the Commission should reject the Settlement because it uses a 4CP method for production costs in the underlying cost of service study instead of a 12CP allocation. Mr. Dauphinais stated this provision in the Settlement is consistent with the cost of service methodology approved by the Commission in prior NIPSCO electric rate cases, including Cause No. 45159 in which the Commission rejected the CAC's arguments. Mr. Dauphinais reiterated that the seasonal requirements do not alter the fact that the NIPSCO system retains a clear summer-peaking status that drives its capacity needs, and that the production assets acquired by NIPSCO to meet its summer (June through September) peak demand continues to inherently provide sufficient capacity to meet its MISO requirements for the rest of the year. He pointed out that Mr. Inskeep's opposition testimony does not rebut that analysis.

Mr. Dauphinais stated that the Commission's approval in Cause No. 46038 of Duke's proposal to use a 12CP allocation of production costs does not indicate that the Settlement's agreement to use a 4CP method is unreasonable. He explained that the Duke case involved



significantly different circumstances and noted that although the Commission had approved a 4CP study in Duke's prior rate case, the Duke system had been allocated on a 12CP basis for many years prior to that. By contrast, Mr. Dauphinais highlighted that, in this case, NIPSCO proposed a 4CP allocation for production costs, consistent with its established cost of service studies as approved over a number of past rate cases.

Mr. Dauphinais testified that the situation here parallels CEI South's electric rate case, Cause No. 45990, wherein CEI South sponsored a cost of service study utilizing a 4CP allocation for production assets, consistent with its longstanding methodology approved by the Commission in past cases. He said the Commission approved a settlement among less than all the parties which adopted the 4CP allocation for production costs. He noted that, in that case, the CAC opposed that settlement and argued that the 4CP methodology was unreasonable. Mr. Dauphinais stated the Commission approved the settlement in the CEI South case the week following the order in Duke's rate case, which shows the Commission did not regard the adoption of Duke's proposed cost of service study to be a barrier to approval of the cost of service terms in the CEI South settlement.

Mr. Dauphinais testified that the CAC attempted to distinguish the CEI South case on the premise that there the Commission only rejected proposals for energy-based allocation methods, whereas in this case the CAC proposed a 12CP allocation for production costs. But, in both cases, the CAC's litigation position advocated an energy-based methodology, particularly the Probability of Dispatch method. He explained that in the CEI South case, the Commission not only rejected energy-based methods, but specifically found that CEI South's system does not pass the three FERC tests which provide guidance as to whether the 12CP method would be appropriate. He said the same status supports the cost of service terms of the Settlement in this case.

Mr. Dauphinais stated that the Settlement here, like that approved in the CEI South case, provides for a substantial reduction in the revenue increase sought by the utility, to the benefit of all customer classes, while providing for continued use of the utility's established cost of service methodology. In addition, he noted the Settlement in this case, unlike the CEI South settlement, was entered into and endorsed by the OUCC and other parties representing multiple customer classes. Thus, he disagreed with any attempt to characterize the Settlement as favoring industrial customers to the detriment of residential customers.

Mr. Dauphinais stated that Mr. Inskeep's objection to the agreed reduction in Tier 1 demand levels for the Rate 631 class does not raise any valid concern. He explained that the process to progressively reduce the Tier 1 demand level for Rate 631 customers – both to bring imputed demand for cost allocation purposes closer to actual contract demand and to move eligible customers closer to the tariff minimum – was a feature of the 45772 Settlement. Mr. Dauphinais testified that the computation of adjustments to Tier 1 demand is correlated to reductions in the costs of legacy coal plants embedded in base rates and the agreed reduction in this case implements the 45772 Settlement. He explained that the difference between the 164 MW initially proposed by NIPSCO in its direct case and the 162 MW provided for in the Settlement is attributable to the substantial reduction in the revenue requirement under the Settlement. He said those reductions result in less coal plant-related costs being reflected in NIPSCO's base rates, and hence have a modest effect on the computation of new Tier 1 demand levels.

Mr. Dauphinais testified that Mr. Inskeep's position regarding the revenue distribution provision in the Settlement is not reasonable. He explained that NIPSCO's existing rate structure features substantial inter-class subsidies, with several rate classes paying rates in excess of system-average while the residential rate yields revenue significantly below a system-average return. He testified that several parties supported reductions in the current subsidies for the residential class and that the Settlement starts with the revenue distribution proposed by NIPSCO but then devotes a defined 25% component of the agreed decrease below NIPSCO's proposed revenue to reducing subsidies with the remainder allocated to all classes. Mr. Dauphinais testified that this provision mirrors the subsidy mitigation term in the 45772 Settlement. He stated that the CAC's effort to institutionalize a clear deviation from cost-based rates by maintaining the subsidy is unreasonable.

Ms. Schuepbach responded to Mr. Inskeep's allegations regarding cost shifting or subsidization by stating they are inaccurate for several reasons. First, the Commission found in Cause Nos. 45159 and 45772 that Rate 831/531 is not subsidized. Second, the proposed demand allocation to Rate 631 is consistent with the 45772 Order and the Settlement, which provides that future reductions to Tier 1 load and cost allocations will be correlated to further reductions in the costs of legacy coal assets reflected in NIPSCO's base rates. Third, Rate 831/531/631 has historically subsidized other customer classes and continues to do so. Ms. Schuepbach explained that, at a minimum, this rate is overallocated costs in production demand, transmission expenses, and FAC expenses. Ms. Schuepbach testified that Rate 631 is set to parity for rate mitigation (revenue distribution), meaning the rates will be set to collect revenues based on the ACOSS. However, Ms. Schuepbach stated that the ACOSS over-allocates expenses and Rate 631 customers are already paying more than their cost of service, particularly for legacy coal generation costs they no longer use.

Ms. Schuepbach disagreed with Mr. Inskeep that the system rate increase should be applied to each customer class. She explained that under the Settlement Agreement, Rate 631 is set to parity with a rate increase of 10.32% or \$15.5 million. Mr. Inskeep, however, recommended a rate increase of 14.05% or \$21.0 million (14.05% x \$149,681,610), which would harm Rate 631 customers by increasing their revenue requirement by \$5.6 million (\$21,029,048 - \$15,450,084). She expressed several concerns with the CAC's suggestion to apply the same rate increase to each customer class. First, she stated this approach goes against industry standard cost of service and ratemaking principles. Citing *Bonbright Principles of Public Utility Rates*, she testified that one of the described principles is the need for fair and equitable rates, or rates that represent the cost of service. Anything beyond cost-based rates means that there is subsidization among and/or within the customer classes. In addition, Ms. Schuepbach testified that the National Association of Regulatory Utility Commissioners' *Electric Utility Cost Allocation Manual* states that cost of service studies are one of the basic tools of ratemaking and explained there is no point to conducting a cost of service study if the system rate increase will be provided equally to all customer classes.

Second, Ms. Schuepbach testified that the CAC's proposal goes against NIPSCO's statement that the ACOSS is used as a guideline for class revenue levels and rate structures and its desire to move toward cost of service, while implementing moderation. She stated any proposal that is not moving classes towards their cost of service is compounding the subsidization issue, making ongoing subsidization worse for certain classes, like the residential class. She explained that if any revenue mitigation is done, it should be in a way that reduces subsidies and moves

classes closer to their actual cost of service, rather than amplifying and prolonging the subsidization problem.

Ms. Schuepbach testified that she agrees that the data centers need to pay their fair share of embedded costs for joining the NIPSCO system. While she agreed with Mr. Inskeep that the data center load is a major issue that needs to be addressed transparently and in detail with enforceability, she disagreed with Mr. Inskeep that the Settlement Agreement should be rejected or modified for the Commission to effectively deal with the issue, which is now pending in another proceeding.

Ms. Schuepbach concluded that the Settlement Agreement is fair, reasonable, and in the public interest. She testified that the Settlement terms keep NIPSCO profitable and will allow US Steel to remain a customer on the NIPSCO system. She stated that other customer classes benefit as well because of reductions in the overall system revenue requirement and the settlement class revenue allocators. She recommended that the Settlement Agreement be approved by the Commission.

**10. Commission Discussion and Findings.** At the outset, we recognize that the Commission previously approved most of the capital investment additions that NIPSCO proposes to include in its rate base in this proceeding.<sup>14</sup> These include the development and acquisition of four solar and solar plus storage facilities that make up approximately \$2 billion (approximately 68%) of NIPSCO's rate base additions. NIPSCO's rate base request also reflects inclusion of approved TDSIC investments of \$769.5 million (approximately 25% of the capital additions). The remaining portion of NIPSCO's rate base request (approximately 7%) relates to ongoing capital investment in other assets, including information technology and customer-driven capital work through new underground electric services, new business electric extensions, and new customer substations.

Even with the various preapproved projects discussed above, the record demonstrates that ~~there were a number of highly contested issues in this Cause. Despite the complexity and number of issues,~~ the Settling Parties reached a comprehensive agreement. Although it is opposed by one party, those joining or not opposing the Settlement Agreement and Addenda represent a wide variety of interests and included residential, commercial, and industrial customers. A complete copy of the Settlement Agreement is attached to this Order, including the schedules supporting the calculation of the agreed Settlement revenue requirement based on the 12-month period ending December 31, 2025 (Joint Exhibit A to the Settlement), the new depreciation rates (Joint Exhibit B to the Settlement), and the redacted Rate 631 contract demand (Confidential Joint Exhibit C to the Settlement). These attachments are incorporated into and made a part of this Order by reference.

The Settlement Agreement represents the Settling Parties' proposed resolution of the issues in this Cause. As the Commission has previously discussed, settlements presented to the Commission are not ordinary contracts between private parties. *U.S. Gypsum, Inc. v. Ind. Gas Co., Inc.* 735 N.E.2d 790, 803 (Ind. 2000). When the Commission approves a settlement, that settlement

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<sup>14</sup> See, Cause No. 45936 (IURC 1/17/2024), Cause No. 46028 (IURC 8/14/2024), Cause No. 46032 (IURC 8/21/2024), Cause No. 45557 (IURC 12/28/2021), and Cause No. 46025 (IURC 9/25/2024).

“loses its status as a strictly private contract and takes on a public interest gloss.” *Id.* (quoting *Citizens Action Coal. Of Ind., Inc. v. PSI Energy, Inc.*, 664 N.E.2d 401, 406 (Ind. Ct. App. 1996)). Thus, the Commission “may not accept a settlement merely because the private parties are satisfied; rather [the Commission] must consider whether the public interest will be served by accepting the settlement.” *Citizens Action Coal.*, 664 N.E.2d at 406.

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

The Commission has before it substantial evidence from which to determine the reasonableness of the terms of the Settlement Agreement on all issues, including Petitioner’s rate base, methodology to be used in determining the agreed rate increase, allocation of the rate increase, rate design, ROE and capital structure, and the other terms of the Settlement Agreement, all of which we find are supported by the evidence and testimony presented. As discussed further below, the Settlement Agreement, along with its attachments and the Settling Parties’ testimony and exhibits, provides substantive information from which to discern the basis for the components of the increase in NIPSCO’s base rates and charges under the Settlement Agreement, and we find the evidence supports that they are reasonable. We also recognize that all but one party in the proceeding either support or do not oppose the Settlement Agreement, including NIPSCO, the OUCC, the Industrial Group, NLMK, U.S. Steel, the RV Group, Walmart, and LaPorte County. These parties represent varied and competing customer groups and interests, encompassing most (if not all) NIPSCO rate classes.

As detailed above, the Settling Parties made numerous compromises to reach an agreement. NIPSCO, in its initial case-in-chief provided evidence to support a revenue deficiency of \$369 million, reflective of an overall 20.15% revenue increase. As shown by Paragraph B.1.(a) of the Settlement Agreement, the Settling Parties agree that NIPSCO’s base rates should be designed to produce \$2,086,642,669 prior to application of surviving Riders. The increase in base rates results in an increase from current base rates of \$257,043,752 (approximately 16.75%), which is a decrease of approximately \$111,616,865 (30%) from the amount originally requested by NIPSCO in its case-in-chief.

Based on the evidence presented, we approve the Settlement Agreement without modification and decline to reject the Settlement Agreement or make the modifications suggested by the CAC for the reasons set forth below.

**A. Reasonableness of Settlement Agreement.** The CAC argues that several of its concerns were inadequately addressed in the Settlement Agreement and therefore recommends the Commission reject the Settlement or substantially modify its terms. We address each of the CAC’s major concerns below but, based on the evidence presented, we are not persuaded by the CAC’s arguments to reject or modify the Settlement. The Settling Parties have

sufficiently shown that the Settlement provides reasonable resolutions to the disputed issues. We find the Settlement Agreement substantially reduces NIPSCO's requested relief, reasonably addresses Indiana's five pillars as set forth in Ind. Code § 8-1-2-0.6 ("Five Pillars") of affordability, reliability, resiliency, stability and environmental sustainability, and is consistent with the balancing this Commission has been charged to perform by the Indiana General Assembly.

**1. Cost Allocation and Rate Design.** The Settlement ACOSS reflects the settled revenue requirement, which remains consistent with the structure and methodologies of the cost of service study used by NIPSCO in its case-in-chief. The ACOSS uses a 4CP methodology to allocate production costs and a minimum system study to determine a customer component for distribution costs. In addition, while adopting NIPSCO's cost of service structure and methodologies, the Settlement also includes commitments by NIPSCO to study the applicability of certain classification and allocation methodologies in an Allocation Study and present them as part of its next general rate case.

The CAC acknowledged that except for the use of an updated revenue requirement and other limited modifications, such as the reduction to Rate 631's allocated demand, the Settlement ACOSS is essentially consistent with the structure and methodologies used by NIPSCO. However, the CAC asserted that this is an unreasonable and unbalanced resolution to the cost allocation issues raised by the CAC and other parties. In particular, the CAC disagreed with the Settling Parties' agreement that NIPSCO use a 4CP cost allocation method for production costs and asserted that a 12CP cost allocation method is more reasonable and should be adopted as it was for Duke in Cause No. 46038. The CAC also criticized the Settling Parties' adoption of NIPSCO's proposed allocation of the ITC and PTC benefits in base rates and in the FAC, instead recommending that the allocation of these benefits mirror the allocation that is ultimately adopted in this proceeding for the costs of generation and battery storage facilities. Finally, the CAC disagreed with the modification of Rate 631 Tier 1 demand that further reduces the production costs allocated to Rate 631.

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The record establishes that NIPSCO's system peak occurs in the summer and that its system does not satisfy the three FERC tests that guide determination as to whether a change to a 12CP methodology is appropriate. In addition, the generation investments included in the Forward Test Year are driven by peak summer hours and allow NIPSCO to provide reliable service in all hours of the year. We also note that a key difference between NIPSCO's and Duke's electric service territories is the penetration level of natural gas heating for its residential customers. The comparatively lower use of electric heating in NIPSCO's service territory materially shifts the demand curve to the summer, bolstering NIPSCO's support of the 4CP methodology. NIPSCO, Duke, and CEI South all participate in MISO. The MISO seasonal construct, however, is not determinative of how each utility should allocate its production costs. The cost allocation appropriate for each utility is, and must be, a function of its cost to serve. The Settlement Agreement's reliance on the 4CP allocation methodology for production costs under the facts presented in this case is reasonable and supported by the record.

Regarding the agreed upon allocation of PTCs and ITCs in the Settlement Agreement, the record reflects disagreement among many of the parties on how these benefits should be allocated. As noted by the Settling Parties, the Settlement's proposed treatment is consistent with three prior Commission orders providing for the pass back of PTCs and ITCs to customers through NIPSCO's

FAC. NIPSCO has also agreed to conduct an Allocation Study to further address cost allocation issues in its next base rate case. CAC's arguments fail to recognize that energy must be generated by a solar facility to generate PTCs and that any adjustment for ITCs would likely be de minimis due to the continued residential class subsidy. Therefore, we are not convinced by CAC's arguments that the Settling Parties' agreement on the allocation of PTCs and ITCs is unreasonable.

The step down of Rate 631 Tier 1 allocated demand in the Settlement Agreement relates to reductions in coal plant-related costs being reflected in NIPSCO's base rates. This treatment is consistent with the methodology previously approved in the 45772 Order and we were not presented with sufficient reasons for this methodology to change. Therefore, we find that the incorporation of NIPSCO's ACOSS into the Settlement Agreement is reasonable and appropriate, and the resulting cost allocation in the Settlement Agreement is approved. While we find NIPSCO's ACOSS is supported by the evidence, we are encouraged by NIPSCO's commitment to conduct an Allocation Study to review its production allocation on an energy basis, particularly as the share of non-dispatchable resources in its generation portfolio increases. NIPSCO shall follow the terms of the Settlement Agreement, including Section 11(b) regarding production and distribution classification and allocation.

Finally, while not addressed in the CAC's testimony opposing the Settlement, Mr. Inskeep opposed in his direct testimony NIPSCO's recovery of the amortization expense associated with its Economic Development Rider from non-participating customers because the Rider benefits utility shareholders. However, as noted by Mr. Weatherford, the Commission has previously authorized NIPSCO with deferral accounting authority to recover in a future rate case the associated customer discounts in Cause No. 45159. Accordingly, we find the treatment proposed by NIPSCO, as incorporated in the Settlement Agreement, remains reasonable and should be approved.

**2. Revenue Distribution.** In the Settlement Agreement, the Settling Parties acknowledged that, as presented in NIPSCO's case-in-chief, certain rate classes are being subsidized by several other rate classes. Thus, the Settling Parties agreed to mitigate a portion of the subsidy concerns in a manner consistent with similar concerns that were raised and addressed in the 45772 Settlement.

The CAC noted that while the Settlement Agreement provides for a 30.3% reduction to the revenue requirement from NIPSCO's original filing, residential customers will experience only a 23.6% reduction to their revenue requirement relative to NIPSCO's case-in-chief. Mr. Inskeep argued that this results in an unbalanced Settlement mitigation that benefits non-residential customers. As an alternative, Mr. Inskeep proposed assigning the same percentage increase to each existing customer class, i.e., equal to the system average increase. Then, prior to NIPSCO's next rate case, NIPSCO could conduct a holistic examination to more accurately identify existing cross-subsidization occurring in rates and propose the appropriate cost allocation modifications and mitigation steps to address any identified cross-subsidies, while taking into consideration gradualism and other important public policy objectives.

We recently modified the revenue distribution in an opposed settlement by adopting a lower cap on the agreed system average overall increase for the residential class in CEI South's last rate case, Cause No. 45990. In that case, the tendered settlement limited the increase to each

class to no more than 1.35 times the system-average increase, and we found it appropriate to narrow that band to no more than 1.15 times system average. *CEI South*, Cause No. 45990 at 114-115 (IURC Feb. 3, 2025). Under the Settlement here, however, the residential increase of 14.75% is only 1.05 times the system average of 14.05% and well within the constraint we found appropriate in *CEI South*'s rate case. Pet. Ex. 16-S, Att. 16-S-A at 1. In that case, we also acknowledged that "[a]ffordability is a key consideration across all customer classes, and the desire to provide affordability across the board supports a revenue requirement increase that is as evenly borne as practical, while considering any subsidies that may be identified by the ACROSS." *CEI South*, Cause No. 45990 at 115.

The record is clear that, under the analysis of multiple cost of service experts in this Cause, NIPSCO's residential class is being subsidized by the rates paid by other customer classes. In addition, even under the 12CP allocation methodology proposed by the OUCC on direct, and as the CAC now proposes, the residential class would continue to receive a \$99 million subsidy. We are not persuaded by the CAC's arguments and find that the CAC's recommended across the board system average would only perpetuate and potentially grow the residential class subsidy, undermining customer affordability in deviation from cost causation principles.

Accordingly, we find that the Settlement Agreement reflects fair and appropriate compromises made by representatives of the majority of customer classes, while recognizing the policy of gradualism, to reach a distribution that is as evenly borne as practical considering the identified interclass subsidy. The agreed revenue distribution as presented in the Settlement Agreement is reasonable, balanced, and approved.

**3. Multi-Family Rate.** Under the Settlement Agreement, NIPSCO's proposed multi-family rate will not be implemented. Instead, NIPSCO agrees to collect additional data on residential customer housing to further identify multi-family customers and analyze the cost differentials between single- and multi-family customers for consideration in its next base rate case. NIPSCO also agrees to meet with interested stakeholders and share its analysis prior to filing its next base rate case.

The CAC asserted that by not adopting NIPSCO's multi-family rate, the Settlement will significantly harm multi-family customers and produce rates that are unjust, unreasonable, and in excess of what NIPSCO considered to be the cost to serve such customers, even prior to the reduction in revenue requirement included in the Settlement.

The evidence demonstrates that both the OUCC and the CAC took issue with the scope and robustness of NIPSCO's data to support the proposed multi-family rate and how many multi-family customers are in NIPSCO's territory. However, while the OUCC opposed approval of the multi-family rate, the CAC recommended approval along with a recommendation that NIPSCO conduct a more comprehensive evaluation to be provided in its next rate case.

Based on the evidence presented, we find the Settlement Agreement reasonably resolves the parties' dispute by foregoing implementation of the multi-family rate in this Cause but committing NIPSCO to further study its multi-family customers. We find this resolution reasonable, especially given the OUCC's concern that creation of the multi-family rate could create more interclass subsidies. As Mr. Deupree noted, the evidence is insufficient to conclude

that implementing the multi-family rate disproportionately harms lower-income households because it has not been demonstrated that all, or even most, of NIPSCO's multi-family customers are low income customers. Thus, we find NIPSCO's agreement to continue collecting data, including using information from Advanced Metering Infrastructure ("AMI") that is anticipated to facilitate these efforts after being fully deployed in NIPSCO's service territory, should provide greater insight for purposes of potentially facilitating such a proposal in future proceedings.

4. **Low Income Program.** The Settlement provides for approval of NIPSCO's proposed low income program with the following changes: (1) NIPSCO will modify the program from an opt-out program to a voluntary, opt-in program; and (2) NIPSCO will make an annual, below the line, shareholder contribution of \$1,500,000.

The CAC recommended the Commission approve the low income program NIPSCO proposed in its case-in-chief, as modified by Mr. Inskeep's recommendations in his direct testimony. Mr. Inskeep stated that the changes agreed to in the Settlement dramatically reduce the funding for the program, meaning eligible customers will receive substantially smaller benefits. Thus, he concluded that NIPSCO's original proposal provided program design and funding levels that are more reasonable to address affordability.

Under the Settlement Agreement, NIPSCO's proposed low income program has been modified in response to concerns raised by the OUCC as well as consideration of prior Commission orders regarding ratepayer-funded bill assistance programs. As presented by the Settling Parties, the low income program remains an important measure intended to address utility affordability for residential customers who face income challenges. The OUCC noted that the program as modified will reduce the potential impact on ratepayers, including low income customers, while still enabling assistance from customers who choose to participate in the assistance program. In addition, NIPSCO's shareholder contribution has substantially increased from its case-in-chief (from \$400,000 per year to \$1,500,000 per year) and will provide bill assistance to customers in need. When the Settlement Agreement is considered in its entirety, we find the agreed low income program balances the consumer parties' interests and concerns, including those expressed by the CAC, with NIPSCO's interest in providing bill assistance for its low income customers. We, therefore, find the stipulated low income program is reasonable and should be approved.

5. **Data Centers.** While several parties advocated for the creation of a subdocket to address issues related to new large load customers, the Settling Parties acknowledged in the Settlement that NIPSCO has made a filing with the Commission related to its strategy to serve such customers. NIPSCO expressed its intent for any large load customer with which it enters into a contract for electric service will commit to pay the direct, incremental costs associated with serving that load and some portion of NIPSCO's existing electric system. If NIPSCO should enter into such a contract, NIPSCO also committed to making a timely filing to pass back to existing customers the revenues collected that are related to the recovery of costs associated with the existing electric system. Additionally, while other parties are not precluded from making arguments in other dockets related to large load customers, NIPSCO is precluded from arguing it should not pass back any portion of these identified revenues.



The CAC argued the Settlement does not adequately resolve the issues raised by several parties with respect to new large load customers like data centers. Mr. Inskeep stated the Settlement fails to meaningfully address data centers, which he contended should pay (like other ratepayers) the full embedded cost of service – not merely “direct, incremental” costs and “some portion” of embedded costs. Mr. Inskeep argued that a subdocket to holistically examine issues would be a more appropriate forum to collect and weigh the evidence and determine the appropriate path forward, rather than approving a vaguely worded term containing inaccurate statements expressing an intention for further discriminatory treatment.

The evidence demonstrates that NIPSCO has not entered into any contract for electric service with a large load customer and the Forward Test Year in this case does not include any costs or expected revenues associated with data center load. Thus, we agree that the CAC’s concerns regarding cost recovery and discriminatory treatment, which are hypothetical and premature at this time, are best addressed in a regulatory filing related to the approval of any special contract. A subdocket to this Cause to address data centers is neither necessary nor appropriate. As noted by the OUCC, the Settlement Agreement preserves flexibility in considering individual proposals from potential data center customers, maintains the ability of parties to raise issues in other proceedings, and recognizes NIPSCO’s commitment to ensure that the addition of these new customers does not result in higher costs for existing customers. NIPSCO is also precluded from contesting the pass back of large load contract revenue related to the recovery of existing electric system costs. Accordingly, we find that the Settlement Agreement maps out a reasonable approach for addressing the issues raised regarding potential new large load customers in NIPSCO’s service territory.

**6. Residential Customer Affordability.** The CAC generally contended the Settlement is inconsistent with Indiana’s affordability pillar and public interest. Mr. Inskeep asserted that many of NIPSCO residential customers will experience rate shock and accelerating unaffordability. He stated the Settlement discards some of the most critical residential affordability protections initially proposed by NIPSCO, such as ratepayer-funded income-qualified bill assistance, a multi-family rate, and limiting the residential class rate increase to the system average increase. He asserted that the modest consumer protection provisions included in the Settlement do little to mitigate the unprecedented rate shock residential customers will experience.

As noted earlier, the primary driver of NIPSCO’s requested rate increase is the capital projects that have received preapproval by the Commission, which limits the ability to mitigate the overall rate increase. The Settlement Agreement in this Cause results in over \$111 million in reductions to NIPSCO’s as-filed revenue requirement and an over \$30 million reduction to the proposed revenue increase for the residential class. The Settlement also reflects a number of measures intended to address affordability and residential customer needs, including elimination of the \$50 customer deposit for NIPSCO’s gas and electric customers receiving bill assistance through LIHEAP; waiver of NIPSCO’s \$90 electric reconnection charge for electric customers who are disconnected for non-payment of charges (beginning no later than implementation of Step 2 rates); delay of disconnection of electric service if temperatures are below 20 degrees or above 90 degrees on the scheduled day of disconnection or if forecasted the following two days; and no increase to the monthly residential customer charge of \$14. The Settlement also reflects the creation of a bill assistance program for NIPSCO’s low income electric customers funded by

voluntary customer contributions and a significant annual \$1.5 million contribution from NIPSCO shareholders. In addition to these benefits, NIPSCO's commitment to holistically study its cost of service classifications and allocations in an Allocation Study have the potential to further reduce residential rates in the future. Taken together, we find the Settlement Agreement reasonably addresses customer affordability consistent with Indiana's Five Pillars and is in the public interest.

**B. ARP for Remote Disconnection/Reconnection.** The Settling Parties agree in Section B.14. of the Settlement Agreement to the approval of the ARP for remote disconnect/reconnect and Mr. Inskeep did not oppose this portion of the Settlement Agreement.

Ms. Whitehead testified that NIPSCO requests approval of an ARP to waive the requirements in 170 IAC 4-1-16(f) and to permit remote disconnection in lieu of an in-person visit by a utility representative prior to disconnection. She explained that NIPSCO received approval for its AMI Project through its electric TDSIC Plan approved in the Commission's December 28, 2021 Order in Cause No. 45557. NIPSCO expects approximately 205,000 of its electric customers will have AMI meters installed by the end of the Forward Test Year (i.e., December 31, 2025). She said AMI meter technology provides for the efficient and safe remote capability to disconnect and reconnect electric service.

Ms. Whitehead explained NIPSCO's business practice as it relates to customer contact information like phone numbers and email addresses, how customers are currently notified of a service disconnection due to non-payment, and the proposed procedure for notifying customers of a service disconnection for non-payment using AMI technology. She noted that certain customers will be exempt from remote disconnection, including medical alert customers, AMI opt-out customers, and those customers without documented telephone numbers or email addresses. Ms. Whitehead testified that if the ARP is approved, NIPSCO will undertake a campaign to notify its customers of its ability to remotely disconnect/reconnect upon our approval of the requested waiver.

In his direct testimony, but not his settlement opposition testimony, Mr. Inskeep opposed NIPSCO's remote disconnection proposal because it would make it easier for utilities to disconnect residential ratepayers without adequately informing them through an on-premises visit. He argued that NIPSCO's proposed ARP for remote disconnection is inconsistent with the requirements of Ind. Code ch. 8-1-2.5. No other party opposed the request, but Ms. Paronish recommended enhancements to NIPSCO's communications plan, including, to the extent NIPSCO has the information, utilizing all three communication mechanisms – a phone call, a text message, and an email communication – to contact a customer prior to disconnection. She also proposed additional communication language and methods to notify customers that service disconnection will be conducted remotely.

On rebuttal, Ms. Whitehead explained that NIPSCO was modifying its communications plan based on the OUCC's recommendations. She said, as modified, NIPSCO's customers will be adequately informed that their service is being disconnected for non-payment. Ms. Whitehead also responded to Mr. Inskeep's concerns, explaining why NIPSCO's requested waiver of the requirements in 170 IAC 4-1-16(f) is in the public interest and meets the statutory criteria. She also provided Table 1 in Petitioner's Exhibit 2-R, which details NIPSCO's response to each

additional communication method proposed by the OUCC and provided NIPSCO's modification to the language in its messaging.

Given that Petitioner's waiver request is part of an ARP, in addition to our overall approval of the Settlement Agreement, Ind. Code § 8-1-2.5-6(a)(1)(A) requires the Commission to determine whether approval of the proposed ARP is in the public interest by considering the following four criteria enumerated in Ind. Code § 8-1-2.5-5(b):

(1) whether technological or operating conditions, competitive forces, or the extent of regulation by other state or federal regulatory bodies render the exercise, in whole or in part, of jurisdiction by the commission unnecessary or wasteful;

(2) whether the commission's declining to exercise, in whole or in part, its jurisdiction will be beneficial for the energy utility, the energy utility's customers, or the state;

(3) whether the commission's declining to exercise, in whole or in part, its jurisdiction will promote energy utility efficiency;

(4) whether the exercise of commission jurisdiction inhibits an energy utility from competing with other providers of functionally similar energy services or equipment.

The Commission's rule at 170 IAC 4-1-16(f) provides that, prior to disconnection of electric service, a NIPSCO employee is required to, among other things, make an on-site premises visit. The record shows that, due to the advancement in technology and through the use of AMI, there are safer and more effective ways to notify a customer of potential disconnect due to nonpayment and to ultimately disconnect the customer than what was historically available when the rule was promulgated. Modern technology allows NIPSCO to notify the customer multiple times and in many different forms in the event of a potential disconnect. Further, through the use of AMI and remote connect/disconnect capability, NIPSCO does not need to be physically present on the customer's premises to connect or disconnect service, promoting efficiency. Thus, the goals of 170 IAC 4-1-16(f) – to sufficiently notify a customer of potential disconnect and to identify oneself while on a customer's property – can be achieved in a safer and more effective way through the use of modern technology.

The record also reflects that Commission approval of NIPSCO's proposed ARP will be beneficial for the utility, its customers, and the state, as NIPSCO will be able to complete disconnects and reconnects more safely, quickly, and efficiently through the remote capabilities of AMI than through the traditional truck roll and field personnel being dispatched to the customer's premise. Remote disconnection will improve safety for NIPSCO's workers and remote reconnection will support customer safety by restoring service faster.

We also find that the exercise of the Commission's jurisdiction would inhibit NIPSCO from competing with other providers of functionally similar services or equipment insofar as it would deny NIPSCO a waiver of a requirement that has been waived for other similarly situated utilities in the State of Indiana. We have approved similar waivers for CEI South in Cause No.

45990, Duke in Cause No. 45253, Indiana Michigan Power Company in Cause No. 45567, and AES Indiana in Cause No. 45911.

Based on the evidence of record, we find that NIPSCO's ARP to provide a waiver of the requirement of an on-site premises visit prior to disconnection, as proposed and modified on rebuttal, is in the public interest and approve it. NIPSCO shall pursue the three-month customer communication plan outlined in Ms. Whitehead's direct testimony, with the additional OUC-recommended communication methods and language as agreed to in Ms. Whitehead's rebuttal and agreed to by the Settling Parties in Section B.14. of the Settlement Agreement.

**C. Ultimate Findings on Settlement.** Based on the evidence presented, we find nothing presented by the CAC in its settlement opposition evidence causes the Commission to find the Settlement should be modified or rejected. While the Settlement did not result in an outcome that perfectly aligns with the CAC's litigated position, the same can be said for all parties to this Cause. Nevertheless, the Settlement Agreement does reasonably address the revenue, cost allocation, and rate design matters in the context of all parties' litigated positions, including the CAC.

The Settlement Agreement results in a reasonable revenue increase, which reflects a fair return of and on capital investment made by NIPSCO if the utility is operated efficiently and enables NIPSCO to continue to provide reliable service to its customers on a sound financial foundation. The evidence in this Cause sufficiently supports the conclusion that the Settlement Agreement is within the range of potential outcomes and represents a fair resolution of the issues presented within the guardrails of the Five Pillars. Accordingly, based on the evidence presented, we find that the Settlement Agreement is reasonable, supported by substantial evidence, in the public interest and is approved without modification.

The revenue allocation shall be as set forth in the Settlement and Petitioner's Exhibit 16-S, Attachment 16-S-A. This revenue allocation is based upon the projected rate base and capital structure; the actual revenue allocation shall be based upon the actual rate base, and capital structure at the time, following the multiple-step mitigation process set forth in the Settlement. We find that based upon the projected capital structure and rate base, the rates set forth in Attachment 16-S-B and the tracker allocations set forth in Attachment 16-S-D of Petitioner's Exhibit 16-S, are reasonable and should be approved. We further find that the depreciation accrual rates set forth in Joint Exhibit B to the Settlement Agreement should be approved.

NIPSCO shall be authorized to increase its base rates and charges in multiple steps, calculated to produce additional annual base rate revenue of \$257,043,752, total base rate revenue of \$2,086,642,669, and total net operating income of \$651,868,680. This is based upon Forward Test Year ending net original cost rate base of \$9,129,813,441 as follows:

Net Utility Plant	\$7,396,151,653
Schahfer Units 14, 15, 17, and 18 Retirement	\$661,125,225
WAM – Regulatory Asset	\$28,237,008
Renewable Energy Joint Venture Investments	\$772,866,616
Cause Nos. 45772 & 45159 Remainder	\$24,524,961
Electric TDSIC Cause Nos. 44733 and 45557	\$18,679,396
Wholly Owned Solar Farms – Regulatory Asset	\$99,839,760
Materials & Supplies	\$112,720,299
Production Fuel	\$15,668,523
<b>Original Cost Rate Base</b>	<b>\$9,129,813,441</b>

We further find that a fair return should be authorized based upon this net original cost rate base and a projected weighted average cost of capital of 7.14%, as follows:

	Total Company Capitalization	Cost %	Weighted Average Cost %
Common Equity	\$7,718,129,223	9.75%	5.17%
Long-Term Debt	\$5,468,979,284	5.20%	1.95%
Customer Deposits	\$59,885,295	5.63%	0.02%
Deferred Income Taxes	\$1,691,723,532	0.00%	0.00%
Post-Retirement Liability	(\$7,491,885)	0.00%	0.00%
Prepaid Pension Asset	(\$372,308,313)	0.00%	0.00%
Post-1970 ITC	\$174,612	7.87%	0.00%
<b>Totals</b>	<b>\$14,559,091,748</b>		<b>7.14%</b>

We further find that NIPSCO shall be authorized to increase its base rates and charges in multiple steps, calculated to produce additional annual base rate revenue of \$257,043,752, total base rate revenue of \$2,086,642,669, and total net operating income of \$651,868,680 as follows:

Original Cost Rate Base	\$ 9,129,813,441
Times: Weighted Average Cost of Capital	7.14%
Net Operating Income	\$651,868,680
Less: Pro forma Net Operating Income	\$ 418,038,218
Net Revenue Increase Required	\$ 233,830,462
Gross Revenue Conversion Factor	1.336175
Recommended Gross Revenue Increase Required	\$313,139,816
Less: NOI Neutral Revenue Requirement Associated with Fuel Reduction	\$56,096,064
Petitioner's Total Recommended Revenue Increase Required	\$257,043,752
Recommended Percentage Increase over Revenues Subject to Increase at Present Rates	14.05%

The rate increase authorized herein should be implemented in multiple steps as set forth below:

(a) Step 1 Rates Subject to Refund: Step 1 rates shall be implemented on a services rendered basis as soon as possible following the issuance of this Order and approval of NIPSCO's new tariffs by the Commission's Energy Division and will be based on actual net plant certified to have been completed and placed in service no later than May 31, 2025, except for the Fairbanks and Gibson solar projects, which may be placed in service later, as set forth herein. Step 1 rates are subject to refund in the event the Commission determines that less than the certified amount of plant additions were placed in service as of May 31, 2025. Prior to implementation of Step 1 rates, NIPSCO will certify the net original cost rate base and current capital structure as of May 31, 2025, and calculate the Step 1 rates using those certified figures. For purposes of Step 1 rates, "certify" means NIPSCO states in a filing with the Commission under this Cause the amount of forecasted net plant it has completed and verifies that those forecasted additions have been placed in service and are used and useful in providing utility service as of May 31, 2025. NIPSCO will serve all parties to this proceeding with its certification. The Settling Parties, and other interested parties to this proceeding, will thereafter have 60 days to verify or state any objection to the net plant in service numbers from those which NIPSCO certifies. All parties to this proceeding shall be permitted to conduct discovery to verify relevant construction costs and in service dates. If any objections are stated, a hearing will be held to determine NIPSCO's actual net plant in service as of May 31, 2025, and rates will be trued up, with carrying charges, retroactive to the date Step 1 rates were put into place.

(b) Step 2 Rates Subject to Refund: Step 2 rates shall be implemented on a services rendered basis as soon as possible after the end of the Forward Test Year and will be based on actual net plant certified to have been completed and placed in service no later than December 31, 2025. Step 2 rates are subject to refund in the event the Commission determines that less than the certified amount of plant additions were placed in service as of December 31, 2025. Prior to implementation of Step 2 rates, NIPSCO will certify the net original cost rate base and current capital structure as of December 31, 2025 and calculate the Step 2 rates using those certified figures. For purposes of Step 2 rates, "certify" means NIPSCO states in a filing with the Commission under this Cause the amount of forecasted net plant it has completed and verifies that those forecasted additions have been placed in service and are used and useful in providing utility service as of December 31, 2025. NIPSCO will serve all parties to this proceeding with its certification. The Settling Parties, and other interested parties to this proceeding, will thereafter have 60 days to verify or state any objection to the net plant in service numbers from those which NIPSCO certifies. The Settling Parties shall be permitted to conduct discovery to verify relevant construction costs and service dates. If any objections are stated, a hearing will be held to determine NIPSCO's actual test-year-end net plant in service, and rates will be trued up, with carrying charges, retroactive to the date Step 2 rates were put into place.

(c) Additional Interim Phases: In the event Fairbanks and/or Gibson are not in service by the general rate base cutoff for Step 1 (May 31, 2025) but come into service on or before the general rate base cutoff for Step 2 (December 31, 2025), up to two additional steps may occur to include these projects in rates earlier than Step 2 (end of the Forward Test Year). The compliance filing(s) for the additional step(s) will be based on the addition to rate base and associated

depreciation expense for Fairbanks or Gibson (whichever the case may be) upon the filing of a certification that the plant is in service. The rates will use the capital structure used for Step 1 rates. NIPSCO shall file a certification under this Cause that the asset is in service and serve a copy of such certification upon all parties to this Cause. The rates will be implemented on a services rendered basis and take effect on the same interim-subject-to-refund basis as Step 1 and Step 2 rates, with the same period for other parties to raise objections and for a hearing to potentially be conducted. To the extent Fairbanks and/or Gibson are not in service by May 31, 2025, but are in service by the time of the Step 1 compliance filing in this Cause, NIPSCO may include the plant in Step 1 rates calculated as provided in this paragraph, subject to potential objections, true-up, and all other matters described above with respect to Step 1 rates.

**D. Five Pillars.** Through Ind. Code § 8-1-2-0.6, the Indiana General Assembly declared it is the continuing policy of the state that decisions concerning Indiana's electric generation resource mix, energy infrastructure, and electric service ratemaking constructs must consider each of the Five Pillars of electric utility service: reliability, affordability, resiliency, stability, and environmental sustainability. As such, the Five Pillars have served as the lens through which the Commission has viewed all parties' requested relief in this Cause, including the Settlement Agreement. Per the Legislature's directive, we have considered and evaluated each of the Five Pillars in making our determinations in this case, and our considerations are discussed throughout the findings set forth above.

We find that our approval of the Settlement Agreement properly addresses utility service affordability for present and future generations and balances the Five Pillars. The Settlement Agreement reduces the requested overall revenue requirement, which supports affordability while allowing NIPSCO to maintain its system reliability, resiliency and stability. A significant portion of NIPSCO's requested revenue increase in this case is driven by preapproved projects and TDSIC projects, which contribute to NIPSCO's reliability, resiliency, stability, and environmental sustainability. The Settlement Agreement also furthers NIPSCO's generation transition, which supports environmental sustainability. It also provides additional options for low-income customers, supporting affordability for all customers.

**E. Other Matters.** The Settlement includes two Addendums that do not require Commission approval because they have no impact on NIPSCO's rates established in this Cause. While we need not approve the Addendums, we note that based on the evidence presented, the terms reasonably address concerns raised by the RV Group and LaPorte County.

In addition, while not part of the Settlement, we note that NIPSCO also committed to assembling a collaborative of educational institutions in response to the numerous comments offered by school districts regarding the challenges presented by electric rate increases. Pet. Ex. 21. NIPSCO committed to providing these entities with information about opportunities to participate in the NIPSCO demand side management oversight board and current program offerings or proposals for new program opportunities from which educational institutions may benefit.

**11. Effect of Settlement Agreement.** The parties agree that the Settlement Agreement is not to be used as precedent in any other proceeding or for any other purpose except to the extent necessary to implement or enforce its terms; consequently, with regard to future citation of the

Settlement Agreement or of this Order, the Commission finds our approval herein should be construed in a manner consistent with our finding in *Richmond Power & Light*, Cause No. 40434, (IURC March 19, 1997).

**12. Confidentiality.** NIPSCO filed motions for protection and nondisclosure of confidential and proprietary information on September 12, 2024, and January 29, 2025, both of which were supported by affidavits showing certain documents to be submitted to the Commission contain trade secrets as defined under Ind. Code § 23-2-3-2. A docket entry was issued on each motion finding such information to preliminarily be confidential, after which the information was submitted under seal. The Commission finds all such information preliminarily granted confidential treatment is confidential under Ind. Code §§ 5-14-3-4 and 8-1-2-29, is exempt from public access and disclosure by Indiana Law and shall continue to be held by the Commission as confidential and protected from public access and disclosure.

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

1. The Settlement Agreement, a copy of which is attached to this Order, is approved.
2. Petitioner is authorized to increase its rates and charges for electric utility service in multiple steps as described in Finding Paragraph 10.C. above.
3. New depreciation rates applicable to NIPSCO's common and electric plant are approved as set forth in this Order.
4. Petitioner shall file new schedules of rates and charges along with its revised tariff under this Cause consistent with the Settlement Agreement and the rates and charges approved above for approval by the Commission's Energy Division.
5. ~~Petitioner shall certify its net plant, original cost rate base, and capital structure at~~ May 31, 2025 (Step 1) and December 31, 2025 (Step 2) and calculate the resulting rates and charges, which shall be made effective upon filing in accordance with the findings herein, subject to being contested and trued-up consistent with the Settlement Agreement.
6. To the extent that either Fairbanks or Gibson is not completely in service as of May 31, 2025 but is in service before December 31, 2025, Petitioner is authorized to implement up to two additional interim phases to its increase, based upon the Step 1 capital structure as described in Finding Paragraph 10.C. above. To the extent Fairbanks and/or Gibson are not in service by May 31, 2025, but are in service by the time of the Step 1 compliance filing in this Cause, NIPSCO may include the plant in the calculation of Step 1 rates as provided in this Order.
7. Petitioner is authorized to file updated factors for its rate adjustment mechanisms in accordance with this Order, and such changes shall be effective simultaneously with approval of NIPSCO's new basic rates.



8. Petitioner's proposed form of Electric Service Tariff is approved, consistent with the Settlement Agreement and this Order, inclusive of the associated General Rules and Regulations and Standard Contracts.

9. Petitioner is directed to file under this Cause all information required by the Settlement Agreement.

10. The information filed in this Cause pursuant to Petitioner's motions for protection and nondisclosure of confidential and proprietary information is deemed confidential under Ind. Code § 5-14-3-4, is exempt from public access and disclosure by Indiana law and shall be held confidential and protected from public access and disclosure by the Commission.

11. This Order shall be effective on and after the date of its approval.

**HUSTON, BENNETT, FREEMAN, VELETA, AND ZIEGNER CONCUR;**

**APPROVED: JUN 26 2025**

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

**Regina K.**

**Joyner**

**Dana Kosco**

**Secretary of the Commission**

Digitally signed by Regina K.

Joyner

Date: 2025.06.26 10:17:17

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on behalf of

OFFICIAL  
EXHIBITS

STATE OF INDIANA

EXHIBIT No. 1

IURC JOINT - settling parties

3-25-25

REPORTER AT

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF NORTHERN INDIANA PUBLIC SERVICE )  
COMPANY LLC PURSUANT TO IND. CODE §§ 8-1-2-42.7, )  
8-1-2-61 AND 8-1-2.5-6 FOR (1) AUTHORITY TO MODIFY )  
ITS RETAIL RATES AND CHARGES FOR ELECTRIC )  
UTILITY SERVICE THROUGH A PHASE IN OF RATES; (2) )  
APPROVAL OF NEW SCHEDULES OF RATES AND )  
CHARGES, GENERAL RULES AND REGULATIONS, AND )  
RIDERS (BOTH EXISTING AND NEW); (3) APPROVAL OF )  
REVISED COMMON AND ELECTRIC DEPRECIATION )  
RATES APPLICABLE TO ITS ELECTRIC PLANT IN )  
SERVICE; (4) APPROVAL OF NECESSARY AND )  
APPROPRIATE ACCOUNTING RELIEF, INCLUDING, )  
BUT LIMITED TO, AUTHORITY TO CAPITALIZE AS )  
RATE BASE ALL EXPENDITURES FOR IMPROVEMENTS )  
TO PETITIONER'S INFORMATION TECHNOLOGY )  
SYSTEMS THROUGH THE DESIGN, DEVELOPMENT, )  
AND IMPLEMENTATION OF A WORK AND ASSET )  
MANAGEMENT ("WAM") PROGRAM, TO THE EXTENT )  
NECESSARY; AND (5) APPROVAL OF ALTERNATIVE )  
REGULATORY PLANS FOR THE PARTIAL WAIVER OF )  
170 IAC 4-1-16(f) AND PROPOSED REMOTE )  
DISCONNECTION AND RECONNECTION PROCESS )  
AND, TO THE EXTENT NECESSARY, )  
IMPLEMENTATION OF A LOW INCOME PROGRAM. )

CAUSE NO. 46120

STIPULATION AND SETTLEMENT AGREEMENT

This Stipulation and Settlement Agreement ("Agreement") is entered into as of  
this 7<sup>th</sup> day of February, 2025, by and among Northern Indiana Public Service Company  
LLC ("NIPSCO"), the Indiana Office of Utility Consumer Counselor ("OUCC"),

NIPSCO Industrial Group ("Industrial Group"),<sup>1</sup> NLMK Indiana, United States Steel Corporation ("US Steel"), Walmart Inc. ("Walmart"), and RV Industry User's Group ("RV Group") (collectively the "Settling Parties").<sup>2</sup> The Settling Parties, solely for purposes of compromise and settlement, stipulate and agree that the terms and conditions set forth below represent a fair and reasonable resolution of the issues in this Cause subject to incorporation into a Final Order of the Indiana Utility Regulatory Commission ("Commission") without any modification or condition that is not acceptable to each of the Settling Parties regarding the issues resolved herein. In particular, the Settling Parties agree that the rate design and cost allocation methodology set forth in the Settlement Agreement and supporting testimony was a material inducement to entering into the settlement, and a modification of those terms could materially change the benefit of the Settling Parties' bargain. The Settling Parties agree this Agreement resolves all disputes, claims, and issues arising from the electric general rate case proceeding currently pending in Cause No. 46120 as among the Settling Parties. The Settling Parties agree that matters for which NIPSCO requested relief in this Cause that are not addressed herein, but were expressly supported by testimony, are resolved as NIPSCO proposed, or if modified in rebuttal, as modified in

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<sup>1</sup> The Industrial Group is comprised of BP Products North America, Inc., Cleveland Cliffs Steel LLC, Linde, Marathon, and USG Corporation.

<sup>2</sup> The Board of County Commissioners of LaPorte County ("LaPorte County"), and United Steel, Paper and Forestry, Rubber Manufacturing, Energy, Allied Industrial and Service Workers International Union AFL-CIO/CLC and its Locals 12755 and 13796 ("USW"), agreed to not oppose. LaPorte County and USW reserve their rights to respond to testimony opposing the Agreement.

rebuttal without waiving the right to challenge such resolution prospectively except as facts and circumstances may allow.

**A. Background<sup>3</sup>**

1. NIPSCO's Current Basic Rates and Charges. NIPSCO's current electric basic rates and charges were approved pursuant to the Commission's August 2, 2023, Order in Cause No. 45772 (the "45772 Rate Case Order"), wherein the Commission approved a Stipulation and Settlement Agreement, including a Stipulation and Settlement Agreement between NIPSCO and its industrial customers on Rate 831/531 implementation (the "Rate 831/531 Modification Settlement").<sup>4</sup>

2. NIPSCO's Current Depreciation Accrual Rates. NIPSCO's current common and electric depreciation rates were approved in the 45772 Rate Case Order.

3. NIPSCO's Fuel Adjustment Clause ("FAC") Proceedings. NIPSCO files a quarterly Fuel Adjustment Clause ("FAC") proceeding in accordance with Ind. Code § 8-1-2-42(d) in Cause No. 38706-FAC- XXX to adjust its rates to account for fluctuation in its fuel and purchased energy costs. Historically, NIPSCO has agreed that the OUCC and other interested parties should have thirty-five (35) days to review NIPSCO's FAC filings. NIPSCO agrees that the thirty-five (35) day review period shall continue.

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<sup>3</sup> This "Background" section is included to provide context for the Agreement and does not reflect any term of the Settling Parties' agreement.

<sup>4</sup> The Rate 831/531 Modification Settlement was entered into on September 12, 2022 by and between NIPSCO, Cleveland-Cliffs Steel LLC, Linde, Inc., BP Products North America, Inc., Cargill, Inc., NLMK Indiana, Pratt Paper (IN), LLC, and US Steel.

4. This Proceeding. On September 12, 2024, NIPSCO filed its Verified Petition with the Commission requesting the Commission issue an order: (1) authorizing NIPSCO to modify its retail rates and charges for electric utility service through the phase-in of rates; (2) approving new schedules of rates and charges, general rules and regulations, and riders; (3) approving revised common and electric depreciation rates applicable to its electric plant in service; (4) approving necessary and appropriate accounting relief, including, but not limited to, authority, to the extent necessary, to capitalize as rate base all expenditures for improvements to Petitioner's information technology systems through the design, development, and implementation of the WAM program;<sup>5</sup> (5) approving an alternative regulatory plan for a partial waiver of the requirements of 170 IAC 4-1-16(f); (6) approval of a new low income program, including through an alternative regulatory plan if necessary; (7) authorizing NIPSCO to implement temporary rates; and (8) approving other requests as described in the Verified Petition. NIPSCO filed its case-in-chief testimony and exhibits on September 12, 2024. On December 19, 2024, the OUCC and intervenors filed their respective cases-in-chief. On January 16, 2025, NIPSCO filed its rebuttal testimony and exhibits, and the OUCC, CAC, Industrial Group, US Steel, NLMK, and RV Group filed cross-answering testimony and exhibits.

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<sup>5</sup> The same request had been made in Cause No. 46025. The relief sought in that Cause was unopposed, but the request remained pending as of the filing of NIPSCO's Verified Petition. The Commission approved NIPSCO's request in its September 25, 2024 Order in Cause No. 46025.

As discussed within NIPSCO's Verified Petition and the testimony of various parties including NIPSCO, since the 45772 Rate Case Order, NIPSCO has brought one (1) solar facility online (Cavalry Solar Plus Storage) and anticipates three (3) solar facilities (Dunn's Bridge II Solar Plus Storage, Fairbanks Solar, and Gibson Solar) to come online by the end of the Forward Test Year.<sup>6</sup> NIPSCO also plans to retire Schahfer Generating Station Units 17 and 18 by the end of the Forward Test Year. NIPSCO seeks to change its rates to reflect the effects, including benefits, of these projects and retirements. Since the end of the test year in Cause No. 45772 and the end of the Forward Test Year in this case, NIPSCO projects its net original cost rate base will grow by nearly \$3 billion.

NIPSCO seeks to revise its existing rates to address the changing energy marketplace, NIPSCO's generation transition, and to provide revenues adequate to cover its necessary and reasonable operating expenses and permit NIPSCO to earn a fair return upon the fair value of its property. NIPSCO's supporting evidence in this Cause indicates that revisions to NIPSCO's rates are sought to afford NIPSCO an

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<sup>6</sup> Dunn's Bridge II Solar Plus Storage (originally approved in Cause No. 45462, modification approving wholly owned structure in Cause No. 45936) has an aggregate nameplate capacity of approximately 435 MW solar plus 75 MW energy storage. NIPSCO anticipates receiving power in Quarter 1, 2025 and is included in rate base in this proceeding. Fairbanks Solar (originally approved in Cause No. 45511, modification approving wholly owned structure in Cause No. 46028) has an aggregate nameplate capacity of approximately 250 MW. NIPSCO anticipates receiving power in Quarter 2, 2025 and is included in rate base in this proceeding. Gibson Solar (originally approved in Cause No. 45926, modification approving wholly owned structure in Cause No. 46032) has an aggregate nameplate capacity of approximately 200 MW. NIPSCO anticipates receiving power from this facility in Quarter 3, 2025 and is included in rate base in this proceeding.

opportunity to recover its operating expenses and earn a fair return on the fair value of its property used and useful in providing service to its customers. NIPSCO further believes that the proposed rate changes will also enable NIPSCO to attract capital required for additions, replacements, and improvements to its Utility Property and to comply with regulatory mandates and otherwise provide adequate and reliable service. Intervenor took issue with multiple aspects of the NIPSCO rate filing in their responsive testimony.

## **B. Settlement Terms**

### **1. Revenue Requirement and Net Operating Income.**

(a) Revenue Requirement. The Settling Parties agree that NIPSCO's Step 2 base rates will be designed to produce revenue at proposed rates of \$2,086,642,669 prior to application of surviving Riders.<sup>7</sup> This Revenue Requirement represents an increase of \$257,043,752 from current rates. The agreed upon Revenue Requirement amounts to a reduction of \$111,616,865 (30.28%) from the revenue requirement NIPSCO requested in its case-in-chief (\$2,198,259,534). The Settling Parties agree the settlement Revenue Requirement reflects the depreciation study and accrual rates and amortization as discussed below. Joint Exhibit A attached hereto represents

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<sup>7</sup> In this Agreement, as described in Section 10(b) below, "Step 2" shall refer to the ultimate step of rate implementation based upon the end of the Forward Test Year, even though as set forth herein, there could be more than two steps to the increase.

the schedules supporting the calculation of the agreed settlement Revenue Requirement based on the 12-month period ending December 31, 2025.

(b) Net Operating Income. The Settling Parties agree that the settlement Revenue Requirement in Paragraph B.1(a) above results in a proposed authorized net operating income of \$651,868,680.

2. Original Cost Rate Base, Capital Structure, and Fair Return.

(a) Original Cost Rate Base. NIPSCO agrees its weighted average cost of capital times its original cost rate base yields a fair return for purposes of this case. Based upon this Agreement, the Settling Parties agree NIPSCO should be authorized a fair rate of return of 7.14%, yielding an overall return for earnings test purposes of \$651,868,680, based upon: (a) a Net Original Cost Rate Base of \$9,129,813,441; and (b) NIPSCO's forecasted capital structure, including an authorized return on equity ("ROE") of 9.75%.

(b) Capital Structure and Fair Return. Based on the following capital structure, the 9.75% ROE, and the cost of debt/zero cost capital as filed, the overall weighted average cost of capital is computed as follows:

	Dollars	Cost %	WACC %
Common Equity	\$7,718,129,223	9.75%	5.17%
Long-Term Debt	\$5,468,979,284	5.20%	1.95%
Customer Deposits	\$59,885,295	5.63%	0.02%
Deferred Income Taxes	\$1,691,723,532	0.00%	0.00%



Post-Retirement Liability	\$(7,491,885)	0.00%	0.00%
Prepaid Pension Asset	\$(372,308,313)	0.00%	0.00%
Post-1970 ITC	\$174,612	7.87%	0.00%
<b>Totals</b>	<b>\$14,559,091,748</b>		<b>7.14%</b>

The Settling Parties agree that fair return under the Agreement will be calculated based upon the actual capital structure and rate base as described in the Implementation of Rates set forth in Paragraph B.10.

3. Depreciation and Amortization Expense.

(a) Depreciation Expense. The Settling Parties agree to a \$12,270,000 reduction to NIPSCO's proposed depreciation expense. This amount is comprised of a \$10,000,000 reduction as a result of reducing decommissioning costs and adjusting originally proposed service lives or net salvage components associated with certain depreciation accrual rates; and a \$2,270,000 reduction as a result of the \$100,000,000 reduction to NIPSCO's case-in-chief forecasted Transmission & Distribution Rate Base. The resulting depreciation accrual rates to which the Settling Parties agree are shown in Joint Exhibit B attached to this Agreement

(b) Amortization Expense. The Settling Parties agree to a \$5,556,445 reduction to NIPSCO's proposed amortization expense achieved by modifying the amortization periods for TDSIC and Electric Rate Case Expense regulatory asset balances from two to four years. NIPSCO shall make a compliance filing at the

conclusion of all amortization periods as each concludes to remove the amortization from the revenue requirement, and rates will be adjusted accordingly.

4. Pro Forma Net Operating Income at Present Rates.

(a) Fuel Costs. The Settling Parties agree the base cost of fuel proposed in NIPSCO's case-in-chief will be reduced by \$8,970,840.

(b) O&M Expenses. The Settling Parties agree to a \$20,000,000 reduction to total O&M in this case. This reduction is a compromise to resolve numerous disputed issues in this Cause, including NIPSCO labor vacancies (generation and non-generation related), NiSource Corporate Service Company (NCSC) labor vacancies, vegetation management expense, and certain estimated costs incurred to execute NIPSCO's rate case.

5. Bill Assistance Program. ~~The Settling Parties recommend approval of~~ NIPSCO's request for approval of a bill assistance program (Rider 697 – Universal Service Program Rider) with the following changes:

(a) In recognition of concerns expressed by the OUCC, NIPSCO agrees to modify the bill assistance program from an opt-out program as proposed in NIPSCO's rebuttal to a voluntary, opt-in program; and

(b) In recognition of concerns expressed by the Settling Parties, NIPSCO will make an annual, below the line (*i.e.*, not to be recovered through rates) shareholder contribution of \$1,500,000.

6. Customer Deposit. The Settling Parties agree to a reduction of NIPSCO's customer deposit from \$50 to \$0 for all NIPSCO gas and electric customers who receive bill assistance through LIHEAP.

7. Reconnection Charge. For NIPSCO's electric customers who are disconnected for non-payment of charges, NIPSCO agrees to waive its \$90 electric reconnection charge (at the meter during normal business hours) set out in Section 15.1.1 of its General Rules and Regulations no later than with the implementation of Step 2 rates.

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8. Disconnection Procedure. NIPSCO agrees to delay disconnection for non-payment of electric service if temperatures are below 20 degrees or above 90 degrees on the scheduled day of disconnection or are forecasted to be below 20 degrees or above 90 degrees the following two days.

9. Public Facing Electric Vehicle ("EV") Rate. NIPSCO commits to a stakeholder process within six (6) months of the date of the Final Order in this Cause with the intent of incorporating a public-facing EV rate to facilitate charging at customer-owned locations in NIPSCO's next electric base rate case.

10. Implementation of Rates. The Settling Parties agree the rate changes will be implemented on a services rendered basis after NIPSCO's new tariffs have been approved by the Commission's Energy Division. The rate increase agreed to herein should be implemented in multiple steps, as follows:

(a) Step 1 rates shall be implemented on a services rendered basis as soon as possible following the issuance of an Order in this Cause and approval of NIPSCO's new tariffs by the Commission's Energy Division and will be based on actual net plant certified to have been completed and placed in service no later than May 31, 2025, except for Fairbanks Solar Generating Facility ("Fairbanks") and Gibson Solar Generating Facility ("Gibson") as set forth herein. The Settling Parties agree that Step 1 rates are subject to refund in the event the Commission determines that less than the certified amount of plant additions were placed in service as of May 31, 2025. Prior to implementation of Step 1 rates, NIPSCO will certify the net original cost rate base and current capital structure as of May 31, 2025, and calculate the Step 1 rates using those certified figures. For purposes of Step 1 rates, "certify" means NIPSCO states in a filing with the Commission in the above-captioned Cause the amount of forecasted net plant it has completed and verifies that those forecasted additions have been placed in service and are used and useful in providing utility service as of May 31, 2025. NIPSCO will serve all Parties to this proceeding with its certification. The Settling Parties, and other interested parties to this proceeding, will thereafter have sixty (60) days to verify or

state any objection to the net plant in service numbers from those which NIPSCO certifies. All Parties to this proceeding shall be permitted to conduct discovery to verify relevant construction costs and in service dates. If any objections are stated, a hearing will be held to determine NIPSCO's actual net plant in service as of May 31, 2025, and rates will be trued up, with carrying charges, retroactive to the date Step 1 rates were put into place.

(b) Step 2 rates shall be implemented on a services rendered basis as soon as possible after the end of the Forward Test Year and will be based on actual net plant certified to have been completed and placed in service no later than December 31, 2025. The Settling Parties agree that Step 2 rates are subject to refund in the event the Commission determines that less than the certified amount of plant additions were placed in service as of December 31, 2025. Prior to implementation of Step 2 rates,

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NIPSCO will certify the net original cost rate base and current capital structure as of December 31, 2025 and calculate the Step 2 rates using those certified figures. For purposes of Step 2 rates, "certify" means NIPSCO states in a filing with the Commission in the above-referenced Cause the amount of forecasted net plant it has completed and verifies that those forecasted additions have been placed in service and are used and useful in providing utility service as of December 31, 2025. NIPSCO will serve all Parties to this proceeding with its certification. The Settling Parties, and other interested parties to this proceeding, will thereafter have sixty (60) days to verify or

state any objection to the net plant in service numbers from those which NIPSCO certifies. The Settling Parties shall be permitted to conduct discovery to verify relevant construction costs and service dates. If any objections are stated, a hearing will be held to determine NIPSCO's actual test-year-end net plant in service, and rates will be trued up, with carrying charges, retroactive to the date Step 2 rates were put into place.

(c) In the event NIPSCO's Fairbanks and/or Gibson are not in service by the general rate base cutoff for Step 1 (May 31, 2025) but come into service on or before the general rate base cutoff for Step 2 (December 31, 2025), the Settling Parties agree to up to two additional steps to include these projects in rates earlier than Step 2 (end of the Forward Test Year). The compliance filing(s) for the additional step(s) will be based on the addition to rate base and associated depreciation expense for Fairbanks or Gibson (whichever the case may be) upon the filing of a certification that the plant is in service. The rates will use the capital structure used for Step 1 rates. NIPSCO shall file a certification in the above-captioned Cause that the asset is in service and serve a copy of such certification upon all Parties to this Cause. The rates will take effect on the same interim-subject-to-refund basis as Step 1 and Step 2 rates, with the same period for other parties to raise objections and for a hearing to potentially be conducted. To the extent Fairbanks and/or Gibson are not in service by May 31, 2025, but are in service by the time of the Step 1 compliance filing in this Cause, NIPSCO may include the plant in Step 1 rates calculated as provided in this paragraph, subject to potential objections,

true-up, and all other matters described in Section 10(a) above with respect to Step 1 rates.

11. Cost of Service and Rate Design. The provisions of the 831/531 Modification Settlement and Section B.7.(e) through (g) of the Settlement Agreement approved in Cause No. 45772 continue to apply.

(a) Mitigation. The Settling Parties acknowledge that, as presented in NIPSCO's case-in-chief and rebuttal, certain rate classes are being subsidized by several other rate classes. For this reason, the Settling Parties have agreed to mitigate a portion of the subsidy concerns raised by multiple parties in this Cause consistent with similar concerns recognized in and dealt with in Section B.7.b. of the Settlement Agreement approved in Cause No. 45772, which incorporates and recognizes the Commission's policy of gradualism. The settlement revenue requirement reduction (*i.e.*, the settled annual revenue requirement below NIPSCO's as-filed case in chief) in this Cause will be apportioned as follows: (1) set revenues for Rate 631 at cost of service based on 162.061 megawatts ("MW") of allocated Tier 1 demand; (2) no revenue change to Rate 642 and Rate 643; (3) credit \$575,000 of the settlement revenue requirement decrease first to each Rate 623 and Rate 626; (4) allocate 25% of the remaining settlement revenue requirement decrease to the subsidizing classes in proportion to their excess revenues ("25% portion"); and (5) the remaining amount allocated on an across-the-board basis in

proportion to the case-in-chief proposed revenues (75% portion). Because Rate 631 is being brought to parity at 162.061 MW of allocated demand, it will not receive either a reduction relating to the 25% portion or a reduction related to the 75% portion, nor will Rate 642 and Rate 643 as there is no change in revenues for those rate classes. Rate 611 will participate in the across-the-board reduction (the 75% portion).<sup>8</sup> The provisions of this paragraph will be implemented in the cost of service study and rates included with NIPSCO's testimony supporting this Agreement.

(b) Production and Distribution Classification and Allocation in Future Cases. In light of issues raised by the OUCC, Industrial Group, U.S. Steel, and CAC, NIPSCO will study its production, transmission, and distribution classification and allocation before filing its next general electric rate case. This will include studying the classification and allocation of production, transmission (including subfunctionalization by voltage), and distribution customer, demand, and energy related costs both in base rates as well as in the FAC and RA trackers. If, based on that study, NIPSCO subsequently proposes new methods for the classification and allocation of production, transmission, and distribution costs in its next general rate case, it will file testimony explaining and substantiating each of those changes. If NIPSCO does not adopt any such changes, it will similarly file testimony providing the results of its analysis demonstrating why NIPSCO has concluded the current approach remains appropriate.

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<sup>8</sup> As further provided below, Rate 611 will be NIPSCO's only residential rate, as the proposed Rate 615 will not be adopted under the terms of this Agreement.



All Settling Parties retain all rights in future proceedings to take any position and litigate these issues.

(c) Reductions in Tier 1 Load and Cost Allocations. The Settling Parties agree that a method for future reduction in Rate 631 Tier 1 allocated and contract demand provided for in the 831/531 Modification Settlement is accomplished through the approach recommended by Industrial Group Witness Dauphinais (Direct at 22-23), with the exclusion of costs associated with Sugar Creek Generating Station, as recommended by U.S. Steel Witness Schuepbach in cross-answering testimony (at 7). Using this approach, the allocated Rate 631 Tier 1 demand shall be 162.061 MW. Mr. Dauphinais' recommendation (Direct at 24-25) of proportional reductions to Rate 631 Tier 1 contract demand to progressively narrow the disparity between Rate 631 allocated demand and class contract demand in order to move the rate toward the actual cost of service should also be approved. The contract demand assumed for purposes of this Agreement shall be 153.692 MW. The Rate 631 charges (transmission, energy, and demand) will be based upon the 153.692 MW of contract demand assumed for purposes of this Agreement as reflected in Confidential Joint Exhibit C, which is expected to be consistent with executed Rate 631 contracts. Future reductions to Rate 631 Tier 1 cost allocations shall continue to follow the methodology set forth in Paragraph 7(f) of the Stipulation and Settlement Agreement approved by the

Commission in Cause No. 45772 employing the computational methodology utilized in this Agreement.

(d) Rate 626. The settlement revenue requirement decrease allocated to Rate 626 will be applied 50% to Rate 626's demand charge and 50% to its energy charge.

(e) Customer Charges. Customer charges proposed by NIPSCO in its case-in-chief shall be approved, except NIPSCO's monthly customer charge for Rate 611 shall remain at \$14.00.

12. Data Center Sub-docket. Certain parties in this Cause have requested the creation of a sub-docket for purposes of developing a standard tariff offering and addressing other pertinent issues related to new large or mega load customers that may locate in NIPSCO's electric service territory. Since the filing of NIPSCO's case-in-chief and the OUCC's and intervenors' cases-in-chief, NIPSCO has made a filing related to its proposed overall strategy to serve large or mega load customers, in which NIPSCO acknowledged that it has not entered into any special contract or equivalent agreement for energy services for a large or mega load customer. NIPSCO's intention is that any large or mega load customer that may enter into a contract for electric service will commit to pay the direct, incremental costs associated with serving their load and some portion of the costs of NIPSCO's existing electric system. To the extent NIPSCO enters into such contract(s), NIPSCO commits to timely file a proposal with the Commission to

timely pass back to NIPSCO's current electric customers the revenues NIPSCO collects related to payment for recovery of some portion of the costs of NIPSCO's existing electric system paid by the large or mega load customer(s). This settlement provision in no way waives or otherwise limits any argument a party may make in pending Cause No. 46183 or related dockets surrounding large or mega load customers, except NIPSCO shall be precluded from requesting that any portion of the revenues identified above not be passed to NIPSCO's then current electric customers.

13. Multi-Family Rate. The Settling Parties agree NIPSCO's requested multi-family rate shall not be implemented. NIPSCO will collect additional data on residential customer housing types to further identify multi-family customers and further analyze cost differentials between single- and multi-family residential customers. NIPSCO may consider requesting a new multi-family rate for qualifying residential customers in its next rate case. Once additional analysis is complete, NIPSCO will meet with CAC, the OUCC, and any other interested stakeholders prior to filing its next base rate case to discuss a potential multi-family rate and will provide CAC, the OUCC, and any other interested stakeholders with the results of its analysis.

14. LaPorte County. LaPorte County is agreeing to not oppose this Agreement for the consideration and commitments contained in Addendum A, which NIPSCO agrees to support, but which other Settling Parties will not oppose.

15. RV Group. The RV Group is signing this Agreement to receive the benefits contained herein and for the consideration and commitments contained in Addendum B, which NIPSCO agrees to support, but which other Settling Parties will not oppose. With respect to the RV Group TDSIC provisions in Addendum B, the Settling Parties (other than NIPSCO) take no position on and do not endorse such provisions but will not oppose them.

16. Other Relief Requested by NIPSCO. The Settling Parties agree that all other matters for which NIPSCO requested relief in this Cause that are not addressed herein, but NIPSCO expressly supported by testimony, should be approved as NIPSCO proposed, or, if modified in NIPSCO's rebuttal, consistent with such modification, without waiving the right to challenge such resolution prospectively.

### **C. Procedural Aspects and Presentation of the Agreement**

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

2. The Settling Parties agree to jointly present this Agreement to the Commission for approval in this proceeding and agree to assist and cooperate in the preparation and presentation of supplemental testimony as necessary to provide an appropriate factual basis for such approval. All evidence which has been prefiled by

the Settling Parties will be admitted into the record. All Settling Parties waive cross-examination on all witnesses of other Settling Parties but reserve the right to ask questions of any witness who may be cross-examined by a non-settling party.

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

4. The Settling Parties acknowledge that this Agreement addresses all issues in the proceeding, including the appropriate revenue requirement and allocation of costs, and includes compromises upon the part of each Settling Party. The Settling Parties agree that this Agreement and each term, condition, amount, methodology, and exclusion contained herein (a) reflects a fair, just, and reasonable resolution and compromise for the purpose of settlement; (b) has accounted for the overall level of risk

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

5. The Settling Parties stipulate that the evidence of record presented in this Cause constitutes substantial evidence sufficient to support this Agreement and provides an adequate evidentiary basis upon which the Commission can make any finding of fact and conclusion of law necessary for the approval of this Agreement as filed. The Settling Parties agree to the admission into the evidentiary record of this Agreement, along with testimony supporting it, without objection.

6. The undersigned represent and agree that they are fully authorized to execute this Agreement on behalf of their designated clients who will be bound thereby; and further represent and agree that each Settling Party has had the opportunity to

review all evidence in this proceeding, consult with attorneys and experts, and is otherwise fully advised of the terms.

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

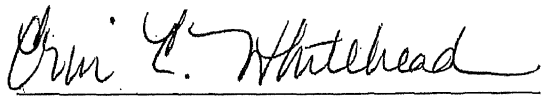
8. The provisions of this Agreement shall be enforceable by any Settling Party before the Commission or in any court of competent jurisdiction.

9. The terms set forth in this Agreement are the complete and final agreement among the Settling Parties. The communications and discussions during the negotiations and conferences which produced this Agreement have been conducted on the explicit understanding that they are or relate to offers of settlement and shall therefore be confidential and privileged communications.

ACCEPTED AND AGREED this 7th day of February, 2025.

**[SIGNATURE PAGES FOLLOW]**

Northern Indiana Public Service Company LLC

A handwritten signature in black ink, reading "Erin A. Whitehead". The signature is written in a cursive style with a horizontal line underneath.

Erin A. Whitehead

Vice President

Regulatory and Major Accounts



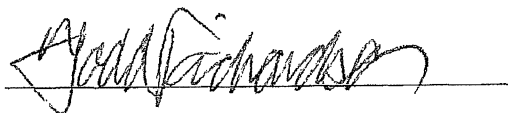
**Indiana Office of Utility Consumer Counselor**

A handwritten signature in black ink, reading "William Fine". The signature is written in a cursive, flowing style with a large initial "W".

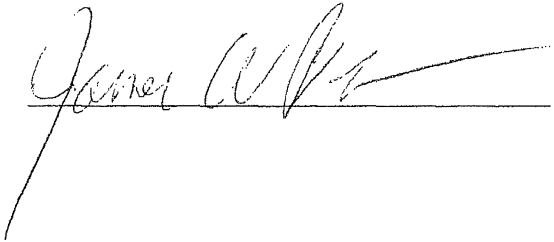
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William Fine  
Utility Consumer Counselor  
Indiana Office of Utility Consumer Counselor  
115 West Washington Street, Suite 1500 South  
Indianapolis, Indiana 46204

NIPSCO Industrial Group

A handwritten signature in dark ink, appearing to read "Gerald Richards", is written over a horizontal line. The signature is stylized with a large initial 'G' and a long, sweeping tail.

NLMK Indiana




**United States Steel Corporation**

*Kristina Kern Wheeler*

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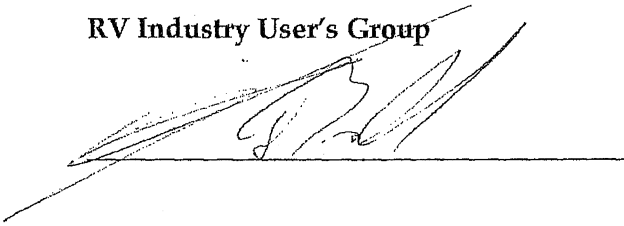
Kristina Kern Wheeler, Counsel for USS

Walmart Inc.

  
Barry Nunn, Counsel

46120

**RV Industry User's Group**

A handwritten signature in dark ink, consisting of several loops and a long horizontal stroke at the end, positioned over a horizontal line.

Joint Exhibit A  
Cause No. 46120  
Page 1 of 5

Northern Indiana Public Service Company LLC  
Statement of Operating Income  
Actual, Pro forma, and Proposed  
For the Twelve Month Period Ending December 31, 2025

Line No.	Description	Actual	Pro forma Adjustments Increases (Decreases)	Attachment 3-B Reference <sup>1</sup>	Pro forma Results Based on Current Rates	Pro forma Adjustments	Attachment 3-C Reference	Pro forma Results Based on Proposed Rates	Pro forma Adjustments to Include ITC/PTC & U17/H8 Fuel Reduction	Attachment 3-C Reference	Total Pro forma Adjustments Increases (Decreases)	Pro forma Results Based on Proposed Rates
	A	B	C	D	E	F	G	H	I	J	K	L
1	<b>Operating Revenue</b>											
2	Revenue (Actual / Pro Forma)	\$ 1,767,968,828		REV, Col A	\$ 1,829,598,917	313,139,816	PF - 5 - S2	\$ 2,142,738,733	(56,096,064)	PF - 5 - S2	\$ 257,043,752	\$ 2,085,642,669
3	Pro forma Adjustments December 31, 2023		16,183,927	REV, Col B								
4	2024 Year-Over-Year Increase/(Decrease)		172,399,174	REV, Col D								
5	2025 Year-Over-Year Increase/(Decrease)		(16,191,482)	REV, Col F								
6	Ratemaking Adjustments December 31, 2025		(110,761,650)	REV, Col H								
7	<b>Total Operating Revenue</b>	<b>\$ 1,767,968,828</b>	<b>\$ 61,630,089</b>		<b>\$ 1,829,598,917</b>	<b>\$ 313,139,816</b>		<b>\$ 2,142,738,733</b>	<b>\$ (56,096,064)</b>		<b>\$ 257,043,752</b>	<b>\$ 2,085,642,669</b>
8	<b>Fuel &amp; Purchased Power</b>											
9	Fuel and Purchase Power Cost (Actual / Pro Forma)	\$ 435,087,415		FPP, Col A	\$ 320,663,203	-		\$ 320,663,203			(55,755,482)	\$ 264,907,721
10	Pro forma Adjustments December 31, 2023		5,184,043	FPP, Col B								
11	2024 Year-Over-Year Increase/(Decrease)		(43,532,296)	FPP, Col D								
12	2025 Year-Over-Year Increase/(Decrease)		(97,201,186)	FPP, Col F								
13	Ratemaking Adjustments December 31, 2025		(6,874,773)	FPP-S, Col H					(55,755,482)	PF - 6 - S2, FPP, Col J		
14	<b>Total Fuel and Purchased Power Costs</b>	<b>\$ 435,087,415</b>	<b>\$ (114,424,212)</b>		<b>\$ 320,663,203</b>	<b>\$ -</b>		<b>\$ 320,663,203</b>	<b>\$ (55,755,482)</b>		<b>\$ (55,755,482)</b>	<b>\$ 264,907,721</b>
15	<b>Gross Margin</b>	<b>\$ 1,332,881,413</b>	<b>\$ 176,054,301</b>		<b>\$ 1,508,935,713</b>	<b>\$ 313,139,816</b>		<b>\$ 1,822,075,530</b>	<b>\$ (340,582)</b>		<b>\$ 312,799,234</b>	<b>\$ 1,821,734,948</b>
16	<b>Operations and Maintenance Expenses</b>											
17	Operations and Maintenance Expenses (Actual / Pro Forma)	\$ 522,342,734		O&M, Col A	\$ 447,401,661	1,431,487	PF - 7 - S2	\$ 448,833,349	(256,438)	PF - 7 - S2	1,175,050	\$ 448,576,911
18	Pro forma Adjustments December 31, 2023		(25,587,605)	O&M, Col B								
19	2024 Year-Over-Year Increase/(Decrease)		21,878,245	O&M, Col D								
20	2025 Year-Over-Year Increase/(Decrease)		12,236,675	O&M, Col F								
21	Ratemaking Adjustments December 31, 2025		(83,527,888)	O&M-S, Col H								
22	<b>Total Operations and Maintenance Expense</b>	<b>\$ 522,342,734</b>	<b>\$ (74,940,873)</b>		<b>\$ 447,401,661</b>	<b>\$ 1,431,487</b>		<b>\$ 448,833,349</b>	<b>\$ (256,438)</b>		<b>\$ 1,175,050</b>	<b>\$ 448,576,911</b>
23	<b>Depreciation Expense</b>											
24	Depreciation Expense (Actual / Pro Forma)	\$ 271,618,214		DEPR, Col A	\$ 376,764,290			\$ 376,764,290			-	\$ 376,764,290
25	Pro forma Adjustments December 31, 2023		(2,762,431)	DEPR, Col B								
26	2024 Year-Over-Year Increase/(Decrease)		48,483,292	DEPR, Col D								
27	2025 Year-Over-Year Increase/(Decrease)		66,704,866	DEPR, Col F								
28	Ratemaking Adjustments December 31, 2025		(7,290,652)	DEPR-S, Col H								
29	<b>Total Depreciation Expense</b>	<b>\$ 271,618,214</b>	<b>\$ 105,145,076</b>		<b>\$ 376,764,290</b>	<b>\$ -</b>		<b>\$ 376,764,290</b>	<b>\$ -</b>		<b>\$ -</b>	<b>\$ 376,764,290</b>

Joint Exhibit A  
Cause No. 46120  
Page 2 of 5

Line No.	Description	Actual	Pro forma Adjustments Increases (Decreases)	Attachment 3-B Reference <sup>1</sup>	Pro forma Results Based on Current Rates	Pro forma Adjustments	Attachment 3-C Reference	Pro forma Results Based on Proposed Rates	Pro forma Adjustments to Include ITC/PTC & U1718 Fuel Reduction	Attachment 3-C Reference	Total Pro forma Adjustments Increases (Decreases)	Pro forma Results Based on Proposed Rates
A	B	C	D	E	F	G	H	I	J	K	L	
30	<u>Amortization Expense</u>											
31	Amortization Expense (Actual / Pro Forma)	\$ 93,159,655		AMTZ, Col A	\$ 177,418,026		\$ 177,418,026				-	\$ 177,418,026
32	Pro forma Adjustments December 31, 2023		15,642,588	AMTZ, Col B								
33	2024 Year-Over-Year Increase/(Decrease)		23,076,154	AMTZ, Col D								
34	2025 Year-Over-Year Increase/(Decrease)		2,818,657	AMTZ, Col F								
35	Ratemaking Adjustments December 31, 2025		42,718,976	AMTZ-S, Col H								
36	Total Amortization Expense	\$ 93,159,655	\$ 84,259,371		\$ 177,418,026	\$ -	\$ 177,418,026	\$ -			\$ -	\$ 177,418,026
37	<u>Taxes</u>											
38	<u>Taxes Other than Income</u>											
39	Taxes Other than Income (Actual / Pro Forma)	\$ 35,013,168		OTX, Col A	\$ 43,310,222		\$ 43,310,222				-	\$ 43,310,222
40	Pro forma Adjustments December 31, 2023		(195,174)	OTX, Col B								
41	2024 Year-Over-Year Increase/(Decrease)		4,404,074	OTX, Col D								
42	2025 Year-Over-Year Increase/(Decrease)		5,732,803	OTX, Col F								
43	Ratemaking Adjustments December 31, 2025		(1,644,649)	OTX, Col H		469,710	PF - 8 - S2	\$ 469,710	(84,144)	PF - 8 - S2	385,566	\$ 385,566
44	Total Taxes Other Than Income	\$ 35,013,168	\$ 6,297,054		\$ 43,310,222	\$ 469,710	\$ 43,779,932	\$ (84,144)			\$ 385,566	\$ 43,695,787
45	Operating Income Before Income Taxes	\$ 410,746,641	\$ 53,294,673		\$ 464,041,314	\$ 311,238,619	\$ 775,279,933	\$ -			\$ 311,238,619	\$ 775,279,933
46	<u>Income Taxes</u>											
47	Federal and State Taxes (Actual / Pro Forma)	\$ 47,253,086	(1,249,950)	Attachment 3-C-S, TX 146	\$ 46,003,096	77,408,157	PF - 9 - S2	\$ 123,411,253	-	PF - 9 - S2	77,408,157	\$ 123,411,253
48	Total Taxes	\$ 82,266,254	\$ 7,047,084		\$ 89,313,318	\$ 77,877,867	\$ 167,191,185	\$ (84,144)			\$ 77,793,723	\$ 167,107,041
49	Total Operating Expenses Including Income Taxes	\$ 989,387,857	\$ 121,509,636		\$ 1,090,697,495	\$ 79,309,354	\$ 1,170,205,849	\$ (840,582)			\$ 78,968,772	\$ 1,169,866,268
50	Required Net Operating Income	\$ 383,493,556	\$ 54,544,662		\$ 418,038,217,55000	\$ 233,830,462	\$ 651,868,680	\$ -			\$ 233,830,462	\$ 651,868,680



Northern Indiana Public Service Company LLC  
Calculation of Proposed Revenue Increase  
Based on Pro forma Operating Results  
Original Cost Rate Base Estimated at December 31, 2025

Line No.	Description	Revenue Deficiency
1	Net Original Cost Rate Base	\$ 9,129,813,441
2	Rate of Return	7.14%
3	Net Operating Income	661,868,680
4	Pro forma Net Operating Income	418,038,218
5	Increase in Net Operating Income (NOI Shortfall)	233,830,462
6	Effective Incremental Revenue NOI Conversion Factor	74.673%
7	Increase in Revenue Requirement (Based on Net Original Cost Rate Base) (Line 5 / Line 6)	\$ 313,139,816
8	One	1.000000
9	Less: Public Utility Fee	0.001500
10	Less: Bad Debt	0.004571
11	State Taxable Income	0.993929
12	Taxable Adjusted Gross Income Tax	0.993929
13	Adjusted Gross Income Tax Rate	0.049000
14	Adjusted Gross Income Tax	0.048703
15	Line 11 less line 14	0.945226
16	One	1.000000
17	Less: Federal Income Tax Rate	0.210000
18	One Less Federal Income Tax Rate	0.790000
19	Effective Incremental Revenue / NOI Conversion Factor	74.673%

Northern Indiana Public Service Company LLC  
Summary of Rate Base  
As Of December 31, 2025

Line No.	Description	As Of December 31, 2025	Attachment 3-B-S2-S Reference
	<b><u>Electric Rate Base</u></b>		
1	Utility Plant	\$ 10,216,836,696	RB, Col I
2	Non Jurisdictional Plant	-	RB, Col I
3	Common Allocated	419,723,256	RB, Col I
	<b>Total Electric Utility Plant</b>	<b>10,636,559,953</b>	RB, Col I
4	Utility Plant Accumulated Depreciation and Amortization	(2,977,780,579)	RB, Col I
5	Non Jurisdictional Plant Accumulated Depreciation and Amortization	-	RB, Col I
6	Common Allocated Accumulated Depreciation and Amortization	(262,627,721)	RB, Col I
	<b>Total Electric Accumulated Depreciation and Amortization</b>	<b>(3,240,408,299)</b>	RB, Col I
	<b>Net Electric Utility Plant</b>	<b>\$ 7,396,151,653</b>	RB, Col I
7	Schahfer Units 14, 15, 17 and 18 Retirement Net Plant	661,125,225	RB, Col I
8	WAM Regulatory Asset	28,237,008	RB, Col I
9	Renewable Energy Joint Venture Investments	772,866,616	RB, Col I
10	Cause Nos. 45772 & 45159 Remainder	24,524,961	RB, Col I
11	Electric TDSIC Cause Nos. 44733 and 45557	18,679,396	RB, Col I
12	Wholly Owned Solar Farms - Regulatory Asset	99,839,760	RB, Col I
13	Materials & Supplies	112,720,299	RB, Col I
14	Production Fuel	15,668,523	RB, Col I
	<b>Total Electric Rate Base</b>	<b>\$ 9,129,813,441</b>	RB, Col I

Northern Indiana Public Service Company LLC  
Capital Structure  
As Of December 31, 2025

Line No.	Description	Total Company Capitalization	Percent of Total	Cost	Weighted Average Cost
	A	B	C	D	E
1	Common Equity	\$ 7,718,129,223	53.01%	9.75%	5.17%
2	Long-Term Debt	5,468,979,284	37.56%	5.20%	1.95%
3	Customer Deposits	59,885,295	0.41%	5.63%	0.02%
4	Deferred Income Taxes	1,691,723,532	11.62%	0.00%	0.00%
5	Post-Retirement Liability	(7,491,885)	-0.05%	0.00%	0.00%
6	Prepaid Pension Asset	(372,308,313)	-2.56%	0.00%	0.00%
7	Post-1970 ITC	174,612	0.00%	7.87%	0.00%
8	Totals	<u>\$ 14,559,091,748</u>	<u>100.00%</u>		<u>7.14%</u>

Cost of Investor Supplied Capital

	Description	Total Company Capitalization	Percent of Total	Cost	Weighted Average Cost
	A	B	C	D	E
9	Common Equity	\$ 7,718,129,223	58.53%	9.75%	5.71%
10	Long-Term Debt	5,468,979,284	41.47%	5.20%	2.16%
11	Totals	<u>\$ 13,187,108,507</u>	<u>100.00%</u>		<u>7.87%</u>

NORTHERN INDIANA PUBLIC SERVICE COMPANY

TABLE 1. SUMMARY OF ESTIMATED SURVIVOR CURVE, NET SALVAGE PERCENT, ORIGINAL COST, BOOK DEPRECIATION RESERVE  
AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO ELECTRIC PLANT AS OF DECEMBER 31, 2025

ACCOUNT (1)	PROBABLE RETIREMENT DATE (2)	SURVIVOR CURVE (3)	NET SALVAGE PERCENT (4)	ORIGINAL COST AS OF DECEMBER 31, 2025 (5)	BOOK DEPRECIATION RESERVE (6)	FUTURE ACCRUALS (7)	TOTAL ANNUAL ACCRUAL AMOUNT (8)	RATE (9)=(8)/(5)	COMPOSITE REMAINING LIFE (10)=(7)/(8)
<b>STEAM PRODUCTION PLANT</b>									
311.00 STRUCTURES AND IMPROVEMENTS									
MICHIGAN CITY GENERATING STATION	12-2028	110-R2.5 *	(62)	46,027,141.95	19,214,893	55,349,077	6,511,656 **	14.15	8.5
MICHIGAN CITY - UNIT 12	12-2028	110-R2.5 *	(62)	105,391,567.33	51,508,881	119,225,458	14,026,524 **	13.31	8.5
TOTAL MICHIGAN CITY				151,418,709.28	70,723,774	174,574,535	20,538,180	13.56	8.5
SUGAR CREEK	06-2068	110-R2.5 *	(28)	8,084,108.45	4,094,685	6,252,974	152,043	1.88	41.1
TOTAL ACCOUNT 311				159,502,817.73	74,818,459	180,827,509	20,690,223	12.97	
<b>BOILER PLANT EQUIPMENT</b>									
312.10 BOILER PLANT EQUIPMENT									
MICHIGAN CITY GENERATING STATION	12-2028	55-R1 *	(62)	90,788,707.47	60,688,863	86,388,843	10,163,393 **	11.19	8.5
MICHIGAN CITY - UNIT 12	12-2028	55-R1 *	(62)	261,925,849.67	166,272,474	258,047,402	30,358,518 **	11.59	8.5
TOTAL MICHIGAN CITY				352,714,557.14	226,961,337	344,436,245	40,521,911	11.49	8.5
SUGAR CREEK	06-2068	55-R1 *	(28)	96,801,493.64	58,392,780	65,513,132	1,914,475	1.98	34.2
TOTAL ACCOUNT 312.1				449,516,050.78	285,354,117	409,949,377	42,436,386	9.44	
312.20 BOILER PLANT - MOBILE FUEL HANDLING AND STORAGE									
MICHIGAN CITY GENERATING STATION	12-2028	55-R1 *	(62)	8,502,659.44	8,356,263	5,418,045	637,417 **	7.50	8.5
MICHIGAN CITY - UNIT 12	12-2028	55-R1 *	(62)	796,688.99	826,154	464,482	54,645 **	6.86	8.5
TOTAL ACCOUNT 312.2				9,299,348.43	9,182,417	5,882,527	692,062	7.44	
312.30 BOILER PLANT - UNIT TRAIN COAL CARS									
MICHIGAN CITY GENERATING STATION		25-R2.5	0	2,841,743.85	2,753,480	88,264	10,384 **	0.37	8.5
312.40 BOILER PLANT - SO2 PLANT EQUIPMENT									
MICHIGAN CITY - UNIT 12	12-2028	55-R1 *	(62)	230,108,218.67	103,181,315	269,593,999	31,716,941 **	13.78	8.5
312.50 BOILER PLANT - COAL PILE BASE									
MICHIGAN CITY GENERATING STATION	12-2028	55-R1 *	(62)	717,113.23	1,197,579	(35,856)	(4,218) **	(0.59)	8.5
TOTAL ACCOUNT 312				692,482,474.96	401,668,908	685,478,311	74,851,555	10.81	
314.00 TURBOGENERATOR UNITS									
MICHIGAN CITY GENERATING STATION	12-2028	60-R2 *	(62)	4,843,911.56	710,782	7,136,355	839,571 **	17.33	8.5
MICHIGAN CITY - UNIT 12	12-2028	60-R2 *	(62)	97,485,934.86	45,078,446	112,848,769	13,276,326 **	13.62	8.5
TOTAL MICHIGAN CITY				102,329,846.44	45,789,228	119,985,124	14,115,897	13.79	8.5
SUGAR CREEK	06-2068	60-R2 *	(28)	57,816,549.33	27,669,122	46,336,061	1,291,945	2.23	35.9
TOTAL ACCOUNT 314				160,146,395.77	73,458,350	166,321,185	15,407,842	9.62	

NORTHERN INDIANA PUBLIC SERVICE COMPANY

TABLE 1. SUMMARY OF ESTIMATED SURVIVOR CURVE, NET SALVAGE PERCENT, ORIGINAL COST, BOOK DEPRECIATION RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO ELECTRIC PLANT AS OF DECEMBER 31, 2025

ACCOUNT (1)	PROBABLE RETIREMENT DATE (2)	SURVIVOR CURVE (3)	NET SALVAGE PERCENT (4)	ORIGINAL COST AS OF DECEMBER 31, 2025 (5)	BOOK DEPRECIATION RESERVE (6)	FUTURE ACCRUALS (7)	TOTAL ANNUAL ACCRUAL AMOUNT (8)	RATE (9)=(8)/(5)	COMPOSITE REMAINING LIFE (10)=(7)/(9)
315.00 ACCESSORY ELECTRIC EQUIPMENT									
MICHIGAN CITY GENERATING STATION	12-2028	70-R2 *	(62)	23,807,800.73	25,656,902	12,911,735	1,519,028 **	6.38	8.5
MICHIGAN CITY - UNIT 12	12-2028	70-R2 *	(62)	35,227,102.15	39,953,156	17,114,749	2,013,500 **	5.72	8.5
TOTAL MICHIGAN CITY				59,034,902.88	65,610,058	30,026,484	3,532,528	5.98	8.5
SUGAR CREEK	06-2068	70-R2 *	(28)	4,897,315.43	2,894,694	3,373,870	89,263	1.82	37.8
TOTAL ACCOUNT 315				63,932,218.31	68,504,752	33,400,354	3,621,791	5.67	
316.00 MISCELLANEOUS POWER PLANT EQUIPMENT									
MICHIGAN CITY GENERATING STATION	12-2028	70-R1.5 *	(62)	3,931,264.86	493,793	5,874,856	691,160 **	17.58	8.5
MICHIGAN CITY - UNIT 12	12-2028	70-R1.5 *	(62)	5,441,982.85	631,322	8,184,690	962,905 **	17.69	8.5
TOTAL MICHIGAN CITY				9,373,247.71	1,125,115	14,059,546	1,654,065	17.65	8.5
SUGAR CREEK	06-2068	70-R1.5 *	(28)	3,563,623.43	1,126,831	3,434,607	91,471	2.57	37.5
TOTAL ACCOUNT 316				12,936,871.14	2,251,946	17,494,153	1,745,536	13.49	
TOTAL STEAM PRODUCTION PLANT				1,089,000,777.91	620,702,415	1,083,521,512	116,316,947	10.68	
HYDROELECTRIC PRODUCTION PLANT									
331.00 STRUCTURES AND IMPROVEMENTS									
NORWAY GENERATING STATION	11-2037	70-S1 *	(12)	4,615,792.78	1,890,273	3,279,415	278,401	6.03	11.8
OAKDALE GENERATING STATION	11-2037	70-S1 *	(8)	7,173,147.86	3,202,088	4,544,912	386,078	5.38	11.8
TOTAL ACCOUNT 331				11,788,940.64	5,092,361	7,824,327	664,479	5.64	
332.00 RESERVOIRS, DAMS AND WATERWAYS									
NORWAY GENERATING STATION	11-2037	85-R2.5 *	(12)	33,719,831.63	8,870,126	28,796,085	2,438,359	7.23	11.8
OAKDALE GENERATING STATION	11-2037	85-R2.5 *	(8)	37,145,730.66	9,118,796	30,998,593	2,622,088	7.06	11.8
TOTAL ACCOUNT 332				70,865,562.29	18,088,922	59,794,678	5,060,447	7.14	
333.00 WATER WHEELS, TURBINES AND GENERATORS									
NORWAY GENERATING STATION	11-2037	75-R2 *	(12)	7,950,788.80	3,174,832	5,730,051	518,515	6.52	11.1
OAKDALE GENERATING STATION	11-2037	75-R2 *	(8)	6,429,578.26	2,452,118	4,491,827	386,919	6.02	11.6
TOTAL ACCOUNT 333				14,380,367.06	5,626,950	10,221,878	905,434	6.30	
334.00 ACCESSORY ELECTRIC EQUIPMENT									
NORWAY GENERATING STATION	11-2037	55-L1.5 *	(12)	1,678,589.17	1,091,445	788,586	72,478	4.32	10.9
OAKDALE GENERATING STATION	11-2037	55-L1.5 *	(8)	830,241.56	326,461	570,200	49,769	5.99	11.5
TOTAL ACCOUNT 334				2,508,840.73	1,417,906	1,358,786	122,247	4.87	

NORTHERN INDIANA PUBLIC SERVICE COMPANY

TABLE 1. SUMMARY OF ESTIMATED SURVIVOR CURVE, NET SALVAGE PERCENT, ORIGINAL COST, BOOK DEPRECIATION RESERVE  
AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO ELECTRIC PLANT AS OF DECEMBER 31, 2025

ACCOUNT (1)	PROBABLE RETIREMENT DATE (2)	SURVIVOR CURVE (3)	NET SALVAGE PERCENT (4)	ORIGINAL COST AS OF DECEMBER 31, 2025 (5)	BOOK DEPRECIATION RESERVE (6)	FUTURE ACCRUALS (7)	TOTAL ANNUAL ACCRUAL AMOUNT (8)	RATE (9)=(8)/(5)	COMPOSITE REMAINING LIFE (10)=(7)/(8)
335.00 MISCELLANEOUS POWER PLANT EQUIPMENT									
NORWAY GENERATING STATION	11-2037	60-S0.5 *	(12)	1,022,677.29	360,067	785,332	67,846	6.63	11.6
OAKDALE GENERATING STATION	11-2037	60-S0.5 *	(8)	270,873.17	100,425	192,118	16,689	6.16	11.5
TOTAL ACCOUNT 335				1,293,550.46	460,492	977,450	84,535	6.54	
TOTAL HYDROELECTRIC PRODUCTION PLANT				100,837,261.18	30,686,631	80,177,119	6,837,142	6.78	
OTHER PRODUCTION PLANT									
341.00 STRUCTURES AND IMPROVEMENTS									
R M SCHAHFER - UNITS 16A AND 16B	12-2026	55-R3 *	(3)	2,484,301.00	1,872,564	686,266	686,264	27.62	1.0
R M SCHAHFER - UNIT 16A	12-2026	55-R3 *	(3)	212,249.57	211,909	6,708	6,708	3.16	1.0
TOTAL R M SCHAHFER				2,696,550.57	2,084,473	692,974	692,972	25.70	1.0
SUGAR CREEK	06-2068	55-R3 *	(17)	13,149,657.86	6,912,218	8,472,882	239,019	1.82	35.4
TOTAL ACCOUNT 341				15,846,208.43	8,996,691	9,165,856	931,991	5.88	
341.10 STRUCTURES AND IMPROVEMENTS - SOLAR		35-S2.5 *	0	49,455.17	3,484	45,971	1,411	2.85	32.6
341.20 STRUCTURES AND IMPROVEMENTS - UTILITY-SCALE SOLAR									
CAVALRY	06-2054	35-R4 *	(16)	54,184,033.32	3,467,681	59,385,798	2,176,899	4.02	27.3
DUNNS BRIDGE II	06-2055	35-R4 *	(9)	105,743,471.58	2,116,878	113,143,506	4,000,831	3.78	28.3
FAIRBANKS	06-2055	35-R4 *	(14)	64,977,969.18	1,361,577	72,713,308	2,571,192	3.96	28.3
GIBSON	06-2055	35-R4 *	(17)	53,506,855.66	1,151,239	61,451,782	2,172,977	4.06	28.3
TOTAL ACCOUNT 341.2				278,412,329.74	8,097,375	306,694,394	10,921,899	3.92	
342.00 FUEL HOLDERS, PRODUCERS AND ACCESSORIES									
R M SCHAHFER - UNITS 16A AND 16B	12-2026	55-S2 *	(3)	9,106,086.70	6,611,384	2,767,885	2,767,887	30.40	1.0
SUGAR CREEK	06-2048	55-S2 *	(17)	3,199,461.54	2,257,626	1,485,744	70,570	2.21	21.1
TOTAL ACCOUNT 342				12,305,548.24	8,869,010	4,253,629	2,838,457	23.07	
343.00 PRIME MOVERS									
R M SCHAHFER - UNITS 16A AND 16B	12-2026	50-R1 *	(3)	3,850,680.76	1,184,933	2,781,248	2,781,249	72.23	1.0
R M SCHAHFER - UNIT 16A	12-2026	50-R1 *	(3)	15,109,175.53	14,173,710	1,388,741	1,388,740	9.19	1.0
R M SCHAHFER - UNIT 16B	12-2026	50-R1 *	(3)	23,015,175.73	22,726,733	978,898	978,898	4.25	1.0
TOTAL R M SCHAHFER				41,975,012.02	38,085,376	5,148,887	5,148,887	12.27	1.0
SUGAR CREEK	06-2048	50-R1 *	(17)	118,449,540.98	41,169,623	97,416,340	4,735,768	4.00	20.6
TOTAL ACCOUNT 343				160,424,553.00	79,254,999	102,565,227	9,884,655	6.16	

NORTHERN INDIANA PUBLIC SERVICE COMPANY

TABLE 1. SUMMARY OF ESTIMATED SURVIVOR CURVE, NET SALVAGE PERCENT, ORIGINAL COST, BOOK DEPRECIATION RESERVE  
AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO ELECTRIC PLANT AS OF DECEMBER 31, 2025

ACCOUNT (1)	PROBABLE RETIREMENT DATE (2)	SURVIVOR CURVE (3)	NET SALVAGE PERCENT (4)	ORIGINAL COST AS OF DECEMBER 31, 2025 (5)	BOOK DEPRECIATION RESERVE (6)	FUTURE ACCRUALS (7)	TOTAL ANNUAL ACCRUAL AMOUNT (8)	RATE (9)=(8)/(5)	COMPOSITE REMAINING LIFE (10)=(7)/(8)
344.00 GENERATORS									
R M SCHAFER - UNIT 16A	12-2026	55-R3 *	(3)	5,927,994.17	5,220,374	885,460	885,459	14.94	1.0
R M SCHAFER - UNIT 16B	12-2026	55-R3 *	(3)	2,723,343.82	2,672,305	132,739	132,740	4.87	1.0
TOTAL R M SCHAFER				8,651,337.99	7,892,679	1,018,199	1,018,199	11.77	1.0
SUGAR CREEK	06-2048	55-R3 *	(17)	40,450,118.74	25,423,352	21,903,287	1,023,195	2.53	21.4
TOTAL ACCOUNT 344				49,101,456.73	33,316,031	22,921,486	2,041,394	4.16	
344.10 GENERATORS - SOLAR		25-S2.5	0	991,495.17	201,025	790,470	40,046	4.04	19.7
344.20 GENERATORS - UTILITY-SCALE SOLAR									
CAVALRY	06-2054	30-S1.5 *	(16)	277,438,546.57	17,755,358	304,073,356	12,570,209	4.53	24.2
DUNNS BRIDGE II	06-2055	30-S1.5 *	(9)	541,438,377.01	10,839,143	579,328,688	22,998,360	4.25	25.2
FAIRBANKS	06-2055	30-S1.5 *	(14)	332,706,744.45	6,971,750	372,313,939	14,780,228	4.44	25.2
GIBSON	06-2055	30-S1.5 *	(17)	273,971,193.27	5,894,743	314,651,553	12,491,130	4.56	25.2
TOTAL ACCOUNT 344.2				1,425,554,861.30	41,460,994	1,570,367,536	62,839,927	4.41	
345.00 ACCESSORY ELECTRIC EQUIPMENT									
R M SCHAFER - UNITS 16A AND 16B	12-2026	50-S1 *	(3)	17,562,929.31	9,291,000	8,798,817	8,798,818	50.10	1.0
R M SCHAFER - UNIT 16A	12-2026	50-S1 *	(3)	1,164,784.62	1,139,694	60,034	60,034	5.15	1.0
R M SCHAFER - UNIT 16B	12-2026	50-S1 *	(3)	966,720.95	954,635	41,088	41,088	4.25	1.0
TOTAL R M SCHAFER				19,694,434.88	11,385,329	8,899,939	8,899,940	45.19	1.0
SUGAR CREEK	06-2048	50-S1 *	(17)	34,529,128.11	22,844,101	17,554,979	882,580	2.56	19.9
TOTAL ACCOUNT 345				54,223,562.99	34,229,430	26,454,918	9,782,520	18.04	
345.10 ACCESSORY ELECTRIC EQUIPMENT - SOLAR		25-S2.5	0	247,873.83	50,631	197,243	9,992	4.03	19.7
345.20 ACCESSORY ELECTRIC EQUIPMENT - UTILITY-SCALE SOLAR									
CAVALRY	06-2054	40-R1.5 *	(16)	39,110,279.69	2,502,423	42,865,501	1,684,303	4.31	25.4
DUNNS BRIDGE II	06-2055	40-R1.5 *	(9)	76,326,114.82	1,528,229	81,667,236	3,101,680	4.06	26.3
FAIRBANKS	06-2055	40-R1.5 *	(14)	46,901,391.29	982,959	52,484,627	1,993,339	4.25	26.3
GIBSON	06-2055	40-R1.5 *	(17)	38,621,489.80	831,111	44,356,032	1,684,620	4.36	26.3
TOTAL ACCOUNT 345.2				200,959,275.60	5,844,722	221,373,396	8,463,942	4.21	

NORTHERN INDIANA PUBLIC SERVICE COMPANY

TABLE 1. SUMMARY OF ESTIMATED SURVIVOR CURVE, NET SALVAGE PERCENT, ORIGINAL COST, BOOK DEPRECIATION RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO ELECTRIC PLANT AS OF DECEMBER 31, 2025

ACCOUNT (1)	PROBABLE RETIREMENT DATE (2)	SURVIVOR CURVE (3)	NET SALVAGE PERCENT (4)	ORIGINAL COST AS OF DECEMBER 31, 2025 (5)	BOOK DEPRECIATION RESERVE (6)	FUTURE ACCRUALS (7)	TOTAL ANNUAL ACCRUAL		COMPOSITE REMAINING LIFE (10)=(7)/(8)
							AMOUNT (8)	RATE (9)=(8)/(5)	
346.00 MISCELLANEOUS POWER PLANT EQUIPMENT									
R M SCHAHFER - UNITS 16A AND 16B	12-2026	55-R2 *	(3)	401,558.85	243,846	169,760	169,761	42.28	1.0
R M SCHAHFER - UNIT 16A	12-2026	55-R2 *	(3)	56,008.00	53,824	3,864	3,864	6.90	1.0
TOTAL R M SCHAHFER				457,566.85	297,670	173,624	173,625	37.95	1.0
SUGAR CREEK	06-2048	55-R2 *	(17)	5,637,396.32	3,119,781	3,475,973	165,185	2.93	21.0
TOTAL ACCOUNT 346				6,094,963.17	3,417,451	3,649,597	338,810	5.56	
TOTAL OTHER PRODUCTION PLANT				2,204,211,583.37	223,741,843	2,268,479,723	108,095,044	4.90	
TRANSMISSION PLANT									
350.20 LAND RIGHTS		80-R4	0	15,667,095.38	11,598,910	4,068,185	52,355	0.33	77.7
352.00 STRUCTURES AND IMPROVEMENTS		70-R1.5	(20)	120,006,206.97	27,822,792	116,184,656	1,905,289	1.59	61.0
353.00 STATION EQUIPMENT		51-S0	(10)	1,209,443,672.94	274,868,958	1,055,519,082	24,320,538	2.01	43.4
354.00 TOWERS AND FIXTURES		75-R3	(30)	234,065,559.12	92,070,828	212,214,399	3,384,642	1.45	62.7
355.00 POLES AND FIXTURES		62-R1	(40)	441,931,660.13	111,011,176	507,693,148	9,090,957	2.06	55.8
356.00 OVERHEAD CONDUCTORS AND DEVICES		70-R2	(40)	316,129,902.23	121,826,202	320,755,661	5,374,212	1.70	59.7
357.00 UNDERGROUND CONDUIT		70-S4	(5)	904,994.78	701,583	248,662	4,599	0.51	54.1
358.00 UNDERGROUND CONDUCTORS AND DEVICES		50-R1.5	(5)	4,441,926.88	1,276,270	3,387,753	80,942	1.82	41.9
359.00 ROADS AND TRAILS		65-R4	0	31,088.94	15,016	16,073	609	1.96	26.4
TOTAL TRANSMISSION PLANT				2,342,622,107.37	641,191,735	2,220,087,619	44,214,143	1.89	
DISTRIBUTION PLANT									
360.20 LAND RIGHTS		80-R4	0	1,611,388.87	381,082	1,230,307	16,800	1.17	65.4
361.00 STRUCTURES AND IMPROVEMENTS		70-R1.5	(20)	20,834,098.08	9,549,803	15,451,115	276,487	1.33	55.9
362.00 STATION EQUIPMENT		52-S0	(10)	695,297,773.42	169,278,666	595,548,885	13,497,363	1.94	44.1
POLES, TOWERS AND FIXTURES									
364.10 CUSTOMER TRANSFORMER STATION		49-S0	(55)	61,383,975.08	35,822,062	59,323,099	1,491,955	2.43	39.8
364.20 POLES, TOWERS, AND FIXTURES		48-R1	(55)	809,432,020.90	262,404,186	992,215,444	24,161,648	2.99	41.1
TOTAL ACCOUNT 364				870,815,995.98	298,226,250	1,051,538,543	25,653,603	2.95	
365.00 OVERHEAD CONDUCTORS AND DEVICES		65-R1	(65)	503,615,755.75	225,253,840	605,712,157	10,433,512	2.07	58.1
366.00 UNDERGROUND CONDUIT		70-S2.5	(5)	5,754,045.02	2,196,817	3,844,930	77,434	1.35	49.7
367.00 UNDERGROUND CONDUCTORS AND DEVICES		53-R2.5	(35)	719,335,598.55	213,843,036	757,260,022	17,533,397	2.44	43.2
368.00 LINE TRANSFORMERS		47-S0	(10)	438,272,677.07	156,425,125	325,674,820	8,761,818	2.00	37.1
SERVICES									
369.10 OVERHEAD SERVICES		48-R1	(50)	58,862,877.78	42,319,943	45,974,374	1,157,585	1.97	39.7
369.20 UNDERGROUND SERVICES		75-R3	(50)	329,574,657.54	155,332,144	339,029,842	5,315,742	1.61	63.8
TOTAL ACCOUNT 369				388,437,535.32	197,652,087	385,004,216	6,473,327	1.67	



NORTHERN INDIANA PUBLIC SERVICE COMPANY

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ACCOUNT (1)	PROBABLE RETIREMENT DATE (2)	SURVIVOR CURVE (3)	NET SALVAGE PERCENT (4)	ORIGINAL COST AS OF DECEMBER 31, 2025 (5)	BOOK DEPRECIATION RESERVE (6)	FUTURE ACCRUALS (7)	TOTAL ANNUAL ACCRUAL AMOUNT (8)	RATE (9)=(8)/(5)	COMPOSITE REMAINING LIFE (10)=(7)/(8)
METERS									
370.10 CUSTOMER METERING STATIONS		50-R2	(5)	24,831,212.44	10,772,610	15,300,163	390,624	1.57	39.2
370.20 METERS		25-L0	(5)	129,340,994.65	28,225,729	107,582,315	5,066,122	3.92	21.2
TOTAL ACCOUNT 370				154,172,207.09	38,998,339	122,882,478	5,456,746	3.54	
371.00 INSTALLATIONS ON CUSTOMER PREMISES		20-O1	(30)	13,170,731.71	7,189,523	9,932,428	604,110	4.59	16.4
373.00 STREET LIGHTING AND SIGNAL SYSTEMS		30-L0	(40)	76,079,721.04	23,336,866	83,174,743	3,623,625	4.76	23.0
TOTAL DISTRIBUTION PLANT				3,887,397,527.90	1,342,331,434	3,957,254,644	92,430,222	2.38	
GENERAL PLANT									
390.00 STRUCTURES AND IMPROVEMENTS		60-R1.5	(10)	80,207,587.38	8,245,613	79,982,733	1,436,514	1.79	55.7
391.10 OFFICE FURNITURE AND EQUIPMENT		20-SQ	0	4,503,477.64	2,826,155	1,677,323	225,067	5.00	7.5
391.20 COMPUTERS AND PERIPHERAL EQUIPMENT		7-SQ	0	10,225,401.21	7,827,834	2,397,567	1,461,186	14.29	1.6
393.00 STORES EQUIPMENT		30-SQ	0	840,983.94	461,876	379,108	28,043	3.33	13.5
394.00 TOOLS, SHOP AND GARAGE EQUIPMENT		25-SQ	0	31,219,333.07	11,811,607	19,407,726	1,249,729	4.00	15.5
395.00 LABORATORY EQUIPMENT		20-SQ	0	5,386,440.92	3,348,174	2,038,267	269,165	5.00	7.6
397.00 COMMUNICATION EQUIPMENT		15-SQ	0	96,126,113.82	26,077,512	70,048,602	6,411,145	6.67	10.9
398.00 MISCELLANEOUS EQUIPMENT		20-SQ	0	5,148,328.91	1,999,319	3,149,010	257,323	5.00	12.2
TOTAL DEPRECIABLE GENERAL PLANT				233,657,666.89	62,598,090	179,080,336	11,338,172	4.85	
RESERVE ADJUSTMENT FOR AMORTIZATION									
391.10 OFFICE FURNITURE AND EQUIPMENT					125,698		(41,900)	***	3.0
391.20 COMPUTERS AND PERIPHERAL EQUIPMENT					5,847,536		(1,949,179)	***	3.0
393.00 STORES EQUIPMENT					32,579		(10,860)	***	3.0
394.00 TOOLS, SHOP AND GARAGE EQUIPMENT					66,081		(22,027)	***	3.0
395.00 LABORATORY EQUIPMENT					612,538		(204,179)	***	3.0
397.00 COMMUNICATION EQUIPMENT					(2,963,573)		987,857	***	3.0
398.00 MISCELLANEOUS EQUIPMENT					(51,772)		17,258	***	3.0
TOTAL RESERVE ADJUSTMENT FOR AMORTIZATION					3,669,087		(1,223,030)		
TOTAL DEPRECIABLE ELECTRIC PLANT				9,857,726,924.62	2,924,921,235	9,788,600,953	378,008,640	3.83	
NONDEPRECIABLE									
302.00 FRANCHISES AND CONSENTS				1,389.41					
303.00 MISCELLANEOUS INTANGIBLE PLANT				243,035,839.45	73,337,609				
310.00 LAND AND LAND RIGHTS				5,192,264.65	(4,007)				
311.00 STRUCTURES AND IMPROVEMENTS									
D H MITCHELL GENERATING STATION				0.00	4,481,692				
312.10 BOILER PLANT EQUIPMENT									
D H MITCHELL GENERATING STATION				0.00	2,621,855				

NORTHERN INDIANA PUBLIC SERVICE COMPANY

TABLE 1. SUMMARY OF ESTIMATED SURVIVOR CURVE, NET SALVAGE PERCENT, ORIGINAL COST, BOOK DEPRECIATION RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO ELECTRIC PLANT AS OF DECEMBER 31, 2025

ACCOUNT (1)	PROBABLE RETIREMENT DATE (2)	SURVIVOR CURVE (3)	NET SALVAGE PERCENT (4)	ORIGINAL COST AS OF DECEMBER 31, 2025 (5)	BOOK DEPRECIATION RESERVE (6)	FUTURE ACCRUALS (7)	TOTAL ANNUAL ACCRUAL AMOUNT (8)	RATE (9)=(8)/(5)	COMPOSITE REMAINING LIFE (10)=(7)/(8)
312.40 BOILER PLANT - SO2 PLANT EQUIPMENT D H MITCHELL GENERATING STATION				0.00	6,054				
312.50 BOILER PLANT - COAL PILE BASE D H MITCHELL GENERATING STATION				0.00	69,620				
314.00 TURBO-GENERATOR UNITS D H MITCHELL GENERATING STATION				0.00	3,298,615				
315.00 ACCESSORY ELECTRIC EQUIPMENT D H MITCHELL GENERATING STATION				401.20	(2,570,344)				
316.00 MISCELLANEOUS POWER PLANT EQUIPMENT D H MITCHELL GENERATING STATION				0.00	(1,224,757)				
330.00 LAND AND LAND RIGHTS				24,250.62	(98)				
340.10 LAND				18,332,943.61	(14)				
340.20 LAND RIGHTS				76,947,694.40	(4,389)				
350.10 LAND				24,761,238.91	(397,571)				
360.10 LAND				10,426,228.44	(156,718)				
389.10 LAND				16,851.32					
389.20 LAND RIGHTS				101,627.34					
390.20 LEASED PROPERTY				212,673.04	211,320				
<b>ACCOUNTS NOT STUDIED</b>									
TRANSPORTATION EQUIPMENT									
392.10 TRANSPORTATION EQUIPMENT - AUTOS				0.00	(1,030,784)				
392.20 TRANSPORTATION EQUIPMENT - TRAILERS				1,918,863.64	1,148,444				
392.30 TRANSPORTATION EQUIPMENT - TRUCKS < 13,000				367,964.14	(152,667)				
392.40 TRANSPORTATION EQUIPMENT - TRUCKS > 13,000				383,544.66	2,039,666				
396.00 POWER OPERATED EQUIPMENT				5,248,819.05	5,515,650				
<b>MVP ASSETS</b>									
350.10 LAND				1,843,154.51					
350.20 LAND RIGHTS				52,010,326.11	5,006,463				
352.00 STRUCTURES AND IMPROVEMENTS				22,370,048.26	2,999,962				
353.00 STATION EQUIPMENT				164,183,979.14	22,435,835				
354.00 TOWERS AND FIXTURES				42,081,024.55	3,887,635				
355.00 POLES AND FIXTURES				239,684,022.95	48,667,992				
356.00 OVERHEAD CONDUCTORS AND DEVICES				94,066,212.36	14,562,549				
<b>TOTAL NONDEPRECIABLE AND ACCOUNTS NOT STUDIED</b>				<b>1,003,211,361.76</b>	<b>184,949,612</b>				
<b>TOTAL ELECTRIC PLANT</b>				<b>10,860,938,286.38</b>	<b>3,109,870,847</b>	<b>9,788,600,953</b>	<b>378,008,640</b>		

\* INTERIM SURVIVOR CURVES USED. EACH LOCATION HAS A UNIQUE PROBABLE RETIREMENT DATE.

\*\* ANNUAL ACCRUAL AMOUNT IS BASED ON 8.5-YEAR REMAINING LIFE.

\*\*\* SEPARATE RESERVE AMORTIZATION TO BE RECOVERED OVER 5 YEARS BEGINNING IN 2023.

**Confidential Joint Exhibit C (Redacted)**

**Agreed Addendum between NIPSCO and the LaPorte County  
Commissioners to Not Oppose Settlement Agreement between NIPSCO  
and OUCC, et al. in Cause No. 46120**

1) Michigan City Generating Station – Study

As recommended by LaPorte County Witness Gramarossa, NIPSCO agrees to study the potential of converting the Michigan City Generating Station to a combined cycle gas turbine or gas peaker generating plant or locating battery energy storage systems or other energy technologies at the site of the generating station that would generate local tax revenue for the county and keep good paying jobs in LaPorte County. NIPSCO shall use commercially reasonable efforts to complete this study within six (6) months of the issuance of a final order approving the Stipulation and Settlement Agreement in this cause and make a public version of the study available to the LaPorte County Board of Commissioners.

2) LaPorte County Economic Development Study

NIPSCO agrees to study LaPorte County to identify sites/properties that are potentially suitable for locating a large economic development project or a combined cycle gas turbine, gas peaker generating plant, battery energy storage systems, or other energy technologies that would generate local tax revenue and keep good paying jobs in LaPorte County. NIPSCO shall use commercially reasonable efforts to complete this study within six (6) months of the issuance of a final order approving the Stipulation and Settlement Agreement in this cause and make a public version of the study available to the LaPorte County Board of Commissioners.

3) LaPorte County Economic Development – Investment for Site Readiness

Through December 31, 2030, NIPSCO will work with LaPorte County, the NWI Forum, and the IEDC to identify potential economic development property(ies), and so long as LaPorte County and both NWI Forum or IEDC believe they are good property(ies) for investment (meaning, for example, site is certified as clean; it is in a designated economic development or redevelopment area, technology park, etc.; certain condition precedents have taken place such as proper zoning and site plan approval). NIPSCO agrees to make investments of up to \$5 million at a property(ies) within LaPorte County to ensure electric service is available for

the property(ies) and enhance the attractiveness of such property(ies) for potential economic development customers.

4) LaPorte County Kingsbury Industrial Park

In Cause No. 44733, NIPSCO agreed to the inclusion of an Economic Development project for LaPorte County Kingsbury Industrial Park, with a stated commitment to invest as much as \$3.5 million for distribution system and substation upgrades associated with such a project, once the necessary project plans have been finalized ("Kingsbury Project"). In Cause No. 45557 NIPSCO agreed to extend this commitment in its 2021-2026 Electric TDSIC Plan. NIPSCO is willing to continue to work with LaPorte County and support inclusion of the Kingsbury Project in the TDSIC Plan following the expiration of NIPSCO's 2012-2026 Electric TDSIC Plan and make these funds available through December 31, 2030.

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

To the extent a settlement of all issues is reached in this cause and that all parties either support or do not oppose the settlement, the LaPorte County Board of Commissioners agree to not oppose such settlement. However, to the extent a settlement is reached on less than all the issues in this cause, the LaPorte County Board of Commissioners would not be restricted from taking any positions on non-settled issues. NIPSCO agrees to not oppose the admission of the prefiled testimony of all LaPorte County Board of Commissioners witnesses filed in this cause. The LaPorte County Board of Commissioners likewise agrees to not oppose the admission of the prefiled testimony of all NIPSCO witnesses filed in this cause.

6) Reservation of Rights

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

ACCEPTED AND AGREED this 5<sup>th</sup> day of February, 2025.  
[SIGNATURE PAGES FOLLOW]

Addendum A  
Cause No. 46120

Northern Indiana Public Service Company LLC

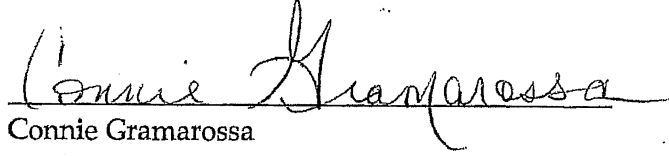
A handwritten signature in black ink, reading "Erin A. Whitehead". The signature is written in a cursive style with a horizontal line underneath.

Erin A. Whitehead

Vice President, Regulatory and Major Accounts

Addendum A

**LaPorte County Board of Commissioners**

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Connie Gramarossa

President of the LaPorte County Board of Commissioners

**Settlement Terms between NIPSCO and  
the RV Industry User's Group ("RV Group")<sup>1</sup>**

- The RV Group will be a signatory to the Settlement Agreement, which includes stipulating to the admissibility of all Settling Parties' prefiled direct, cross-answering and rebuttal testimonies and exhibits, and waiving cross-examination of all Settling Parties' and RV Group witnesses, but RV Group reserves the right to ask questions of any witness that is required to appear, and RV Group members will receive the benefits of all terms, benefits, and obligations under this section as well as the broader Stipulation and Settlement Agreement, including the agreed-to revenue requirement reductions, NIPSCO commitments, and related cost-of-service shifts.
- In Addendum B to the Stipulation and Settlement Agreement approved in Cause No. 45772, NIPSCO committed to fund energy efficiency audits of up to \$50,000 per customer for each of the four RV Group members. For each of the three RV Group members in this proceeding, NIPSCO commits an additional \$50,000 per customer, for a total of \$100,000 per RV Group member for these three members (\$50,000 from Cause No. 45772 plus \$50,000 from this proceeding) which can be utilized for energy efficiency audits and/or load and usage studies. NIPSCO will also commit to assist with this study and review of the respective RV Group member's specific operational and usage characteristics, with the ultimate goal of determining if a new or adjusted rate structure or schedule is appropriate for these RV Group customers and other customers with similar characteristics who would qualify. NIPSCO and the RV Group members will work together to select a mutually satisfactory, qualified company or consultant to perform these studies. NIPSCO further commits to provide an additional \$75,000 in total (\$25,000 for each of the three RVG Members in this proceeding), which can be utilized toward performing load and rate studies to determine if adjustments to NIPSCO's existing rate structure or creation of a new rate for the RVG members involved in this case are appropriate to propose in the future which will require the assistance, support, and timely provision of usage and rate design data and details by NIPSCO. As part of these efforts, NIPSCO agrees to make any and all requested and relevant information timely available to the RV Group and/or their consultants, subject to any necessary non-disclosure agreements.

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<sup>1</sup> The RV Industry User's Group is comprised of LCI Industries, Inc.; Forest River, Inc.; and Thor Industries.



- NIPSCO agrees to include RV Group representatives in discussions with the DSM Oversight Board related to participating in existing or proposing additional demand response program opportunities available to or that could be expanded to provide additional benefits to RV Group members and lower NIPSCO peak energy needs. NIPSCO is separately committed to issuing a request for information for demand response as part of its next RFP that shall include and allow for RV Group member proposals consistent with these objectives.
- NIPSCO will continue to work separately from the DSM Oversight Board process and directly work with and assist the RV Group representatives in determining potential savings, programs, and funding opportunities through its current DSM programs and any mutually beneficial other demand-side management ("DSM") expanded processes or programs. To the extent savings are identified that are not currently part of NIPSCO's DSM current programs/measures, NIPSCO will make a good faith effort to propose and add such programs/measures to its Commission-approved DSM plan(s).
- As part of its next electric base rate case, subject to any necessary non-disclosure protections, NIPSCO agrees to prepare a 4CP cost of service analysis for purposes allocating production-related costs and make this available to the RV Group in advance of such filing, as well as to any other party subsequently participating in the case who requests it. This analysis shall conform to and be consistent with the principles of cost causation identified by NIPSCO in this and NIPSCO's last base rate case in Cause No. 45772. This does not, however, limit NIPSCO in determining which cost of service analysis it chooses to propose in its case-in-chief, nor does it impact any other parties' right to take any position with regards to cost of service or allocations in that next rate case.
- NIPSCO commits to meeting with RV Group representatives to review and discuss cost of service concerns before NIPSCO files its next electric base rate case is filed.

**RV Group TDSIC Project(s)**

- NIPSCO and the RV Group agree that the RV Group may propose one or more RV Group specific projects as part of its TDSIC Plan (currently under Cause No. 45557) totaling up to \$5.6 Million, provided each project meets the applicable requirements of the TDSIC Statute (Ind. Code ch. 8-1-39). This agreed upon commitment and benefit shall be reserved for the benefit of the RV Group members, and any TDSIC Plan project request made by an RV Group member shall be for qualifying infrastructure upgrade needs that

improve reliability and/or spur economic development, which include, but are not limited to upgrades to substations, transformers, distribution and transmission facilities, or other necessary electrical system upgrades to provide service to an RV Group member ("RV Group TDSIC Project(s)"). This total amount of \$5.6 million is inclusive of the \$3.5 million RV Group Project fund provided for in Addendum B to the Stipulation and Settlement Agreement approved in Cause No. 45772, with an additional \$2.1 million added to such fund.<sup>2</sup> Any RV Group TDSIC Project may be pursued as part of NIPSCO's existing TDSIC process in Cause No. 45557 or in subsequent TDSIC plans if the total \$5.6 million has not been utilized. The Fund shall not lapse or be transferred to other NIPSCO customers, but any NIPSCO system upgrades or facilities built to support any RV Group TDSIC Project(s) may also be used to serve other customers, provided this does not diminish service reliability for the RV Group TDSIC Project(s), and the Fund shall continue until fully utilized for RV Group TDSIC Project(s).

- RV Group TDSIC Project(s) shall include any-and-all projects that qualify under the TDSIC Statute. NIPSCO will file for approval of the RV Group TDSIC Project(s) to allow the RV Group TDSIC Projects to include as many qualifying types of projects as possible, including: (i) RV Group operation or production facility updates or expansions that will result in continued or increased energy demand or continued or increased employment by the applying RV Group member from new capital investments made within the NIPSCO service territory; (ii) support of RV Group member renewable energy projects, energy efficiency and demand response, or peak load reduction projects; and (iii) any advanced or smart meter technology that will assist an RV Group member in reducing peak load. To the extent that a project proposed by an RV Group member does not qualify under the TDSIC Statute but would qualify under NIPSCO's DSM tracker, NIPSCO will seek inclusion of qualifying projects in the DSM tracker, and these projects would not count against the \$5.6 million total RV Group TDSIC Project amount.
- Each of the RV Group members shall be entitled to request one or more RV Group TDSIC Project(s) subject to the review and support of NIPSCO, which support and approval shall not be unreasonably withheld or delayed. Any

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<sup>2</sup> This new \$2.1 million fund shall be available to the RV Industry User's Group comprised of LCI Industries, Inc., Forest River, Inc., and Thor Industries. The prior 45772 \$3.5 million fund shall be carried forward and continued to be made available to the RV Industry User's Group that was comprised of LCI Industries, Inc., Forest River, Inc., Thor Industries, and Patrick Industries.

Addendum B  
Cause No. 46120

requests to support RV Group TDSIC Project(s) from the Fund will be presented in a tracker filing by NIPSCO in Cause No. 45557-TDSIC-X (or successor docket), which will require and provide a sufficient evidentiary showing consistent with the TDSIC Statute for the approval of such amounts.

- All other participating Parties in the then pending TDSIC docket shall be provided notice of and reserve the right to timely take any position on such RV Group TDSIC Project(s) funding request when the request is formally presented in the TDSIC tracker filing.
- NIPSCO and the RV Group shall work together in good faith to establish precise administrative details for applications or requests for RV Group TDSIC Project(s), and such applications or requests can be made any time after approval of the Settlement Agreement, consistent with the language and requirements herein.

ACCEPTED AND AGREED this 7<sup>th</sup> day of February, 2025.

**[SIGNATURE PAGES FOLLOW]**

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Addendum B  
Cause No. 46120

Northern Indiana Public Service Company LLC

A handwritten signature in black ink, reading "Erin A. Whitehead". The signature is written in a cursive style with a horizontal line underneath it.

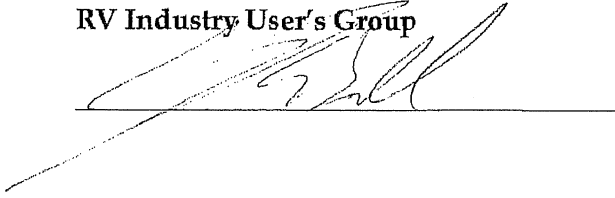
Erin A. Whitehead

Vice President

Regulatory and Major Accounts

Addendum B  
Cause No. 46120

**RV Industry User's Group**

A handwritten signature in black ink, appearing to be "J. Hill", is written over a horizontal line. The signature is stylized and extends above and below the line.

