ORIGINAL

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

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF NORTHERN INDIANA PUBLIC SERVICE COMPANY LLC FOR APPROVAL OF REGIONAL TRANSMISSION ORGANIZATION ADJUSTMENT FACTORS TO BE APPLICABLE DURING THE BILLING CYCLES OF MAY THROUGH OCTOBER 2024, PURSUANT TO IND. CODE § 8-1-2-42.	)))))))	**CAUSE NO. 44156 RTO 25** **APPROVED: APR 30 2024**

ORDER OF THE COMMISSION

Presiding Officers:
Sarah E. Freeman, Commissioner
Kehinde Akinro, Administrative Law Judge

On February 13, 2024, Northern Indiana Public Service Company LLC ("NIPSCO" or "Petitioner") filed its Petition for Indiana Utility Regulatory Commission ("Commission") approval of regional transmission organization adjustment ("RTO Adjustment") factors to be applicable during the billing cycles of May through October 2024, or until replaced by different RTO Adjustment factors that are approved in a subsequent filing, pursuant to Ind. Code § 8-1-2-42. Also on February 13, 2024, Petitioner prefiled its case-in-chief, which consisted of the testimony and attachments of Kevin J. Blissmer, Manager of Regulatory for NiSource Corporate Services Company, and Danialle Parks, Lead Market Settlement Analyst for NIPSCO.

On March 11, 2024, NIPSCO filed the supplemental testimony of Mr. Blissmer to support an update to NIPSCO's case-in-chief filing to implement the settlement approved in the Federal Energy Regulatory Commission's (FERC") Order IN24-3-000 (the "MISO Settlement"), including revised schedules supporting the revised proposed RTO Adjustment factors in this proceeding.

On March 11, 2024, NIPSCO also filed a motion requesting confidential treatment for certain information ("Confidential Information"). In a Docket Entry issued March 28, 2024, the requested confidential treatment was granted on a preliminary basis.

On March 12, 2024, NIPSCO Industrial Group filed its Petition to Intervene, which was granted on March 28, 2024.[1]

On March 28, 2024, the Indiana Office of Utility Consumer Counselor ("OUCC") filed the testimony of Kaleb G. Lantrip, Utility Analyst in the Electric Division.

---

[1] The NIPSCO Industrial Group consists of Cargill, Inc.; Cleveland-Cliffs Steel LLC; Jupiter Aluminum Corporation; and United States Steel Corporation.

On April 3, 2024, Petitioner filed its Notice of Intent Not to File Rebuttal.

The Commission held an evidentiary hearing in this Cause at 10:30 a.m. on April 9, 2024, in Room 222 of the PNC Center, 101 West Washington Street, Indianapolis, Indiana. NIPSCO, the OUCC, and the NIPSCO Industrial Group, by counsel, participated in the evidentiary hearing, during which the testimony and exhibits of NIPSCO and the OUCC were admitted without objection.

Based upon the applicable law and the evidence of record, the Commission now finds:

1. <u>Notice and Jurisdiction</u>. Notice of the hearing in this Cause was given as required by law. Petitioner is a limited liability company under the laws of Indiana and is subject to the jurisdiction of this Commission as provided in Ind. Code ch. 8-1-2. Pursuant to Ind. Code § 8-1-2-42, the Commission has jurisdiction over rates and charges for utility service, including tracking mechanisms. Thus, the Commission has jurisdiction over NIPSCO and the subject matter of this Cause.

2. <u>Petitioner's Characteristics</u>. Petitioner has its principal office at 801 East 86th Avenue, Merrillville, Indiana. Petitioner is engaged in rendering electric public utility service in Indiana and owns, operates, manages, and controls, among other things, plant and equipment within Indiana used for the production, transmission, delivery, and furnishing of such service to the public.

3. <u>Background and Requested Relief</u>. In this proceeding, NIPSCO requested Commission approval of RTO Adjustment factors to be applicable and made effective for bills rendered by NIPSCO during the billing cycles of May through October 2024 or until replaced by different factors approved in a subsequent filing. NIPSCO submits its request pursuant to the provisions of the Public Service Commission Act, as amended; the Commission's August 25, 2010 Order in Cause No. 43526 ("43526 Order"); the Commission's December 21, 2011 Order in Cause No. 43969 ("43969 Order"); the Commission's July 18, 2016 Order in Cause No. 44688 ("44688 Order"); the Commission's December 4, 2019 Order in Cause No. 45159 ("45159 Order"); and the Commission's August 2, 2023 Order in Cause No. 45772 ("45772 Order").

The 43526 Order found that NIPSCO's Midcontinent Independent System Operator, Inc. ("MISO") non-fuel costs, revenues and off-system sales ("OSS") sharing should be included in one mechanism designated as the RTO Adjustment. The 43969 Order approved NIPSCO's Rider 671 – Adjustment of Charges for Regional Transmission Organization and NIPSCO's Appendix C – RTO Adjustment Factor. The 43969 Order specified that the RTO Adjustment will be a semi-annual mechanism coordinated with the fuel adjustment charge ("FAC") audit process.

The 44688 Order approved NIPSCO's Rider 771 – Adjustment of Charges for Regional Transmission Organization and NIPSCO's Appendix C – Regional Transmission Organization Adjustment Factor. The 44688 Order approved the demand allocators for the RTO Adjustment set forth in Joint Exhibit B to the Stipulation and Settlement Agreement approved in that Order. The 44688 Order specified that the RTO Adjustment will recover MISO non-fuel costs and revenues that exceed $16,585,108 annually or $8,292,554 semi-annually (the amount of MISO non-fuel credits and charges included in base rates). The 44688 Order stated for purposes of the OSS margin sharing, NIPSCO will flow through the RTO Tracker 100% of margins, below (down to zero) or above $4,741,390 annually, which reflects the level built into base rates.

The 45159 Order approved NIPSCO's Rider 871 – Adjustment of Charges for Regional Transmission Organization and NIPSCO's Appendix C –Regional Transmission Organization Adjustment Factor. The 45159 Order approved NIPSCO's request to: (1) remove MISO charges and credits previously included in base rates and collect 100% of MISO charges that are not included in the FAC through the RTO Adjustment; (2) remove positive or negative OSS margins currently included in base rates and flow back 100% of any OSS margins net of expenses through the RTO Adjustment; (3) remove Back-up, Maintenance, and Temporary Services ("BUM") margins previously included in base rates and pass back 100% of such margins net of expenses through the RTO Adjustment; (4) change the allocation methodology; and (5) remove the Utility Receipts Tax. The 45159 Order became effective January 1, 2020, with the implementation of Step 1 rates.

The 45772 Order approved, among other things, NIPSCO's Rider 871 – Adjustment of Charges for Regional Transmission Organization and NIPSCO's Appendix C – Regional Transmission Organization Adjustment Factor, including approval to (1) remove OSS margins from its RTO tracker and instead to pass back 100% of OSS revenues net of expenses through the FAC; and (2) update the production and energy allocators utilized for purposes of allocating the charges and credits inside the RTO tracker based upon the Allocated Cost of Service Study. The 45772 Order became effective August 4, 2023 with the implementation of Step 1 rates.

4. Commission's Discussion and Findings.

a. Billing Period. NIPSCO's proposed RTO Adjustment factors will apply to bills rendered by NIPSCO during the billing cycles of May through October 2024. The proposed RTO Adjustment factors are calculated based on estimated costs, flowback of 100% of any BUM margins net of expenses, energy and demand allocators, and forecasted usage for the period of May through October 2024. The proposed RTO Adjustment factors include reconciliations for the period July through December 2023. The proposed RTO Adjustment factors also reflects a refund to customers of the MISO Settlement (as described below).

b. Total Recoverable Costs. Petitioner's total net credit to be returned during the billing cycles of May 2024 through October 2024 is $1,672,466. This amount was determined by applying a charge of $2,215,169 from the reconciliation of prior RTO costs to actual RTO revenues for the period July through December 2023 to the $3,887,635 estimated net credit for RTO non-fuel costs, revenues, and the refund associated with the MISO Settlement.

Based on our discussion of the record evidence set forth below, we find that these costs shall be included for recovery through the RTO Adjustment factors presented in Petitioner's Exhibit 1, Confidential Revised Attachment A, Schedule 1, Column (v) for bills rendered during the billing cycles of May 2024 through October 2024.

c. RTO Non-Fuel Charges and Credits. Per the 45772 Order, no RTO non-fuel costs and revenues are included in base rates for the May 2024 through October 2024 forecasted period in this filing. Ms. Parks identified the RTO non-fuel charges and credits included for recovery through the RTO Adjustment mechanism and the basis upon which they are allocated to customers (demand or energy).

Ms. Parks stated there were no material modifications to RTO non-fuel charges or credits included in either the forecast or reconciliation period for this filing. As to charges or credits labeled "Other" or "Miscellaneous," Ms. Parks testified that as shown on Schedule 5, Page 2, Lines 31 and 40, there is a net charge of $9,286 comprised of a $711 credit for Unreserved Use revenue, $4 for a miscellaneous interest credit, $1,918 for a PJM Settlement, Inc. charge, and a $8,083 charge for Attachment BB.

Mr. Blissmer sponsored Petitioner Exhibit 1, Attachment 1-A, Confidential Revised Attachment A, Schedule 1, showing that the total amount of RTO demand allocated non-fuel costs and credits included in this proceeding is a charge of $15,024,600 and the amount of RTO energy allocated non-fuel costs, credits, and the refund associated with the MISO Settlement included in this proceeding is a credit of $18,912,236.

d. Off-System Sales Margin and Back-Up, Maintenance, and Temporary Service. Ms. Parks testified that NIPSCO offers certain customers the option to take service, subject to curtailment, for back-up, maintenance, or temporary services through Rider 576. She explained that any margins resulting from BUM services are passed back to customers through the RTO Adjustment. Mr. Blissmer testified that in this filing, NIPSCO is reporting OSS and BUM margins for July 2023, which is compiled with OSS and BUM margins for the period January through June 2023 to calculate any OSS and BUM Margins (net of expenses) that may be flowed back through the RTO Adjustment in accordance with the 45159 Order. He stated that since that total represents a negative margin, the OSS and BUM margins to be returned to customers in this proceeding is $0. Based on the evidence presented, we find this to be reasonable.

e. Variance from Prior Periods and Variance from Base Rates. Mr. Blissmer testified that in this proceeding NIPSCO is seeking to provide actual RTO non-fuel costs for the period July through December 2023 and to charge the variance between these actual RTO costs incurred compared to revenue collected for those months. Mr. Blissmer sponsored Petitioner's Exhibit 1, Attachment 1-A, Confidential Revised Attachment A, Schedule 1, which showed that the amount of prior period variance included in this proceeding is an under-collection in the amount of $2,215,169. This amount is a combination of a $629,066 under-collection, which Mr. Blissmer explained was due to volumetric and timing differences, and a $1,586,103 under-collection, that Ms. Hook stated was due to drivers identified in her testimony.

OUCC witness Mr. Lantrip stated NIPSCO provided an update on its alternative dispute resolution with MISO as ordered in Cause No. 44156 RTO 19.

Based on the record evidence, we find that Petitioner properly included a charge for under-collection from prior periods of $2,215,169 for recovery through the RTO Adjustment factors during the billing cycles of May through October 2024.

f. MISO Settlement. Ms. Parks provided details of the MISO Settlement. She explained that on January 4, 2024, FERC issued its Order Approving Stipulation and Consent Agreement in Docket No. IN24-3-000 that called for Linde to disgorge $48,500,000 to MISO and

NIPSCO to disgorge $7,700,000 to MISO to settle FERC's investigation related to MISO's Demand Response Resource – Type I market. The FERC Order required MISO to return the amounts disgorged to the Load Serving Entities and other Market Participants that were charged by MISO and for NIPSCO to refund to its customers, with the exception of Linde, their share of the total disgorged amount. FERC also directed NIPSCO to make an appropriate filing to ensure that NIPSCO customers receive all refunds that NIPSCO receives under the Order, to which NIPSCO committed to accomplish through its RTO tracker. Ms. Parks stated that once NIPSCO received the settlement from MISO and confirmed its accuracy, NIPSCO would process the refund to its customers through the RTO tracker.

On March 11, 2024, Mr. Blissmer filed supplemental testimony to support an update to NIPSCO's case-in-chief filing to implement the MISO Settlement, including the revised schedules supporting the revised proposed RTO Adjustment factors in this proceeding. He stated that NIPSCO received its portion of disgorged profits from MISO in the amount of $23,771,433 ("Refund") on February 22, 2024, and revised its case-in-chief to return all associated credits from the MISO Settlement to its customers. He stated NIPSCO also calculated interest on the Refund at an annual rate of 8% from the time NIPSCO received the funds from MISO to the time the Refund will begin to be refunded to customers in this RTO-25, or 69 days of interest. Mr. Blissmer sponsored Attachment 1-A, Confidential Revised Attachment A, Schedules 1 and 2, Confidential Revised Attachment B, and Confidential Revised Attachment C to support calculation of the Refund.

g. Allocation of Costs. Mr. Blissmer testified the demand and energy allocators utilized in this filing were approved in the 45772 Order, whereby the demand allocators are based upon forecasted customer revenue and the energy allocators are based upon forecasted volumes at the source for the test year ended December 31, 2023. He stated that in this proceeding, there were no migration of customers or changes to contractual agreements. In his supplemental testimony, Mr. Blissmer described the revised energy allocation to reflect the MISO Settlement. Ms. Parks testified that charges and credits are allocated to customers in the same manner that they are allocated by the RTO to NIPSCO and other market participants.

Based on the record evidence, we find that Petitioner used the appropriate demand and energy allocators for the RTO Adjustment factors applicable during the billing cycles of May 2024 through October 2024.

h. Multi-Value Projects (Schedule 26A) Revenues. The Commission, through its August 22, 2012 Order in Cause No. 44156 RTO 1 and October 31, 2023 Order in Cause No. 44156 RTO 24, authorized NIPSCO to retain 100% of the MISO Schedule 26-A revenues associated with NIPSCO's construction of Multi-Value Projects, including the Long Range Transmission Planning Tranche 1 Multi-Value Projects (the "Multi-Value Projects"). Therefore, Schedule 26-A revenues for Multi-Value Projects are properly not reflected in NIPSCO's RTO Adjustment factors. Nonetheless, NIPSCO provided its current Attachments O, GG, and MM and identified the current forecasted amount of Schedule 26-A revenues in its RTO Adjustment filings.

i. **Targeted Market Efficiency Projects (Schedule 26C) Revenues.** The Commission, through its April 25, 2018 Order in Cause No. 44156 RTO 13, authorized NIPSCO to retain 100% of the MISO Schedule 26-C revenues associated with NIPSCO's construction of Targeted Market Efficiency Projects. Therefore, Schedule 26-C revenues for Targeted Market Efficiency Projects are properly not reflected in NIPSCO's RTO Adjustment Factors.

j. **Interregional Market Efficiency Projects (Schedule 25) Revenues.** The Commission, through its April 28, 2021 Order in Cause No. 44156 RTO 19, authorized NIPSCO to retain 100% of the MISO Schedule 25 revenues associated with NIPSCO's construction of Interregional Market Efficiency Projects. Therefore, Schedule 25 revenues for Interregional Market Efficiency Projects are properly not reflected in NIPSCO's RTO Adjustment Factors.

k. **OUCC Testimony.** Mr. Lantrip provided Attachment KGL-1 showing his calculation of the RTO costs to be tracked and the impact of the updated RTO Adjustment factor on a residential customer's monthly bill using 1,000 kWh, which matches Petitioner's calculations. He also testified that as agreed in Cause No. 44156 RTO 1, NIPSCO provided its current Attachments GG, MM, and O and identified its forecasted amount of Schedule 26-A revenues.

Mr. Lantrip stated OSS and BUM margins are evaluated on a calendar-year basis and NIPSCO provided documentation of actual OSS and BUM margins per month for the 12-month period ending December 31, 2023.

Mr. Lantrip stated NIPSCO included PJM costs and revenues for both the reconciliation and forecast period. He confirmed the net charges for the reconciliation period and forecasted charges.

Mr. Lantrip testified that NIPSCO complied with the Commission's Order in Cause No. 44156 RTO 8 Order by providing more transparency in its direct testimony by itemizing charges and/or credits included for recovery under the line item "Other Miscellaneous Transmission Schedules/Amounts," or a similarly labeled line item. He testified that Ms. Parks indicated the net charge reflected in this filing represents Unreserved Use revenue, a miscellaneous interest credit, a PJM Settlement, Inc. charge, and a credit for Attachment BB.

Mr. Lantrip described the FERC Order and stated that NIPSCO's supplemental testimony described how all associated credits from the MISO settlement will be returned to NIPSCO customers in this filing, including 69 days of interest at an 8% rate from the time NIPSCO received the funds from MISO to the time the Refund will begin to be refunded to customers.

The OUCC recommended the Commission approve NIPSCO's proposed recovery of total RTO charges/credits and RTO Adjustment factors for the period of May 2024 through October 2024, and the variance for the reconciliation period of July through December 2023.

l. **Conclusion.** Based upon the evidence of record, we find that NIPSCO's proposed RTO Adjustment factors for the period of May 2024 through October 2024 should be approved. Based on the factor for Rate Code 511, a residential customer using 1,000 kWh per month will see a decrease of $3.76 from the currently approved factor.

5. **Confidential Information.** On March 11, 2024, NIPSCO filed a motion for protective order which was supported by an affidavit showing document to be submitted to the Commission contained trade secrets within the scope of Ind. Code § 5-14-3-4. In a March 28, 2024 docket entry, such information was found to preliminarily be confidential, after which NIPSCO submitted the information under seal. The Commission finds such information is confidential pursuant to Ind. Code §§ 5-14-3-4 and 24-2-3-2, is exempt from public access and disclosure by Indiana law, and shall 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. Petitioner's requested RTO Adjustment factors to be applicable to bills rendered during the billing cycles of May through October 2024, as set forth in Petitioner's Exhibit 1, Attachment 1-A, Confidential Revised Attachment A, Schedule 1, are approved.

2. Prior to implementing the rates, Petitioner shall file the tariff and applicable rate schedules under this Cause for approval by the Commission's Energy Division. Such rates shall be effective on or after the Order date subject to Division review and agreement with the amounts reflected.

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

BENNETT, FREEMAN, VELETA, AND ZIEGNER CONCUR; HUSTON ABSENT:

APPROVED: APR 30 2024

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

Dana Kosco Digitally signed by Dana Kosco
Date: 2024.04.30 10:18:13 -04'00'

Dana Kosco
Secretary of the Commission