

February 28, 2017

Via Electronic Filing – 30 Day Filings - Electric

Mary M. Becerra
Secretary to the Commission
Indiana Utility Regulatory Commission
101 West Washington Street
Suite 1500 East
Indianapolis, Indiana 46204

RE: NIPSCO 30 Day Filing Pursuant to 170 IAC 1-6-1 et seq.

Dear Ms. Becerra:

In accordance with 170 IAC 1-6-1, enclosed please find NIPSCO's (1) First Revised Sheet No. 137 and (2) First Revised Sheet No. 138 – to Rider 778 – Purchases from Cogeneration and Small Power Production Facilities. The referenced filing consists of NIPSCO's proposed revisions to update its energy and capacity rate schedule for purchases from cogeneration and small power production facilities pursuant to 170 IAC 4-4.1 *et seq.* The revisions are shown in the attached redlined tariff sheet. NIPSCO notes that although NIPSCO's most recently submitted IRP in 2016 identifies a Combined Cycle Gas Turbine ("CCGT") as NIPSCO's avoidable or deferrable unit, NIPSCO has based the rates for capacity purchases on the cost estimates for a Combustion Turbine ("CT") by operation of 170 IAC 4-4.1-9(c). The revisions impact any cogeneration and/or small power production facilities that qualify under the IURC Rules (170 IAC 4-4.1 *et seq.*) ("Qualifying Facilities") and that have executed a contract with NIPSCO setting forth all terms and conditions governing the purchase of electric power from the Qualifying Facility.

The proposed revisions are intended to revise the purchase rates applicable to participating customers under Rider 778. 170 IAC 1-6-3(6) states that a filing for which the Commission has already approved or accepted the procedure for the change is an allowable filing under the referenced procedures. NIPSCO is filing this tariff revision pursuant to 170 IAC 4-4.1, the Cogeneration and Alternate Energy Production Facilities Rule. Specifically, Rule 10 requires that on or before February 28 of each year a generating

electric utility shall file with the Commission a standard offer for purchase of energy and capacity at rates derived from the appropriate sections of this rule. Thus, this filing is an allowable request under 170 IAC 1-6-3. This filing does not require confidential treatment nor does it seek any other relief identified in 170 IAC 1-6-4, so it is not prohibited under the Commission's Rule.

In accordance with 170 IAC 1-6-5(2), contact information for the utility regarding this filing is:

Timothy R. Caister
Vice President, Regulatory Policy
Northern Indiana Public Service Company
150 West Market Street, Suite 600
Indianapolis, Indiana 46204
317-684-4908
317-684-4918 (Fax)
tcaister@nisource.com

In accordance with 170 IAC 1-6-5(3), the proposed tariff sheet is attached. In accordance with 170 IAC 1-6-5(4), the work papers supporting this filing are attached.

In accordance with 170 IAC 1-6-5(5), I have verified this letter as to these representations in compliance with 170 IAC 1-6-5(5). A copy of this filing is being provided via electronic mail to the Indiana Office of Utility Consumer Counselor ("OUCC").

In accordance with 170 IAC 1-6-6, NIPSCO has posted notice of this change in its local customer service office at 3229 Broadway, Gary, Indiana and has placed the notice on its website under pending tariffs (see <http://www.nipsco.com/About-us/Rates-Tariffs/30-Day-Filings.aspx>). A copy of the notice to be published in a newspaper of general circulation that has a circulation encompassing the highest number of NIPSCO customers affected by this filing is attached hereto. A copy of the proof of publication will be provided immediately upon its receipt.

Indiana Utility Regulatory Commission
February 28, 2017
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Please let me know if the Commission Staff has any questions or concerns about this submission.

Sincerely,



Timothy R. Caister
Vice President, Regulatory Policy

Encl.

cc (w/ encl. – via email transmission)

William Fine, Indiana Office of Utility Consumer Counselor (wfine@oucc.in.gov,
infomgt@oucc.in.gov)

RIDER 778
PURCHASES FROM COGENERATION FACILITIES
AND SMALL POWER PRODUCTION FACILITIES

Sheet No. 1 of 4

TO WHOM AVAILABLE

As shown on Appendix A, this Rider is available to Cogeneration Facilities and/or Small Power Production Facilities which qualify under the IURC Rules (170 IAC 4-4.1-1 *et seq.*), as well as to Private Generation Projects as defined in Ind. Code § 8-1-2.4-2(g) (herein “Qualifying Facility”). A contract shall be required between the Company and each Qualifying Facility, setting forth all terms and conditions governing the purchase of electric power from the Qualifying Facility. The Qualifying Facility must be located adjacent to existing Company electric facilities having capacity sufficient to meet the Customer’s requirements. Service under this Rider is subject to the conditions set forth in this Rider and the Company Rules.

INTERCONNECTION STANDARDS

The Qualifying Facility shall comply with the interconnection standards as defined in Rider 779 Interconnection Standards Rider.

PURCHASE RATES

Company will purchase Energy from the Qualifying Facility of Customer in accordance with the conditions and limitations of this Rider and the applicable contract at the following rate:

Rate for Purchase of Energy	<u>Current Rate per kWh</u>
Summer Period (May - Sept.)	
On-Peak Hours ⁽¹⁾	\$0.03764
Off-Peak Hours ⁽²⁾⁽⁵⁾	\$0.02352
Winter Period (Oct. - Apr.)	
On-Peak Hours ⁽³⁾	\$0.03702
Off-Peak Hours ⁽⁴⁾⁽⁵⁾	\$0.02871

(1) Monday through Saturday 8 a.m. C.S.T. to 11 p.m. C.S.T.

(2) Monday through Saturday 11 p.m. C.S.T. to midnight C.S.T. and midnight C.S.T. to 8 a.m. C.S.T. and all day Sunday.

(3) Monday through Friday 8 a.m. C.S.T. to 11 p.m. C.S.T.

(4) Monday through Friday 11 p.m. C.S.T. to midnight C.S.T. and midnight C.S.T. to 8 a.m. C.S.T. and all day Saturday and Sunday.

(5) The twenty-four (24) hours of New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day will be included in the Off-Peak Hours.

Issued Date
3/__/2017

Effective Date
3/31/2017



RIDER 778
PURCHASES FROM COGENERATION FACILITIES
AND SMALL POWER PRODUCTION FACILITIES

Sheet No. 2 of 4

PURCHASE RATES (Continued)

For those Qualifying Facilities for whom metering not capable of recognizing different rating periods is installed:

	<u>Current Rate per kWh</u>
Summer Period	\$0.03096
Winter Period	\$0.03233

Energy metered during any month more than half of which is in any month of May to September, inclusive, shall be calculated under the Summer Period rates listed above. Energy credited during other periods of the year shall be calculated under the Winter Period rates listed above.

Rate for Purchase of Capacity Component

The Company will purchase capacity supplied from the Qualifying Facility of Customer in accordance with the conditions and limitations of this Rider and the applicable contract at the following rate:

\$ per kW per month of contracted capacity \$10.31 per kW per month.

The contracted capacity shall be the amount of capacity expressed in terms of kW that Customer guarantees the Qualifying Facility will supply to Company as provided in the contract for such service.

The monthly capacity component shall be adjusted by the following factor:

$$F = \frac{E_p}{K(T_p)}$$

Where:

- F = Capacity component adjustment factor.
- E_p = kWhs delivered to the Company during the On-Peak Hours defined as:
 Summer Period - Monday through Saturday 8 a.m. C.S.T. to 11 p.m. C.S.T.
 Winter Period - Monday through Friday 8 a.m. C.S.T. to 11 p.m. C.S.T.
 The twenty-four (24) hours of New Year's Day, Memorial Day, Independence Day,
 Labor Day, Thanksgiving Day and Christmas Day will not be included in the On-
 Peak Hours.
- K = kW of capacity the Qualifying Facility contracts to provide.
- T_p = Number of On-Peak Hours.

NORTHERN INDIANA PUBLIC SERVICE COMPANY
IURC Electric Service Tariff
Original Volume No. 13
Cancelling All Previously Approved Tariffs

~~First Revised Sheet No. 137~~
~~Superseding~~
~~Original Sheet No. 137~~

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RIDER 778
PURCHASES FROM COGENERATION FACILITIES
AND SMALL POWER PRODUCTION FACILITIES

Sheet No. 1 of 4

TO WHOM AVAILABLE

As shown on Appendix A, this Rider is available to Cogeneration Facilities and/or Small Power Production Facilities which qualify under the IURC Rules (170 IAC 4-4.1-1 *et seq.*), as well as to Private Generation Projects as defined in Ind. Code § 8-1-2.4-2(g) (herein "Qualifying Facility"). A contract shall be required between the Company and each Qualifying Facility, setting forth all terms and conditions governing the purchase of electric power from the Qualifying Facility. The Qualifying Facility must be located adjacent to existing Company electric facilities having capacity sufficient to meet the Customer's requirements. Service under this Rider is subject to the conditions set forth in this Rider and the Company Rules.

INTERCONNECTION STANDARDS

The Qualifying Facility shall comply with the interconnection standards as defined in Rider 779 Interconnection Standards Rider.

PURCHASE RATES

Company will purchase Energy from the Qualifying Facility of Customer in accordance with the conditions and limitations of this Rider and the applicable contract at the following rate:

Rate for Purchase of Energy	<u>Current Rate per kWh</u>
Summer Period (May - Sept.)	
On-Peak Hours ⁽¹⁾	\$0.0 3764
Off-Peak Hours ⁽²⁾⁽⁵⁾	\$0.0 2352
Winter Period (Oct. - Apr.)	
On-Peak Hours ⁽³⁾	\$0.0 3702
Off-Peak Hours ⁽⁴⁾⁽⁵⁾	\$0.0 2871

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- (1) Monday through Saturday 8 a.m. C.S.T. to 11 p.m. C.S.T.
- (2) Monday through Saturday 11 p.m. C.S.T. to midnight C.S.T. and midnight C.S.T. to 8 a.m. C.S.T. and all day Sunday.
- (3) Monday through Friday 8 a.m. C.S.T. to 11 p.m. C.S.T.
- (4) Monday through Friday 11 p.m. C.S.T. to midnight C.S.T. and midnight C.S.T. to 8 a.m. C.S.T. and all day Saturday and Sunday.
- (5) The twenty-four (24) hours of New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day will be included in the Off-Peak Hours.

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Issued Date
3/ /2017

Effective Date
3/31/2017

NIPSCO

NORTHERN INDIANA PUBLIC SERVICE COMPANY
IURC Electric Service Tariff
Original Volume No. 13
Cancelling All Previously Approved Tariffs

First Revised Sheet No. 138
Superseding
Original Sheet No. 138

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RIDER 778
PURCHASES FROM COGENERATION FACILITIES
AND SMALL POWER PRODUCTION FACILITIES

Sheet No. 2 of 4

PURCHASE RATES (Continued)

For those Qualifying Facilities for whom metering not capable of recognizing different rating periods is installed:

	<u>Current Rate per kWh</u>
Summer Period	\$0.0 3096
Winter Period	\$0.0 3233

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Energy metered during any month more than half of which is in any month of May to September, inclusive, shall be calculated under the Summer Period rates listed above. Energy credited during other periods of the year shall be calculated under the Winter Period rates listed above.

Rate for Purchase of Capacity Component

The Company will purchase capacity supplied from the Qualifying Facility of Customer in accordance with the conditions and limitations of this Rider and the applicable contract at the following rate:

\$ per kW per month of contracted capacity \$10.31 per kW per month.

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The contracted capacity shall be the amount of capacity expressed in terms of kW that Customer guarantees the Qualifying Facility will supply to Company as provided in the contract for such service.

The monthly capacity component shall be adjusted by the following factor:

$$F = \frac{E_p}{K(T_p)}$$

Where:

- F = Capacity component adjustment factor.
- E_p = kWhs delivered to the Company during the On-Peak Hours defined as:
 - Summer Period - Monday through Saturday 8 a.m. C.S.T. to 11 p.m. C.S.T.
 - Winter Period - Monday through Friday 8 a.m. C.S.T. to 11 p.m. C.S.T.The twenty-four (24) hours of New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day will not be included in the On-Peak Hours.
- K = kW of capacity the Qualifying Facility contracts to provide.
- T_p = Number of On-Peak Hours.

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Issued Date
3/ /2017

Effective Date
3/31/2017

NIPSCO

Avoided Cost 1217.xls
IURC Filing Summary Page

NORTHERN INDIANA PUBLIC SERVICE COMPANY
Rate Schedule For Purchases From Cogeneration And Small Power Production Facilities

Revised Sheet No. 138
Page 2 of 4

Purchase Rates (Continued)

YEAR 2017
Rate Per kWh

Summer Period (May - Sept.)

On-Peak (1) **3.764** cents
Off-Peak (2) (5) **2.352** cents

Winter Period (Oct. - Apr.)

On-Peak (3) **3.702** cents
Off-Peak (4) (5) **2.871** cents

- (1) Monday - Saturday, 8 AM - 11 PM
- (2) Monday - Saturday, 11 PM - midnight & midnight - 8 AM & all day Sunday
- (3) Monday - Friday, 8 AM - 11 PM
- (4) Monday - Friday, 11 PM - midnight & midnight - 8 AM & all day Saturday & Sunday
- (5) 24 hours of New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day & Christmas Day will be included in the Off-Peak period.

B. For those qualifying facilities for whom metering not capable of recognizing different rating periods is installed:

YEAR 2017
Rate Per kWh

Summer Period **3.096** cents
Winter Period **3.233** cents

YEAR 2017

Capacity Component

\$ 10.31 per KW per month

NORTHERN INDIANA PUBLIC SERVICE COMPANY

SUMMARY OF AVOIDED ENERGY COSTS

YEAR 2017

<u>Period</u>	Avoided Cost Without Start-Up & Econ. (mils/kWh)	Avoided Cost With Start-Up & Econ. (mils/kWh)	Avoided Cost Adjusted For Losses (mils/kWh)
<u>Summer</u>			
Peak Period	36.69	36.69	37.64
Off-Peak Period	22.93	22.93	23.52
Average	30.18	30.18	30.96
<u>Winter</u>			
Peak Period	36.09	36.09	37.02
Off-Peak Period	27.99	27.99	28.71
Average	31.52	31.52	32.33
Annual Average	30.96	30.96	31.76

The avoided costs have been adjusted for losses of 1/2 of: **5.15%**
 The above costs are based on estimated **YEAR 2017** utilizing **YEAR 2017** fuel budget.

**Verified Statement of Northern Indiana Public Service Company
Concerning Notification of Customers Affected by February 28, 2017 30-Day Filing**

Northern Indiana Public Service Company complied with the Notice Requirements under 170 IAC 1-6-6 in the following manner:

- The attached notice was posted in a public place at NIPSCO's customer service office at 3229 Broadway, Gary, Indiana;
- The same notice was posted on NIPSCO's website under 30-Day Filings (see <http://www.nipsco.com/About-us/Rates-Tariffs/30-Day-Filings.aspx>).
- A legal notice was published in the Post Tribune, a newspaper of general circulation that has a circulation encompassing the highest number of the utility's customers affected by the filing on February 28, 2017. A copy of the Publisher's Affidavit will be submitted promptly upon receipt; and

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

Dated this 28th day of February, 2017.



Timothy R. Caister
Vice President, Regulatory Policy

NOTICE OF 30-DAY FILING

On or about February 28, 2017, Northern Indiana Public Service Company (“NIPSCO”) will submit to the Indiana Utility Regulatory Commission for approval under its 30-Day Filing procedures, 170 IAC 1-6-1, *et seq.* a revised Rider 778 – Purchases from Cogeneration and Small Power Production Facilities (“Cogen Rider”). The referenced filing will consist of NIPSCO’s proposed revisions to update its energy and capacity rate schedule for purchases from cogeneration and small power production facilities. A decision on the 30-Day Filing is anticipated at least thirty days after the February 28, 2017 filing date. Any objection to the filing should be directed to (a) the Secretary of the Indiana Utility Regulatory Commission, PNC Center, 101 West Washington Street, Suite 1500 East, Indianapolis, IN 46204 or (b) the Indiana Office of Utility Consumer Counselor, PNC Center, 101 West Washington Street, Suite 1500 South, Indianapolis, IN 46204.