



Indiana Office of Utility Consumer Counselor

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Northern Indiana Public Service Co. Electric Rate Case IURC Cause No. 43526

PUBLIC FIELD HEARING – BASIC FACTS

An Indiana Utility Regulatory Commission (IURC) public field hearing is a formal, legal proceeding.

- It is presided over by an Administrative Law Judge and recorded by a court reporter, with at least one Commissioner present.

The sole purpose of the field hearing is to accept sworn testimony from NIPSCO customers under oath.

- Field hearings do not include presentations by utilities.
- In this case, Northern Indiana Public Service Company's (NIPSCO's) technical witnesses filed written testimony and exhibits before the IURC in 2008, and were cross-examined during a formal evidentiary hearing in January.
- Technical witnesses for the Indiana Office of Utility Consumer Counselor (OUCC) - which represents consumer interests in IURC cases - filed testimony and exhibits in May, with cross-examination scheduled for a separate hearing beginning later this month. Several intervening parties also filed testimony and exhibits in May.
- IURC Commissioners are not allowed to answer questions, as they will ultimately weigh the evidence and render a final decision.
- IURC and OUCC staff are available to answer procedural questions on an individual basis.

Consumers may make sworn written or oral comments on the pending case.

- Consumer comments are given equal consideration whether they are written or oral.

Attorneys for the case's formal parties – including NIPSCO and the OUCC – participate.

- As this is a legal proceeding, the attorneys are entitled, but not required, to ask questions following your testimony.

No final decision in the case will be made today or tonight.

- The procedural schedule in this case includes future steps as outlined in the "Timeline" section of this fact sheet.

NIPSCO ELECTRIC RATE CASE OVERVIEW

Northern Indiana Public Service Co. (NIPSCO) is seeking an increase in its electric base rates and charges. The utility's request is pending before the **Indiana Utility Regulatory Commission (IURC)** in Cause No. 43526.

- NIPSCO – a wholly owned subsidiary of NiSource, Inc. – provides electric utility service to residential, commercial and industrial customers in 20 northern Indiana counties.
- Only NIPSCO's electric base rates are under consideration in this proceeding. NIPSCO's natural gas rates, charges and service are not at issue in this case.

Residential electric bills include **two major components**: 1) The **base rate** and 2) The **fuel adjustment clause**.

The utility's **electric base rate** is at issue in this case.

- Base rates include operating and maintenance expenses, along with costs for capital projects.
- In its testimony and exhibits in this case, NIPSCO has stated that the proposed base rate increase is due to growth in operating and maintenance costs, numerous capital improvements to its transmission and distribution infrastructure, and to the purchase of the Sugar Creek Generating Station in Vigo County.
- Any changes in a regulated utility's base rates must be approved by the IURC before taking effect. Indiana law allows regulated utilities to petition for base rate cases no more frequently than once every 15 months.
- NIPSCO's current electric base rates were approved in 1987.
- NIPSCO is also seeking approval to establish a new rate recovery mechanism, or "tracker," for future ratemaking treatment of expenses and revenues related to regional transmission, purchased power, and off-system sales.
 - The tracker would be adjusted on a quarterly basis subject to OUCC review and IURC approval.
 - Other investor-owned electric utilities in Indiana (Duke Energy, Indiana Michigan Power Co., Indianapolis Power & Light, and Vectren Energy Delivery) utilize trackers to varying degrees.

This case is separate from the utility's **Fuel Adjustment Clause (FAC)** process, which allows electric utilities to recover the costs of coal and other fuels on a dollar-for-dollar basis.

- Under Indiana law, regulated electric utilities may request FAC adjustments to reflect actual supply cost changes on a regular basis. NIPSCO makes such requests every three months.
- Utilities are not allowed to profit on the FAC portion of electric bills.
- Fuel adjustments for all regulated Indiana electric utilities are subject to OUCC review and require IURC approval.
- Billing increases in recent years for most Indiana utilities have been the result of higher costs for coal and other fuels.

The **Indiana Office of Utility Consumer Counselor (OUCC)** is a separate agency from the IURC, and is the statutory representative for the interests of all utility consumers (residential, commercial and industrial) in cases before the IURC.

- The OUCC filed testimony in this case on May 8, 2009, recommending that NIPSCO's proposed base rate increase be denied.
- The OUCC's testimony is available online at www.in.gov/oucc/2457.htm.

Several additional parties have formally intervened in this case through legal counsel, as allowed by Indiana law. These parties include:

- The LaPorte County Board of Commissioners
- The Board of Commissioners and Council of Newton County
- Several municipal governments (Crown Point, Dyer, East Chicago, Griffith, Hammond, Highland, Munster, Schererville, and Winfield)
- The Citizens Action Coalition of Indiana
- A group of NIPSCO's industrial customers (including Accurate Castings/INCMA, ArcelorMittal USA, Beta Steel Corporation, Cargill, Inc., Marathon Petroleum Company LLC, Mittal Steel USA – Indiana Harbor, Praxair, Inc., USG Corporation, United States Steel Corporation, and Weil-McLain)
- The United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL-CIO

NIPSCO ELECTRIC RATE CASE TIMELINE

June 27, 2008: NIPSCO filed its petition with the IURC initiating this case.

August 27, 2008: The IURC issued a pre-hearing conference order establishing a procedural schedule.

August 29, 2008: NIPSCO filed testimony and exhibits in support of its request. NIPSCO has since filed a number of corrections and revisions.

January 2009: A two-week technical evidentiary hearing was held in Indianapolis to allow for IURC, OUCC and intervener questioning of NIPSCO's technical witnesses who have filed written testimony in this case.

March 3, 2009: An IURC public field hearing was held in Gary, Indiana.

May 8, 2009: The OUCC and most intervening parties filed testimony in this case.

June 26, 2009: NIPSCO filed its rebuttal testimony.

July 15, 2009: An IURC public field hearing is scheduled in Michigan City, Indiana.

July 27, 2009: An IURC technical evidentiary hearing is scheduled to begin in Indianapolis and last two weeks. While evidentiary hearings are open to the public, participation is typically limited to cross-examination of technical witnesses who have filed testimony on behalf of the case's formal parties.

The case's formal parties will likely submit additional written filings, including proposed orders and reply briefs, on dates to be determined following the conclusion of the late July/early August evidentiary hearing.

IURC final orders are issued at the Commission's weekly Conferences. Conferences are typically held on Wednesday afternoons, with agendas posted 48 hours in advance at: www.in.gov/iurc/2428.htm.

A settlement agreement is possible in any legal proceeding. All hearing and filing dates in any legal proceeding are subject to change.

ADDITIONAL INFORMATION

All publicly filed documents in this case are available for review on the IURC Website by:

- Visiting www.in.gov/iurc
- Clicking the "Electronic Document System" link in the upper right portion of the page
- Clicking the "Search Cases" link near the upper left corner of the following page
- Entering docket number 43526 in the first field on the search page

Case updates are also available on the OUCC Website at www.in.gov/oucc/2457.htm.

GENERAL AGENCY INFORMATION

Indiana Office of Utility Consumer Counselor (OUCC)

- State agency
- Represents the interests of all Indiana utility consumers – including residential, commercial and industrial customer interests – in cases before the IURC and federal utility regulatory commissions
- Staff of attorneys, accountants, engineers, economists, consumer services and support personnel

Indiana Utility Regulatory Commission (IURC)

- State agency
- Regulates many, but not all, Indiana utilities
- Regulates utility rates, financing, service territory, quality, etc.
- Neutral, fact-finding body required by law to make decisions that balance the interests of utilities and consumers