
VERIFIED DIRECT TESTIMONY OF VINCENT A. PARISI

INTRODUCTION

1 **Q1. Please state your name, business address and title.**

2 A1. My name is Vincent A. Parisi. My business address is 801 E. 86th Avenue,
3 Merrillville, Indiana 46410. I am President, Chief Operating Officer, and Chief
4 Executive Officer of Northern Indiana Public Service Company LLC ("NIPSCO").
5 I was previously the President and Chief Executive Officer of NIPSCO Generation
6 LLC ("GenCo"); however, effective September 11, 2025, I no longer hold that
7 position. Effective that same day, Daniel L. Douglas, Senior Vice President,
8 Commercial Development for NiSource Inc. ("NiSource"), assumed the role of
9 President and Chief Operating Officer for GenCo and has signed the Verified Joint
10 Petition on GenCo's behalf. I have been authorized to offer the following
11 testimony on behalf of GenCo.

12 **Q2. Please briefly describe your educational and business experience.**

13 A2. I earned a bachelor's degree in economics from The Ohio State University and
14 completed my law degree graduating magna cum laude from Capital University

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1 Law School. I also received a Masters of Law from Capital University in business
2 and tax. Prior to accepting my current position in March 2024, I was President and
3 Chief Operating Officer of Columbia Gas of Ohio, Inc. ("Columbia"). Before
4 joining Columbia, I was President of the U.S. Utilities for AES Corp and was the
5 President and CEO of Indianapolis Power & Light Company and Dayton Power
6 and Light Company. Before joining AES, I served as Columbia's Vice President of
7 External and Customer Affairs. In that role, I led Columbia's customer and
8 stakeholder experience which included economic development, large customer
9 relationships, government affairs (federal & state), regulatory affairs, customer
10 care and compliance, energy efficiency, community affairs and communications.
11 Before joining Columbia, I held various senior leadership roles for Gas Natural
12 Inc. and Interstate Gas Supply, Inc.

13 **Q3. Have you previously testified before the Indiana Utility Regulatory**
14 **Commission ("Commission") or any other regulatory commission?**

15 A3. Yes. I submitted testimony before the Commission supporting GenCo's request
16 for the Commission to decline jurisdiction over certain aspects of its operations in
17 Cause No. 46183, and in NIPSCO's most recent electric rate case proceeding in
18 Cause No. 46120. I have also provided testimony for Interstate Gas Supply, Inc.

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before the Public Utilities Commission of Ohio in Case Nos. 08-0072-GA-AIR, 08-0073-GA-ALT, 08-0074-GA-AAM, 08-0075-GA-AAM, 08-1344-GA-EXM, 10-2395-GA-CSS, 10-2929-EL-UNC, 11-0346-EL-SSO, 11-0348-EL-SSO, 11-0349-EL-SSO, 11-0350-EL-SSO, 12-1230-EL-SSO, 12-1842-GA-EXM, and 12-2637-GA-EXM on behalf of Ohio Gas Marketers Group.

Q4. Are you sponsoring any attachments to your direct testimony?

A4. Yes. I am sponsoring the following attachments, all of which were prepared or assembled by me or under my direction and supervision:

Attachment 1-A	Verified Petition
Highly Confidential Attachment 1-B	Special Contract
Highly Confidential Attachment 1-C	Power Purchase Agreement
Highly Confidential Attachment 1-D	Customer Fund Illustration
Attachment 1-E	Affiliate Guidelines and Written Procedures for Implementing the FERC Standards of Conduct

Q5. What is the purpose of your direct testimony in this proceeding?

A5. The purpose of my direct testimony is to support (1) NIPSCO's request for approval of a Special Contract dated September 18, 2025 by and between NIPSCO and [REDACTED] ("Customer")¹ (the "Special Contract") pursuant

¹ The term Customer, as defined herein, is used throughout Joint Petitioners' Case-in-Chief.

1 to Ind. Code §§ 8-1-2-24 and 8-1-2-25; (2) Joint Petitioners' request for approval of
2 a Power Purchase Agreement dated November 7, 2025 by and between NIPSCO
3 and GenCo (the "PPA"); (3) Joint Petitioners' requests for approval of alternative
4 regulatory plan ("ARP") relief pursuant to Ind. Code §§ 8-1-2.5-5 and 6; and (4)
5 Joint Petitioners' request for approval of depreciation accrual rates for generation
6 (GenCo) and transmission (NIPSCO) assets to be constructed. Specifically, I
7 sponsor and support the Special Contract, attached hereto as Highly Confidential
8 Attachment 1-B, and explain why the Commission should approve it as reasonable
9 and in the public interest. I also explain why the Commission should approve the
10 PPA as an affiliate contract, consistent with the Stipulation and Settlement
11 Agreement by and between GenCo, NIPSCO, and the NIPSCO Industrial Group
12 (the "GenCo Settlement") approved by the Commission's September 24, 2025
13 Order in Cause No. 46183 ("GenCo Declination"), which I refer to below as the
14 "GenCo Order." I also describe the aspects of NIPSCO's ARP related to the
15 provision of services that are incidental to NIPSCO's retail electric service. While
16 Witness Gode describes the accounting aspects and Witness Phillips describes the
17 ratemaking aspects of Joint Petitioners' requests for ARP relief, I explain why all
18 of the elements of Joint Petitioners' respective ARPs are in the public interest and
19 set forth the consideration of the factors set forth in Ind. Code § 8-1-2.5-4.

1 **Q6. Please describe NIPSCO, GenCo, Customer, and the relationships between and**
2 **among the three companies.**

3 A6. As further described in the Joint Petition, NIPSCO is both a public utility and an
4 energy utility, authorized by the Commission to provide retail electric utility
5 service to the public in northern Indiana. Consistent with the structure approved
6 by the Commission in the GenCo Declination, NIPSCO will be the retail electric
7 utility service provider for Customer. NIPSCO will maintain the obligation to
8 serve Customer's energy and capacity needs and to ensure balancing of load and
9 generation. NIPSCO will also build, own, and operate transmission assets
10 necessary to serve Customer, consistent with the obligations under the Special
11 Contract and the GenCo Settlement approved in the GenCo Order.

12 As further described in the Joint Petition, pursuant to the GenCo Order, GenCo is
13 a public utility and an energy utility, but is not authorized to provide retail electric
14 utility service to the public.² GenCo will build, own, and operate generation assets
15 that will ultimately supply NIPSCO with all energy and capacity needed to serve
16 Customer. NIPSCO and GenCo have executed the PPA, whereby GenCo will

² "Petitioner shall not sell at retail in the State of Indiana any of the electricity generated by the Facilities without further Order of the Commission." GenCo Order at 53.

1 provide energy, capacity, and certain incidental services to NIPSCO to ensure
2 NIPSCO can meet Customer's requirements.

3 Customer is a wholly owned subsidiary of a large, investment grade, publicly
4 traded parent company. Customer will construct, commission, and operate one
5 or more data centers located in NIPSCO's electric service territory at one or more
6 locations ("Data Center Locations") in northern Indiana and has entered into the
7 Special Contract to receive retail electric service from NIPSCO.

8 GenCo is not a signatory to the Special Contract between NIPSCO and Customer,
9 and Customer is not a signatory to the PPA between NIPSCO and GenCo.

10 **Q7. Please briefly describe why GenCo was created.**

11 A7. The fundamental considerations NIPSCO made when developing its strategy to
12 serve data center customers, such as Customer, which were referred to as
13 megaload customers in the GenCo Declination,³ focused on: (1) protecting
14 NIPSCO's other retail customers from the cost of developing generation assets

³ "A 'megaload customer' means any non-residential, non-municipal, or non-small commercial customer who is seeking service for at least 100 MW of firm service and whose characteristics or expected, final demand would mean they are unable to qualify for service under Rates 524, 531, 532 or 533." GenCo Settlement at 6-7.

1 needed to serve megaload customers;⁴ (2) serving new megaload customers with
2 speed and flexibility; and (3) maintaining NIPSCO's financial integrity. GenCo
3 Order at 4. These considerations led NIPSCO to create GenCo and seek
4 declination of certain aspects of the Commission's jurisdiction in the GenCo
5 Declination. These same considerations support and run throughout the relief that
6 Joint Petitioners are seeking in this Cause.

7 While these three fundamental considerations drove GenCo's creation, GenCo's
8 primary purpose is to protect NIPSCO's other retail customers from the risks
9 associated with the substantial capital investments that will be required to serve
10 megaload customers. This is accomplished by GenCo securing the needed capital
11 and then building, owning, and operating the generation assets that are necessary
12 to serve megaload customers, and then separating these investments from the
13 rates that NIPSCO's current customers pay and will pay in the future.

14 As the Commission explained:

15 The GenCo structure is designed to optimize the insulation of
16 NIPSCO's broader customer base from the financial risks associated
17 with serving megaload customers. By ringfencing the generation assets
18 dedicated to these high demand users, GenCo will offer the

⁴ NIPSCO's retail electric customers, excluding special contract customers, are referred to as "other retail customers."

1 opportunity to ensure that electric service costs tied to data center
2 development and operation do not result in costs to other ratepayers.
3 While the model's effectiveness will depend on future special contracts
4 such as PPAs submitted to the Commission, it reflects a forward-
5 looking approach to risk mitigation.

6 GenCo Order at 52.

7 **Q8. You mentioned the considerations that led to the creation of GenCo also run**
8 **throughout the relief sought in this Cause. Please explain.**

9 A8. The terms of the Special Contract are crafted to insulate NIPSCO, as much as
10 reasonably possible, from the risks of serving Customer. In my discussion of the
11 Special Contract that follows, I highlight how this is done. With the creation of
12 GenCo, the risks of building and operating the generating assets needed to serve
13 Customer are isolated to GenCo, insulating NIPSCO's other retail customers. The
14 two ARPs that are submitted for approval in this Cause are tailored to: (1) timely
15 and transparently provide NIPSCO's other retail customers substantial financial
16 benefits from serving Customer; (2) insulate those customers from the risks of
17 serving Customer that will not be separated and made by GenCo, such as the
18 transmission investments NIPSCO will be making;⁵ (3) facilitate the attraction of
19 the capital that NIPSCO and GenCo will need to construct these assets; and (4)

⁵ Under the GenCo Order, GenCo is not authorized to own and operate transmission assets.

1 adapt to the unique needs posed by Customer, so that it can begin development
2 as quickly as possible to the benefit of NIPSCO's customers and communities, the
3 State of Indiana, and NIPSCO. The proposal that Joint Petitioners are presenting
4 to the Commission in this Cause adheres to Governor Braun's commitments
5 announced in his September 3 and 23, 2025 press releases, expressing a strong
6 desire for protections for retail customers through the development of more
7 entrepreneurial solutions and that investors bear more of the costs of doing
8 business.⁶ With the relief sought in this Cause, NIPSCO's other retail customers
9 are insulated from the risks and the risks are borne by investors.

10 **Q9. Please provide an overview of the commercial deal that was negotiated and the**
11 **anticipated impact on NIPSCO, its electric customers, and northern Indiana.**

12 A9. It is difficult to overstate the importance and potential impact of the commercial
13 deal that is being presented to the Commission for review and approval. It
14 represents a tremendous, transformational opportunity for NIPSCO, NIPSCO's
15 customers, northern Indiana, and the State of Indiana.

⁶ <https://events.in.gov/event/Governor-Braun-Announces-New-Office-of-Utility-Consumer-Counselor-Commissioner>, and <https://events.in.gov/event/gov-mike-braun-fights-utility-rates-by-prioritizing-entrepreneurial-solutions>, respectively.

1 Customer will be developing several data centers in northern Indiana, and
2 Customer and NIPSCO executed the Special Contract that establishes the terms
3 and conditions under which NIPSCO will provide retail electric service to
4 Customer's data centers. Service is expected to begin by January 1, 2027, with
5 Customer's load requirements increasing periodically through the end of 2032,
6 when Customer's requirements for electric service are expected to reach up to
7 2,400 MW. See Highly Confidential Attachment 1-B at Exhibit A-1.

8 Unsurprisingly, providing energy and capacity for electric load of this magnitude
9 will require GenCo to develop new generating assets and will require NIPSCO to
10 build transmission assets to deliver electricity to the Data Center Locations. Under
11 the Special Contract, the cost of transmission assets is estimated to be [REDACTED],
12 and all of the costs related to these assets will be directly recovered from Customer.

13 For generation assets, GenCo will be partnering with qualified engineering,
14 procurement, and construction ("EPC") contractors to build up to 3,000 MW of
15 new, dispatchable generation resources, with a cost estimate of [REDACTED]. These
16 resources are listed in Highly Confidential Attachment 1-B, Exhibit B-1 and will
17 consist of two (2) 1,300 MW combined cycle gas turbine ("CCGT") generators and
18 a 400 MW, 4-hour battery energy storage system ("BESS"). Witness Stanley further

1 discusses these generation resources, including the timeline for construction and
2 how NIPSCO will ensure reliability and resource adequacy in both the short- and
3 long-term. But I will emphasize the importance of building new, incremental,
4 dispatchable generation to serve Customer's electric load to ensure overall system
5 reliability, resiliency, and resource adequacy. NIPSCO is excited about the
6 opportunity data center development presents but will not jeopardize system
7 reliability for its other retail customers to serve data centers and will ensure
8 northern Indiana can continue to rely on NIPSCO to provide the safe, reliable
9 electric service its customers deserve and expect.

10 As a point of comparison and to demonstrate the enormity of this transaction, as
11 reported in NIPSCO's 2024 Integrated Resource Plan ("IRP"), NIPSCO's total
12 current electric load for non-data center customers is estimated to be 2,300 MW in
13 2028.⁷ And the net demonstrated capacity of NIPSCO's entire electric generating
14 fleet as of the end of 2024 was 3,644 MW.⁸ Thus, NIPSCO's total electric load and
15 total generation will essentially double as a result of the Special Contract.

⁷ The public version of NIPSCO's 2024 IRP is available at: [NIPSCO 2024 IRP Report](#). See Figure 3-42, p. 81.

⁸ 2024 IRP at Table 4-1, p. 102.

1 **Q10. How will the investments for the electric infrastructure and data center**
2 **infrastructure impact northern Indiana?**

3 A10. While NIPSCO and GenCo are not privy to Customer's capital investment plans,
4 as a general rule, the capital investment by a data center developer is several
5 multiples of the electric utility's investment to develop the transmission,
6 distribution, and generation infrastructure required to power the data center.
7 When combined with the approximately \$7 billion NIPSCO and GenCo
8 investment noted above, this will result in tens of billions of dollars of investment
9 in northern Indiana. This is why I referred to this commercial transaction as truly
10 transformational.

11 While Joint Petitioners have not engaged in a formal economic analysis, it is
12 expected that the construction of the data centers and transmission and generation
13 facilities will support thousands of good-paying jobs during the construction
14 period of 2026-2032. Many of these jobs will be performed by Hoosier tradesmen
15 and tradeswomen that are part of local unions, although it is likely the scope of
16 the work involved will require workers from surrounding areas as well.

17 Investments of this magnitude will also result in millions of dollars in tax revenues
18 every year for NIPSCO's Indiana communities. Much, if not all, of GenCo's [REDACTED]

1 ■■■■ investment in generation will be in communities where NIPSCO has retired
2 or plans to retire generating facilities—meaning the tax base lost from plant
3 retirements will be replaced partially or fully with new generation facilities that
4 have an estimated life of 15 years (for BESS) to at least 30 years (for CCGTs).

5 **Q11. In addition to the benefits you mention immediately above, what benefits will**
6 **NIPSCO's other retail customers see from approval and implementation of the**
7 **Special Contract?**

8 A11. The expected benefits to NIPSCO's other retail customers are one of the most
9 exciting and potentially impactful aspects of the Special Contract. As further
10 described below, these benefits fall into three categories: (1) customer savings
11 directly attributable to the use of NIPSCO's existing system to serve Customer;⁹
12 (2) the creation of a new "Customer Fund" to benefit the local communities of
13 northern Indiana; and (3) increased reliability and resiliency of NIPSCO's overall
14 system as a result of the new transmission and generation assets that will be
15 constructed to serve Customer.

⁹ While I will refer to use of NIPSCO's transmission and distribution system, this savings is also intended to account for the incidental use of any of NIPSCO's existing infrastructure, which is not necessarily limited to transmission and distribution assets.

1 **Q12. Please briefly explain the customer savings directly attributable to the use of**
2 **NIPSCO's existing system to serve Customer.**

3 A12. As a result of the Special Contract, NIPSCO's other retail customers are expected
4 to see approximately \$1 billion in savings through bill credits over the 15-year term
5 of the Special Contract.¹⁰ The method through which these savings will be passed
6 back to customers is one of the aspects of NIPSCO's proposed ARP described in
7 detail by Witness Phillips. The customer savings will be funded by Customer's
8 payment of [REDACTED]

9 [REDACTED]

10 [REDACTED]

11 [REDACTED]

12 [REDACTED],

13 collectively referred to as the "Shared System Charges."¹¹ I discuss all the
14 components of Customer's monthly charges below.

¹⁰ Customers who will receive the savings are in specific rate classes identified by Witness Phillips. Briefly stated, it is intended to include all NIPSCO retail customers who are not served under a special contract.

¹¹ [REDACTED]

1 **Q13. Please describe the creation of a new Customer Fund to benefit the local**
2 **communities of northern Indiana.**

3 A13. In addition to the customer savings just described, Joint Petitioners are also
4 proposing the creation of a new Customer Fund, which will be funded by
5 contributions made by Joint Petitioners' shareholders. Joint Petitioners'
6 shareholder contributions will be based upon the number of MWs of load
7 Customer brings into service and will increase as Customer's load ramp increases
8 to its full load ramp in 2032. Highly Confidential Attachment 1-D illustrates how
9 Joint Petitioners intend to fund the Customer Fund, which will be through annual
10 payments that are tied to the size of the data center load that is brought online each
11 year. This is estimated to result in up to \$15 million being provided to northern
12 Indiana communities over the term of the Special Contract. Joint Petitioners are
13 willing to work with interested stakeholders on how these funds can best be
14 utilized, but Joint Petitioners' intent is to help NIPSCO's customers and
15 communities, including those who may be most impacted by the rising costs of
16 many life essentials.

17 **Q14. Please explain the increased reliability and resiliency of NIPSCO's overall**
18 **system as a result of the Special Contract.**

1 A14. As noted above and further discussed below, through the Special Contract and
2 PPA, an estimated [REDACTED] of transmission investment will be made and an
3 additional [REDACTED] in generation investment will be made. The costs associated
4 with these investments will be fully recovered from Customer. While these
5 investments are directly related to Customer's load requirements, these additions
6 to NIPSCO's electric transmission system and overall generation portfolio will
7 ultimately lead to a more reliable and resilient electric grid—for the benefit of all
8 NIPSCO customers and the State of Indiana more broadly.

SPECIAL CONTRACT

9 **Q15. Is the Special Contract the product of good faith, arms-length negotiations?**

10 A15. Yes. After extensive discussions and arms-length negotiations, NIPSCO and
11 Customer (the "Parties") agreed to the terms and conditions contained within the
12 Special Contract. Customer intends to construct, commission, and operate one or
13 more data centers located in NIPSCO's electric service territory at one or more
14 Data Center Locations. Customer desires that NIPSCO, through itself or one or
15 more affiliates, Energize and provide firm electric capacity and energy (the
16 "Electric Service") to the Data Center Locations through certain generation and
17 transmission/distribution electric facilities that NIPSCO, through itself, or one or

1 more affiliates, constructs, commissions, operates and maintains or otherwise
2 manages, contracts for or controls. Customer desires Energization and to receive
3 and take Electric Service from NIPSCO to serve the Data Center Locations.
4 NIPSCO is willing to provide Electric Service to certain mutually agreed upon
5 Data Center Locations in accordance with the terms and conditions of the
6 Contract, including the payment of the fixed Capacity Charge.¹²

7 **Q16. Does NIPSCO's electric tariff require Commission approval of the Special**
8 **Contract?**

9 A16. Yes. Pursuant to Rule 2.2 of the General Rules and Regulations Applicable to
10 Electric Service of NIPSCO's IURC Electric Service Tariff, Original Volume No. 16
11 (the "Tariff"), which is a tariff codification of Ind. Code §§ 8-1-2-24 and 8-1-2-25,
12 to the extent NIPSCO agrees to terms for the provision of Electric Service that
13 differ from its Tariff, a customer-specific contract, including those that modify
14 tariff provisions, such as the Special Contract, are lawful if the Commission finds
15 the provisions to be reasonable and just, practicable and advantageous to the

¹² All capitalized terms used herein but not otherwise defined herein shall have the respective meanings given to such terms in Highly Confidential Attachment 1-B, Schedule 1.

1 parties, and not inconsistent with the purposes of the Public Service Commission
2 Act.

3 **Q17. Please provide an overview of the Special Contract.**

4 A17. The entire Special Contract is set forth in Highly Confidential Attachment 1-B, and
5 my overview and summary of any key terms should not be taken as a modification
6 or addition to any of the terms that have been negotiated. Distilled to its essence,
7 Energization begins January 1, 2027, with Customer committing to a demand
8 capacity ramping up to 2,400 MW by the end of 2032. The term of the contract is
9 15 years, with certain termination rights and termination payments discussed
10 below. As further discussed below, Customer will pay a fixed capacity charge,
11 and certain pass-through charges (such as for energy), and the Shared System
12 Charges referenced above. [REDACTED],¹³

13 [REDACTED]

14 [REDACTED]. There is also a parent company guaranty from Customer's
15 ultimate parent.

¹³ [REDACTED]

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For ease of reference, the following table of exhibits to the Special Contract details some of the information that will be most important to stakeholders here:

Table 1 – Special Contract Exhibit List

Exhibit A-1	Customer Committed Capacity – Shows the aggregate demand capacity values of Electric Service to be delivered by NIPSCO each applicable calendar year
Exhibit A-2	Customer Data Center Locations – Lists the Data Center Locations that NIPSCO agrees to Energize and provide Electric Service
Exhibit A-3	Energization Schedule – Sets forth the Energization Schedule, by Data Center Location
Exhibit B-1	Contract Assets – Describes the Generation Assets and Transmission and Substation Assets to support Customer's capacity requirements at the Data Center Locations
Exhibit B-2	Contract Generation Assets Completion Dates – Shows the target capacity, target completion date, guaranteed completion date, by Contract Generation Asset
Exhibit C	Pricing Components and Monthly Fees – Describes the components of the contract pricing, billed as the Monthly Fees
Exhibit D	Applicable Tariff Provisions – Describes the provisions of NIPSCO's Tariff applicable to the Special Contract
Exhibit E-1	Form of Customer Parent Guaranty – Provides the form of Limited Parent Guaranty
Exhibit E-2	Required Amount Schedule – Describes the minimum amounts for Customer Credit Support for the 15-year term
Exhibit F	Customer Termination Payments – Describes the Termination Payments subject to the Termination Payment Cap
Exhibit G	Customer Topology Guidelines – Describes the topology guidelines for Transmission Service and Utility Distribution Substation

1 As I indicated above, I do not summarize all the terms of the Special Contract, but
2 I do discuss certain negotiated terms below that I believe are most important to
3 highlight for this proceeding.

4 **Q18. Does the Special Contract include terms relating to required regulatory**
5 **approvals?**

6 A18. Yes. The Special Contract contains provisions for NIPSCO to seek all required
7 regulatory approvals of the contract from the Commission and describes what will
8 happen if the Commission materially modifies or rejects the Special Contract.
9 Highly Confidential Attachment 1-B, Section 1.1. The Special Contract also
10 contains provisions to seek Federal Energy Regulatory Commission ("FERC")
11 approval of a power purchase agreement between NIPSCO and GenCo, both of
12 which are prerequisites to NIPSCO being able to provide Electric Service to
13 Customer. Highly Confidential Attachment 1-B, Sections 1.2 and 1.3. Finally, [REDACTED]

14 [REDACTED]

15 [REDACTED]. Highly

16 Confidential Attachment 1-B, Sections 1.1, 1.2, and 1.3.

17 **Q19. You mentioned the 15-year term and that there are certain termination**
18 **provisions. Please explain.**

1 A19. Customer has certain termination rights at specified milestones but is still required
2 to pay defined costs even if termination is exercised. [REDACTED]
3 [REDACTED]
4 [REDACTED]
5 [REDACTED]
6 [REDACTED]. Customer has a negotiated one-time ability, by March 31,
7 2029, to reduce its total capacity by 1,200 MW, [REDACTED]
8 [REDACTED].¹⁴ [REDACTED]
9 [REDACTED]
10 [REDACTED]
11 [REDACTED]
12 [REDACTED]
13 [REDACTED].¹⁵ Mitigation is a
14 NIPSCO obligation, where it must take certain actions to mitigate the amount of
15 money owed by Customer [REDACTED]. This includes seeking

¹⁴ [REDACTED]
[REDACTED]

¹⁵ [REDACTED]
[REDACTED]

1 additional customer(s) to use the capacity; selling the capacity into the market; and
2 if NIPSCO determines traditional (*e.g.*, non-megaload) customers have a need that
3 the capacity could fill, seeking Commission approval to move the assets into rate
4 base.¹⁶ [REDACTED]
5 [REDACTED].

6 **Q20. Please provide a brief description of NIPSCO's obligations under the Special**
7 **Contract.**

8 A20. Under the Special Contract, NIPSCO agrees to provide Electric Service to
9 Customer to meet the Customer Committed Capacity (as set forth in Highly
10 Confidential Attachment 1-B, Exhibit A-1), subject to the terms and conditions of
11 the contract. Highly Confidential Attachment 1-B, Section 3.1.

12 **Q21. Please provide a brief description of Customer's obligations under the Special**
13 **Contract.**

14 A21. Customer's primary obligation is to make timely payment for the Electric Service
15 that NIPSCO renders. NIPSCO will invoice Customer for service on a monthly

¹⁶ There would be no right by GenCo to force NIPSCO to purchase a generation asset, nor would there be any right for NIPSCO to force GenCo to sell a generation asset. Any such proposed sale would be presented to the Commission for review and approval, as provided in the GenCo Order.

1 basis, and the charges will be calculated as [REDACTED]

2 [REDACTED]. See Highly Confidential

3 Attachment 1-B, Exhibit C-1. [REDACTED]

4 [REDACTED]

5 [REDACTED]

6 [REDACTED]

7 [REDACTED]. As explained

8 below, there are limited circumstances where this pricing structure could change.

9 **Q22. How quickly will the load ramp up under the Special Contract, and how will**
10 **NIPSCO and GenCo recover their costs during that period?**

11 A22. NIPSCO and Customer negotiated a specific load ramp schedule shown in Table
12 2 below (Highly Confidential Attachment 1-B, Exhibit A-1). The Special Contract
13 obligates Customer to pay the fixed Capacity Charge, [REDACTED]

14 [REDACTED]

15 [REDACTED]

16 [REDACTED]

17 [REDACTED]

18 [REDACTED]

1 [REDACTED]

2 [REDACTED].

3 **Table 2 – Special Customer Committed Capacity¹⁷**

Year	Load
2027	[REDACTED]
2028	[REDACTED]
2029	[REDACTED]
2030	[REDACTED]
2031	[REDACTED]
2032-2041	[REDACTED]

4
5 **Q23. How will NIPSCO meet Customer's load ramp and ensure resource adequacy**
6 **before the new generation being constructed by GenCo is in service?**

7 A23. As further discussed by Witness Stanley, given the known load ramp schedule and
8 the time needed to procure and construct new resources, NIPSCO determined it
9 was prudent to enter into a confirmation for future capacity from an existing
10 thermal generation asset for the near-term years. NIPSCO has already secured
11 this short-term capacity [REDACTED]

12 [REDACTED]. In the longer term, to serve Customer, capacity will be provided

¹⁷ [REDACTED]

1 from fully incremental dispatchable generation constructed by GenCo and
2 contractually obligated to NIPSCO through the PPA.

3 Witness Stanley further discusses the capacity resources GenCo will construct and
4 NIPSCO will ultimately utilize to ensure reliable service can be provided to
5 Customer. As shown in Highly Confidential Attachment 1-B, Exhibit B-2, GenCo
6 will be constructing dispatchable generation with up to 3,000 MW of nameplate
7 capacity. GenCo's current plan is to first construct 400 MW of battery storage and
8 two pairs of combustion turbines ("CTs"). GenCo then plans to convert each pair
9 of CTs to two CCGTs, each of which will then produce approximately 1,300 MW,
10 for a total of 2,600 MW. The turbines and the EPC contractors for the CCGTs are
11 already secured. As further discussed by Witness Stanley, 3,000 MW must be built
12 to ensure NIPSCO has sufficient accredited capacity to serve up to 2,400 MW of
13 load to satisfy MISO requirements.

14 [REDACTED]

15 [REDACTED]. Nevertheless, much like how
16 NIPSCO does today, all 3,000 MW of capacity/energy will be offered in the MISO
17 market. This strategy will support reliability and price stability. [REDACTED]

18 [REDACTED]

1 [REDACTED]

2 [REDACTED]

3 [REDACTED]

4 [REDACTED]

5 [REDACTED] (Highly Confidential Attachment 1-B, Section 9).

6 **Q24. Will the provision of service to Customer under the Special Contract adversely**
7 **affect the provision of service to NIPSCO's other retail customers?**

8 A24. No. NIPSCO can fulfill its obligations under the Special Contract without
9 adversely affecting the provision and reliability of service to its other retail
10 customers. NIPSCO has entered into a PPA with GenCo whereby GenCo will be
11 obligated to provide energy and capacity from its generation facilities to NIPSCO,
12 with such energy and capacity being used by NIPSCO to meet its resource
13 adequacy obligations, including specifically the incremental requirements of
14 Customer. Witness Stanley discusses this in greater detail.

15 **Q25. Is it possible that Customer's load ramp schedule could change?**

16 A25. Yes. While the total Customer Committed Capacity is outlined in Highly
17 Confidential Attachment 1-B, Exhibit A-1, [REDACTED]

18 [REDACTED]

1 [REDACTED]
2 [REDACTED]
3 [REDACTED]
4 [REDACTED], NIPSCO proposes to file them with the
5 Commission in a compliance filing in this Cause (subject to confidentiality
6 protection). NIPSCO would propose this same compliance filing process to the
7 extent [REDACTED]
8 [REDACTED].

9 **Q26. Please explain the expected customer benefits relating to the Shared System**
10 **Charges from the Special Contract.**

11 A26. This is one of the more exciting aspects of the Special Contract in terms of
12 providing benefits to NIPSCO's other retail customers. [REDACTED]

13 [REDACTED]
14 [REDACTED]
15 [REDACTED]
16 [REDACTED]
17 [REDACTED]
18 [REDACTED]

1 [REDACTED]

2 [REDACTED]

3 [REDACTED]

4 [REDACTED]

5 [REDACTED]

6 [REDACTED]. As

7 more fully described by Witness Phillips, all Shared System Charges will be passed

8 back to NIPSCO's other retail customers as a bill credit pursuant to the Shared

9 System Credit component of NIPSCO's ARP request. Based on the agreed-to load

10 ramp schedule, Joint Petitioners estimate this will result in more than \$1 billion

11 being passed back to NIPSCO's other retail customers over the 15-year term of the

12 Special Contract. As shown in Witness Phillips' Attachment 4-B and Table 1, once

13 Customer is at full load ramp, NIPSCO's residential customers should see a bill

14 credit of about \$7 per month or \$82 per year.

15 **Q27. How did NIPSCO determine the proposed method of allocating (or passing**
16 **back) the Shared System Charges?**

17 A27. Witness Phillips testifies that the proposed method of allocating (or passing back)
18 the Shared System Charges is reasonable and is rooted in traditional cost-of-

1 service principles and would result in just under forty percent (40%) of the Shared
2 System Charges being passed back to NIPSCO's residential customers.

3 **Q28. Did NIPSCO consider any other methods of allocating (or passing back) the**
4 **Shared System Charges?**

5 A28. Yes. NIPSCO also considered passing back fifty percent (50%) of the Shared
6 System Charges to NIPSCO's residential customers. Once Customer is at full load
7 ramp, this would result in NIPSCO's residential customers seeing a bill credit of
8 just under \$9 per month or \$106 per year. Ultimately, NIPSCO chose to propose
9 the method rooted in traditional cost-of-service principles, as supported by
10 Witness Phillips.

11 **Q29. Earlier you mentioned circumstances where the pricing structure could change.**
12 **Please explain.**

13 A29. The Parties negotiated a capital expenditure cap of approximately [REDACTED],
14 [REDACTED]. The Special Contract then calls for
15 sharing of risk of increases and the benefits of decreases. [REDACTED]
16 [REDACTED] [REDACTED]
17 [REDACTED]
18 [REDACTED].

1 The Parties also negotiated a minimum and maximum unlevered internal rate of
2 return ("IRR") applicable to the Capacity Charge. [REDACTED]

3 [REDACTED]

4 [REDACTED]

5 [REDACTED]

6 [REDACTED]

7 [REDACTED]

8 [REDACTED]

9 [REDACTED]

10 [REDACTED]. All of these risks associated with generation will ultimately sit with
11 GenCo, not NIPSCO. NIPSCO's other retail customers are insulated from the risks
12 associated with the transmission assets through NIPSCO's proposed ARP, as
13 explained by Witness Gode.

14 **Q30. Is NIPSCO protected with credit support?**

15 A30. Yes. The credit support Customer was willing to commit to is documented in
16 Highly Confidential Attachment 1-B, Exhibit E and is an important factor in

mitigating potential risk for NIPSCO and GenCo, as it ensures that Customer's parent, which is investment grade, has provided adequate assurance of recovery for the significant capital investment that is being undertaken.

Q31. Are there additional protections for NIPSCO and GenCo [REDACTED]

[REDACTED]?

A31. Yes. Unlike many special contracts or commitments under large load tariffs,

[REDACTED]

[REDACTED]

[REDACTED]. Mitigation is a NIPSCO obligation, where it must take certain actions to mitigate the amount of money owed by Customer [REDACTED]

[REDACTED], as I explained above. Customer's willingness to commit to this kind of obligation, [REDACTED]

[REDACTED], is a great example of the way the GenCo structure has protected NIPSCO's other retail customers, as compared to more traditional tariff-based structure, and it also demonstrates the kind of partnership and long-term working relationship that we expect to have with Customer.

Q32. You have mentioned several times that the Special Contract and the relief sought by Joint Petitioners insulates NIPSCO's other retail customers from the

1 **risk of serving Customer. Are there risks under the Special Contract and, if so,**
2 **with whom do those risks rest?**

3 A32. Certainly there are risks. For instance, and as I mentioned previously, NIPSCO
4 has already committed to make a capacity purchase to ensure it can meet
5 Customer's initial energization requirements. GenCo has also already secured the
6 turbines and executed EPC contracts for construction, which has required both
7 expenditure of costs and commitments to incur future obligations. These are
8 actions that, under a traditional regulatory construct, NIPSCO would not have
9 undertaken in advance of Commission approval of a generation resource, but
10 utilizing the GenCo structure, we were willing to take on these financial
11 commitments to more quickly serve Customer.

12 In addition, there is the risk of increases in capital costs. Typically, an energy
13 utility would receive a certificate of public convenience and necessity based upon
14 a best estimate of costs. If costs increase, the energy utility will have the
15 opportunity to seek recovery associated with the higher cost. The Special Contract
16 has greatly limited that ability. [REDACTED]

17 [REDACTED]

18 [REDACTED]

1 [REDACTED] Finally, NIPSCO and GenCo
2 must look only to Customer for recovery of their costs under the Special Contract.
3 Even with the parent company guaranty, that is not as secure a source for payment
4 as rates and charges that are set by the Commission and applicable to NIPSCO's
5 other retail customers. These are all risks that energy utilities do not typically
6 undertake, and all these risks rest with NIPSCO or GenCo shareholders under the
7 relief sought by Joint Petitioners.

8 **Q33. Does the Special Contract satisfy the Commission's standards for approval of**
9 **special contracts pursuant to Ind. Code § 8-1-2-24?**

10 A33. Yes. Ind. Code § 8-1-2-24 requires a determination by the Commission that the
11 contract is "reasonable and just and not inconsistent with the purpose of this
12 chapter." In past NIPSCO cases, the Commission has required a finding that "the
13 rates negotiated between the utility and its customer be sufficient for the utility to
14 cover the incremental cost of providing the service to the customer and still make
15 some contribution to the utility's recovery of its fixed costs."¹⁹ In addition, the
16 Commission has looked to whether "the utility ha[s] sufficient capacity to meet

¹⁹ *Northern Ind. Pub. Serv. Co.*, Cause No. 42490 (IURC 11/5/2003).

1 the customer's needs."²⁰ Finally, the Commission has also looked to whether the
2 contract terms are needed to attract new or retain large load customers.²¹ This
3 Special Contract satisfies all of these elements. The terms have been carefully
4 negotiated so that NIPSCO can recover all its incremental costs of service
5 specifically from Customer, while insulating its other retail customers from these
6 costs and risks. And NIPSCO's other retail customers will see the benefit of
7 Customer's contribution to fixed cost recovery through the collection (and
8 resulting bill credit) of the Shared System Charges. While NIPSCO does not today
9 have the capacity to serve this new load, the entire structure is being established
10 so that NIPSCO, through GenCo, will have the capacity on the ramp rate Customer
11 needs. Finally, the terms are needed to attract Customer to NIPSCO's service area.
12 As such, the Special Contract is reasonable and just.

POWER PURCHASE AGREEMENT

13 **Q34. Please describe the PPA and why it is a necessary part of the overall commercial**
14 **construct.**

²⁰ *Id.*

²¹ *Indiana Gas Co., Cause No. 45488 (IURC 9/15/2021).*

1 A34. As described above, NIPSCO and Customer entered into the Special Contract, but
2 GenCo is the entity that will be building, owning, and operating the 3,000 MW of
3 generation resources that will be utilized by NIPSCO to provide service to
4 Customer. This separation is a key component that enables NIPSCO's other retail
5 customers to be protected from the financial risk associated with the substantial
6 generation investment, but it also necessitates a contractual arrangement between
7 NIPSCO and GenCo to allow NIPSCO to utilize the generation resources to serve
8 Customer and to ensure it has sufficient capacity resources to meet its resource
9 adequacy obligations. This is where the PPA comes in. It is the contractual means
10 through which NIPSCO will have access to the energy and capacity from the
11 generation resources GenCo is building.

12 **Q35. How was the PPA negotiated, and who were the representatives for NIPSCO**
13 **and GenCo?**

14 A35. I served as the key commercial representative for NIPSCO, and Daniel L. Douglas,
15 GenCo's President and Chief Operating Officer, was the key commercial
16 representative for GenCo. NIPSCO and GenCo also had separate representation
17 by two members of the NiSource in-house legal team and separate outside counsel

1 as well. However, from the outset, NIPSCO and GenCo were aligned on the key
2 tenets of the PPA.

3 **Q36. What were the key tenets of the PPA?**

4 A36. As negotiations began, NIPSCO and GenCo sought for the PPA to be drafted with
5 two key tenets in mind. First, and most practically, the goal was for NIPSCO to be
6 able to utilize the full energy and capacity from the generation resources GenCo
7 would be constructing to meet NIPSCO's obligations under the Special Contract,
8 as well as to fulfill NIPSCO's resource adequacy obligations. Second, and just as
9 important, NIPSCO's and GenCo's goal was to transfer the potential risks under
10 the Special Contract to GenCo to the extent possible, thereby reasonably insulating
11 NIPSCO's other retail customers from risk.

12 As is likely obvious, this was not the traditional commercial negotiation, where
13 two companies are adversarial and attempt to negotiate the best deal possible for
14 themselves at the expense of the other company. Instead, consistent with the
15 commitments and representations made by NIPSCO and GenCo in the GenCo
16 Declination proceeding, both companies were aligned on providing reasonable
17 and appropriate protection to NIPSCO's other retail customers by GenCo
18 assuming risks when possible.

1 **Q37. Please provide some examples of the ways in which risk is transferred from**
2 **NIPSCO to GenCo under the PPA.**

3 A37. Here are a few examples of the way risk is transferred from NIPSCO to GenCo, all
4 of which would not be feasible to negotiate with an adversarial counterparty
5 under a traditional power purchase agreement or build transfer agreement. Under
6 Highly Confidential Attachment 1-C, Section 8.4, NIPSCO is alleviated from
7 making payments to GenCo if Customer does not pay NIPSCO. This ensures
8 NIPSCO's financial stability in instances where the Customer may be in default or
9 have a dispute and withhold payment from NIPSCO. Additionally, as provided
10 in Highly Confidential Attachment 1-C, Section 7.6, GenCo is responsible for
11 payment of liquidated damages if NIPSCO fails to provide capacity to Customer
12 because GenCo's generation assets have not been timely developed. As shown in
13 Highly Confidential Attachment 1-C, Section 2, the term of the PPA is 15 years to
14 match the 15-year term of the Special Contract, so that NIPSCO will have no
15 continuing payment obligations to GenCo when the Special Contract ends. One
16 additional example of NIPSCO transferring risk to GenCo, which is in Highly
17 Confidential Attachment 1-C, Section 11.2.2, is that NIPSCO has termination rights
18 under the PPA that are substantially similar to the Customer's termination rights
19 under the Special Contract.

1 **Q38. Why is NIPSCO seeking Commission approval of the PPA, when it is a**
2 **wholesale agreement?**

3 A38. Consistent with the terms of the GenCo Settlement (at 10) and GenCo Order (at
4 52), NIPSCO and GenCo committed to submit any PPAs between NIPSCO and
5 GenCo to the Commission for approval. It is important that the Commission not
6 only be aware of the arrangements between and among NIPSCO, Customer, and
7 GenCo, but also to approve these contractual arrangements. Under Highly
8 Confidential Attachment 1-C, Section 6.2, the PPA will also be filed with FERC for
9 review and approval under Section 205 of the Federal Power Act, which will occur
10 after Commission review and approval in this proceeding.

ARP REQUESTS

11 **Q39. Please describe NIPSCO's and GenCo's requests for approval of ARP relief**
12 **pursuant to Ind. Code §§ 8-1-2.5-5 and 6.**

13 A39. In accordance with Ind. Code §§ 8-1-2.5-5 and 8-1-2.5-6, both NIPSCO and GenCo
14 are each requesting approval of ARPs. The respective ARPs include the elements
15 set forth in the table below, which also lists the witness who describes those
16 elements in greater detail. I describe why the two ARPs are in the public interest
17 and provide the consideration of the elements set forth in Ind. Code § 8-1-2.5-5.

1

Table 3– NIPSCO ARP

The calculation, allocation, and rate design associated with the customer credit resulting from the Shared System Charges, including authority to defer and record any necessary regulatory assets or regulatory liabilities to account for any variances between the calculated credit estimated from historical period cash received to be passed back by NIPSCO and the actual customer credit amounts billed.	Phillips
Revenues, expenses and rate base associated with new transmission assets to be constructed, owned and operated by NIPSCO to fulfill the obligations under the Special Contract will be separated into a unique NIPSCO business segment on NIPSCO's books and records from NIPSCO's electric business segment. The assets, revenues and expenses within this Special Contract business segment will not be included in NIPSCO's rate base or net operating income statement for ratemaking purposes or the calculation of NIPSCO's fuel adjustment charge pursuant to Ind. Code § 8-1-2-42(d), including but not limited to NIPSCO's electric net operating income statement used for purposes of the earnings test under to Ind. Code § 8-1-2-42(d)(3).	Gode
A determination that certain incidental services to be provided by NIPSCO to Customer which are incidental to NIPSCO's retail electric service are not subject to Commission jurisdiction or, in the alternative, declining jurisdiction over such services.	Parisi
With respect to the period when assets are being constructed but prior to the beginning of billing amounts under the Special Contract and PPA, authorization for NIPSCO to accrue Allowance for Funds Used During Construction ("AFUDC") on assets under construction.	Gode
With respect to transmission assets that have yet to be placed in service and after the beginning of billing amounts under the Special Contract and PPA, approval to implement an ASC 980-605 Revenue Program so that NIPSCO may recognize	Gode

revenues under construction work in progress ("CWIP") ratemaking.	
With respect to transmission assets, authorization to recognize revenues under forecasted cost of service ratemaking as of the time they are placed into service; with a reset each year of the Special Contract based on the forecasted net book value at the end of each annual period (referred to herein as "In-Service ratemaking").	Code
To the extent that depreciation, property tax, or operations and maintenance ("O&M") expenses directly related to the transmission assets are incurred prior to the assets being placed in service and added to in-service revenues, authority to defer such costs as a regulatory asset to be amortized over the life of the Special Contract once recognized in In-Service ratemaking.	Code
To the extent the actual in-service date of an asset occurs in a fiscal year subsequent to what is forecasted in <u>Highly Confidential Attachment 2-A</u> , authority to defer any associated In-Service ratemaking revenues (and related costs) until the next annual In-Service ratemaking reset, with the deferred revenues recognized and regulatory asset amortized over the remaining life of the Special Contract.	Code
Approval of the authorized rate of return for each year of the Special Contract.	Code

1

2

Table 4– GenCo ARP

With respect to the period when assets are being constructed but prior to the beginning of billing amounts under the Special Contract and PPA, authorization for GenCo to accrue AFUDC on assets under construction.	Code
With respect to generation assets that have yet to be placed in service and after the beginning of billing amounts under the Special Contract and PPA, approval to implement an ASC 980-605 Revenue Program so that GenCo may recognize revenues under CWIP ratemaking.	Code

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With respect to generation assets, authorization to recognize revenues under forecasted cost of service ratemaking as of the time they are placed into service; with a reset each year of the Special Contract based on the forecasted net book value at the end of each annual period (i.e., In-Service ratemaking).	Code
To the extent that depreciation, property tax, or O&M expenses directly related to the generation assets are incurred prior to the assets being placed in service and added to in-service revenues, authority to defer such costs as a regulatory asset to be amortized over the life of the Special Contract once recognizing In-Service ratemaking.	Code
To the extent the in-service date occurs later than currently forecasted, authority to defer any associated In-Service ratemaking revenues (and related costs) until the next annual in-service ratemaking reset, with the deferred revenues recognized and regulatory asset amortized over the remaining life of the Special Contract.	Code
Approval of the authorized rate of return for each year of the Special Contract.	Code

Q40. As noted above, NIPSCO also seeks a determination that certain services to be provided by NIPSCO to Customer that are incidental to NIPSCO's retail electric service are not subject to Commission jurisdiction or, in the alternative, declining jurisdiction over such services. Please explain these "incidental services."

A40. The Special Contract has an Exhibit A-2 where the ultimate Data Center Locations that will be receiving Electric Service under the terms of the Special Contract will be specified. [REDACTED]

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1 [REDACTED]. The Special Contract then includes a term
2 that obligates the Parties to enter a second agreement by which NIPSCO would
3 provide water supply to this particular Data Center Location. (See Highly
4 Confidential Attachment 1-B, Section 3.1). The water would mainly be industrial
5 water for cooling purposes, but it is assumed it would also include providing the
6 minor amounts of potable water that would be required.

7 **Q41. What about wastewater treatment?**

8 A41. It is expected that the sanitary wastewater treatment would also be provided by
9 NIPSCO, presumably using facilities already on site for NIPSCO's existing
10 operations and facilities in addition to construction of new facilities. Customer
11 would be responsible for industrial wastewater treatment, but the ultimate
12 discharge is expected to be to NIPSCO's existing settling basin(s) at the site.

13 **Q42. Before getting to the Commission's jurisdiction or lack of jurisdiction over these**
14 **services, how does NIPSCO propose to deal with the transfer** [REDACTED]

15 [REDACTED]?

16 A42. NIPSCO will subdivide a portion of the property that is needed for Customer's
17 purposes and will sell it to Customer at fair market value. NIPSCO will utilize an
18 appraisal from a licensed third-party real estate appraiser to assist with

1 determining the fair market value for the purchase price to be paid by Customer.

2 Upon sale, NIPSCO will retire that portion of the land from NIPSCO's books, and
3 any proceeds in excess of the adjusted net book value will result in a regulatory
4 liability, to be passed back to NIPSCO's other retail customers in a future rate
5 case.²²

6 **Q43. Why do you believe there is no Commission jurisdiction over the provision of**
7 **this anticipated water and wastewater service to Customer?**

8 A43. This service is similar to BP Products' provision of water and sewer service to
9 properties within or adjacent to the BP Campus in *BP Products North America v.*
10 *Office of Util. Cons. Counselor*, 947 N.E.2d 471 (Ind. Ct. App. 2011), *reh'g granted as*
11 *to other aspects*, 963 N.E.2d 1120 (Ind. Ct. App. 2011), *trans. dismissed*. NIPSCO is
12 not offering these services to the public, but only to this particular customer,
13 because this customer will be located on the property (after the transfer) that is
14 immediately adjacent to the [REDACTED].

²² If NIPSCO were to ultimately enter into a lease, rather than a sale, it will likewise ensure that the benefit of the lease payments is returned to NIPSCO's other retail customers.

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1 **Q44. If the Commission disagrees and finds that it does have jurisdiction, how is it**
2 **that it could decline jurisdiction over the provision of this water and wastewater**
3 **service?**

4 **A44.** The only distinction between the water and wastewater services NIPSCO will be
5 providing and the water and wastewater services BP Products was providing is
6 the underlying business in which the two parties are engaged. BP Products was
7 providing these services incidental to its business of operating a refinery; NIPSCO
8 will be providing these services incidental to its ongoing business activities at the
9 site, which is operating electricity generation. NIPSCO will be using assets (*e.g.*,
10 the intake structure from the [REDACTED]

11 [REDACTED]. If the Commission
12 determines that using a portion of NIPSCO's electric plant or equipment means
13 that these incidental services meet the definition of "service" under Ind. Code § 8-
14 1-2-1(e), then NIPSCO in the alternative seeks as part of its proposed ARP a
15 declination of the Commission's jurisdiction over the provision of such service.
16 However, if the Commission were to determine that NIPSCO's provision of this
17 incidental water service needs to be reviewed separate-and-apart from approval
18 of the Special Contract, NIPSCO is amenable to doing so, although this should not
19 prevent the Commission's approval of the Special Contract.

1 **Q45. How can the Commission decline to exercise its jurisdiction over water or**
2 **wastewater service?**

3 A45. Because the only thing that would provide the Commission jurisdiction over this
4 service is its connection to NIPSCO's provision of retail electric service and
5 NIPSCO's electric generating plant or equipment. Otherwise, these services
6 would firmly fall within the non-jurisdictional services at issue in *BP Products*.
7 NIPSCO is an "energy utility," and the services that would be provided would be
8 "retail energy service," as those terms are defined in Ind. Code ch. 8-1-2.5.

9 **Q46. How will NIPSCO's other retail customers benefit from the use of assets serving**
10 ██████ **to also provide water and wastewater service to Customer?**

11 A46. Customer's use of the assets would be handled in the same manner as described
12 above (Question / Answer 42) for the sale of land.

13 **PUBLIC INTEREST**

14 **Q47. You mentioned previously that you would be describing why both NIPSCO's**
15 **and GenCo's proposed ARPs are in the public interest and providing the**
16 **consideration of the elements set forth in Ind. Code § 8-1-2.5-5. What must the**
17 **Commission find to approve an ARP?**

1 A47. Ind. Code § 8-1-2.5-6(a)(1) states, in part, that the Commission may adopt
2 alternative regulatory practices, procedures, and mechanisms, and establish rates
3 and charges that:

4 (A) are in the public interest as determined by consideration of the
5 factors described in section 5 of this chapter; and

6 (B) enhance or maintain the value of the energy utility's retail energy
7 services or property;

8 including practices, procedures, and mechanisms focusing on the price,
9 quality, reliability, and efficiency of the service provided by the energy
10 utility.

11 **Q48. What are the factors described in Ind. Code § 8-1-2.5-5?**

12 A48. They are as follows:

13 (1) Whether technological or operating conditions, competitive forces,
14 or the extent of regulation by other state or federal regulatory bodies
15 render the exercise, in whole or in part, of jurisdiction by the
16 commission unnecessary or wasteful.

17 (2) Whether the commission's declining to exercise, in whole or in part,
18 its jurisdiction will be beneficial for the energy utility, the energy
19 utility's customers, or the state.

20 (3) Whether the commission's declining to exercise, in whole or in part,
21 its jurisdiction will promote energy utility efficiency.

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

1 **Q49. Before getting to the specific factors listed in the statute, please explain why the**
2 **Commission's approval of the requested ARPs serves the public interest?**

3 A49. In approving the declination request in the GenCo Order, the Commission found
4 (at 51): "[...] the evidence in this Cause supports a Commission determination that
5 it is in the public interest to decline to exercise its jurisdiction of the statutes
6 identified in the Settlement Agreement. GenCo seeks only declination of
7 jurisdiction of those sections that are necessary to further the public interest,
8 anchored in the principles of: (1) protecting existing customers; (2) serving
9 NIPSCO's new megaload customers with speed and flexibility; and (3)
10 maintaining NIPSCO's financial integrity." The ARPs are in furtherance of the
11 GenCo structure. The Commission also found (at 52): "[i]t is important that
12 NIPSCO be able to insulate current NIPSCO customers from any attendant risks
13 while still attracting new customers. The GenCo structure is a type of alternative
14 regulatory policy and practice contemplated by Ind. Code. ch. 8-1-2.5 that the
15 Commission is authorized to permit." The elements of the two ARPs are in
16 furtherance of this structure and fall into three categories. First, there are the non-
17 accounting aspects of NIPSCO's ARP described by Witness Phillips. Second, there
18 is the aspect of NIPSCO's ARP that I describe regarding services that are incidental

1 to retail electric service. Third, there are the accounting aspects of both Joint
2 Petitioners' ARPs described by Witness Gode.

NIPSCO non-accounting aspects of ARP

3 Witness Phillips describes the mechanism whereby NIPSCO can pass back to its
4 other retail customers in a timely and transparent fashion the customer benefits
5 from the Special Contract. NIPSCO requests authority to use the Commission's
6 30-day filing procedure so that the Shared System Credit can quickly be reflected
7 in customer bills. This Shared System Credit will be a separate line item on
8 customer bills for so long as this stream of payments exists so that it is transparent
9 to customers. Resolving in this filing how the Shared System Credit will be
10 calculated and allocated will ensure it does not become an issue for litigation in
11 future general rate cases. The Shared System Credit has been designed with an
12 eye to addressing affordability across all rate classifications, and all rate classes
13 will receive significant benefits from the Shared System Credit. As such, this
14 portion of NIPSCO's ARP is in the public interest.

Services Incidental to Retail Electric Service (*i.e.*, water and wastewater)

15 The portion of the ARP associated with water and wastewater service is necessary
16 and in the public interest because NIPSCO is only providing such services because

1 Customer is located on property next to [REDACTED], and
2 NIPSCO is only providing such services because Customer is taking energy
3 services pursuant to the Special Contract. NIPSCO's other retail customers will
4 receive the financial benefits from NIPSCO doing so. As such, this portion of
5 NIPSCO's ARP is also in the public interest.

Accounting

6 The accounting portions of both Joint Petitioners' proposed ARPs have no impact
7 on the payments that Customer (or other retail customers) will make. Instead,
8 these portions of both ARPs relate to how payments that are received from
9 Customer will be booked for purposes of generally accepted accounting principles
10 ("GAAP"). Witness Gode is the expert on what GAAP requires, but it is critical to
11 securing the capital necessary to construct the Contract Assets that payments
12 made by Customer are recognized as revenues to support the significant
13 infrastructure investment that is required under the Special Contract. Given that
14 this relief has no impact on the rates that any customer will pay and that this relief
15 is essential to NIPSCO and GenCo securing the necessary capital to fulfill their
16 obligations under the Special Contract and PPA, the accounting portions of both
17 Joint Petitioners' proposed ARPs are in the public interest. The last remaining

1 accounting request also described by Witness Gode is the separation of the costs
2 of the new transmission assets, as well as all effects from the Special Contract from
3 NIPSCO's results of operation. The GenCo Order requires that NIPSCO own all
4 the transmission assets, and that is an appropriate term. However, with NIPSCO
5 owning the transmission assets, the risks are not ring-fenced like they are for the
6 generation assets. The ARP is needed to insulate NIPSCO's other retail customers
7 from the risk of the Contract Assets that are transmission-related. As such, this
8 portion of NIPSCO's ARP is in the public interest, just as the entire GenCo
9 structure is in the public interest.

10 **Q50. Does consideration of the factors in Ind. Code § 8-1-2.5-5 also support a finding**
11 **of public interest?**

12 A50. Yes. As was explained in the GenCo Order (at 31), it is not necessary that all of
13 these factors be present for the public interest to be supported by an ARP but
14 rather that the factors be considered. At least three of the factors are present here.
15 Technological or operating conditions and competitive forces make the exercise of
16 jurisdiction unnecessary or wasteful. The counterparty to the Special Contract is
17 owned by one of the largest corporations in the world. Declining to exercise, in
18 whole or in part, the Commission's jurisdiction will be beneficial for NIPSCO and

1 GenCo, NIPSCO's customers, and the State of Indiana. Approval of the ARPs will
2 allow Customer to locate its development in Indiana and will provide all of the
3 benefits for NIPSCO's other retail customers (including the Shared System Credit
4 and the insulation from risk) previously described. Finally, the exercise of
5 Commission jurisdiction would inhibit NIPSCO from competing with other
6 providers of functionally similar energy services. Hyperscalers have many
7 options for where they locate their facilities, and without the relief Joint Petitioners
8 seek, Customer could easily locate in another provider's service territory and
9 potentially outside Indiana.

COMPLIANCE WITH THE GENCO SETTLEMENT AND GENCO ORDER

10 **Q51. Are there obligations from the GenCo Settlement approved in the GenCo Order**
11 **applicable to this proceeding?**

12 A51. Yes. Table 5 below contains the obligations from the GenCo Settlement approved
13 in the GenCo Order applicable to this proceeding, along with information showing
14 how the obligations have been satisfied.

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Table 5 – GenCo Settlement and GenCo Order Obligations		
<u>GenCo Settlement</u>	<u>Obligation</u>	<u>Evidence of Satisfaction</u>
Sections A.1.(a)(i)(1), (a)(ii)(2) and (a)(ii)(3)	Any future megaload customer special contracts or NIPSCO-GenCo PPAs will be filed with the Commission	Petition Parisi (including Highly Confidential Attachments 1-B and 1-C)
Sections A.1.(a)(i)(3) and A.2.(b)	Generation under GenCo's control will be tailored to NIPSCO's anticipated megaload needs, guided by NIPSCO's ongoing IRP process and informed by customer negotiations and Commission-approved special contract demand	Stanley *This will also be further addressed in future filings seeking approval of GenCo generation resources
Section A.1.(a)(i)(4)	GenCo will provide capacity that is inclusive of the MISO planning reserve margin requirements, which will ensure that the NIPSCO-GenCo PPA covers the full load requirements of megaload customers	Stanley

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Northern Indiana Public Service Company LLC
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Table 5 – GenCo Settlement and GenCo Order Obligations		
<u>GenCo Settlement</u>	<u>Obligation</u>	<u>Evidence of Satisfaction</u>
Sections A.1.(a)(i)(7), (a)(ii)(4) and A.4.(a) and (b).	GenCo and NIPSCO will work together to develop affiliate guidelines and submit them to the Commission which would occur no later than the time at which the first NIPSCO-GenCo PPA is presented to the Commission for approval. NIPSCO and GenCo will provide a copy of their affiliate guidelines to the Settling Parties and the OUCC in advance of submission to the Commission and provide a reasonable opportunity for those parties to comment on the affiliate guidelines before submission.	Parisi (including Attachment 1-E)
Section A.2.(c)	NIPSCO and GenCo will not enter into a PPA unless NIPSCO executes a special contract with a megaload customer, meaning that NIPSCO and GenCo will not enter into PPAs unless there is at least one executed special contract under which NIPSCO would have an obligation to serve a megaload customer.	Petition Parisi (including Highly Confidential Attachments 1-B and 1-C)

Table 5 – GenCo Settlement and GenCo Order Obligations		
<u>GenCo Settlement</u>	<u>Obligation</u>	<u>Evidence of Satisfaction</u>
Section A.2.(d)	Revenues from any excess energy and capacity sales will be addressed, as applicable, in the terms of special contracts between NIPSCO and any megaload customer, permissible agreements with any electing existing customer, and/or in a PPA between NIPSCO and GenCo.	Parisi (including Highly Confidential Attachment 1-B)
Section A.2.(g)	GenCo will not own substations or transmission assets, except: (i) the type necessary to interconnect to the grid; and (ii) with the consent of the megaload customer(s), new substations which are solely for purposes of serving one or more megaload customers.	Parisi
Section A.2.(h)	Any substations or transmission assets constructed by GenCo or NIPSCO solely for a megaload customer will be the cost responsibility of the megaload customer for which they are constructed.	Parisi Phillips
Section A.3(a)	All NIPSCO-GenCo PPAs to be used by NIPSCO to provide service to megaload customers or non-Rate 531 Tier 3 customers will be subject to affiliate guidelines and approval by the Commission in a regularly docketed proceeding.	Parisi (including Highly Confidential Attachment 1-C)

Joint Petitioners' Highly Confidential Exhibit No. 1
Northern Indiana Public Service Company LLC
NIPSCO Generation LLC
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Table 5 – GenCo Settlement and GenCo Order Obligations		
<u>GenCo Settlement</u>	<u>Obligation</u>	<u>Evidence of Satisfaction</u>
Section A.3(b)	Subject to appropriate provisions to prevent public disclosure of confidential information, all special contracts between NIPSCO and megaload customers will disclose the financial terms related to the provision of retail electric service, including those between the customer and GenCo, if any.	Petition Parisi (including Highly Confidential Attachments 1-B and 1-C)
Section A.3(d)	With adequate notice to the affected customer(s) who have cost responsibility in relation to a special contract, GenCo may take pre-acquisition/preconstruction steps (such as reserving equipment, submitting interconnection applications to MISO, etc.) without any filing to the Commission, provided that no costs are passed on to NIPSCO's other retail customers, except through special contract terms with a megaload customer(s).	Parisi (including Highly Confidential Attachment 1-B) Stanley

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Northern Indiana Public Service Company LLC
NIPSCO Generation LLC
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Table 5 – GenCo Settlement and GenCo Order Obligations		
<u>GenCo Settlement</u>	<u>Obligation</u>	<u>Evidence of Satisfaction</u>
Section A.4.(d)	GenCo will be the means through which generation is going to be procured by NIPSCO to serve its megaload customers, and approval of a NIPSCO-GenCo PPA is expected to be a condition to effectiveness of the special contract with any megaload customer. However, GenCo and NIPSCO will not condition or tie any other agreement with a customer beyond the provision of retail electric service to a service provided by the other.	Parisi (including Highly Confidential Attachment 1-B)
Section A.4.(f)	Any use of NiSource shared services will be subject to shared services agreements, which will be submitted to the Commission for approval using a procedure similar to the Commission's 30-day filing procedure, or as part of a regularly docketed proceeding.	Parisi IURC 30-Day Filing No. 50863
Section A.4.(h)	GenCo and NIPSCO will not intermingle funds	Gode
Section A.4.(i)	All affiliate contracts and agreements between NIPSCO and GenCo will be submitted for Commission approval using a procedure similar to the Commission's 30-day filing procedure, or as part of a regularly docketed proceeding.	Parisi IURC 30-Day Filing No. 50863

1
2 **Q52. Is there anything else you would like to note about the affiliate relationship**
3 **between NIPSCO and GenCo and what has been developed to govern that**
4 **relationship?**

5 A52. Yes. Table 6 refers to the development of affiliate guidelines, which needed to be
6 shared with the Settling Parties and the Indiana Office of Utility Consumer
7 Counselor in advance of submission. These guidelines are included in Attachment
8 1-E and, as required, were shared in advance of filing. Joint Petitioners are also
9 willing to consider reasonable, necessary modifications to these affiliate
10 guidelines. Additionally, as noted in Table 5, intercompany services agreements
11 between GenCo and NIPSCO and GenCo and NiSource Corporate Services
12 Company ("NCSC") were executed and submitted via the 30-day filing process.
13 These are very similar to the current affiliate agreements NIPSCO has with NCSC
14 and other affiliated utility companies, and they outline the services that can be
15 rendered between the companies and how cost allocation will be addressed. Also
16 included in Attachment 1-E, are NIPSCO's proposed updates to its Written
17 Procedures for Implementing the FERC Standards of Conduct, which control the
18 relationships between marketing function employees and transmission function

employees and will be placed into effect once GenCo becomes commercially operational with FERC-approved Market Based Rate Authority.

Q53. Witness Stanley mentions that the BESS and CCGTs will be built on NIPSCO property. Will that property ultimately be transferred to GenCo and is the transfer of assets governed by the GenCo Settlement?

A53. Yes. Transfer of assets is governed under Section A.2.(e) and Indiana Code § 8-1-2-84. NIPSCO and GenCo intend to request approval for this transfer of assets in a subsequent proceeding when GenCo seeks approval of the generation assets, as required by the GenCo Order.

DEPRECIATION RATES

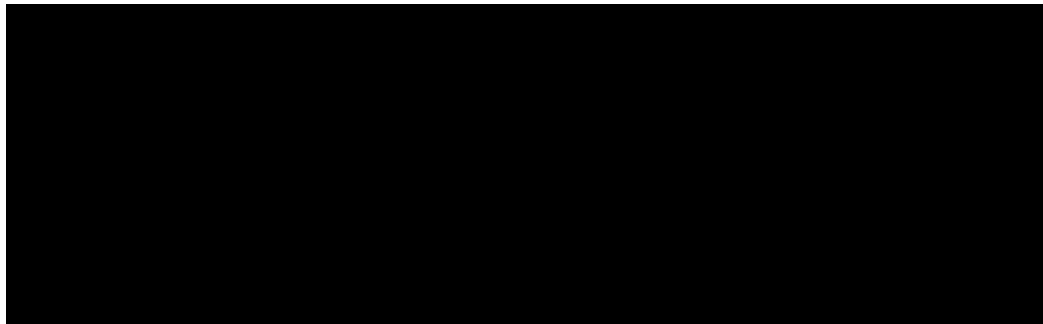
Q54. The Joint Petition indicates that approval of depreciation rates is being sought. Why is that important?

A54. Joint Petitioners seek approval of the depreciation accrual rates for the Contract Assets that each will own. This is sought because the Special Contract sets forth depreciation rates, [REDACTED]. As such, Joint Petitioners seek approval of the Special Contract depreciation rates, which rates will last throughout the term of the Special Contract. In other words, the Contract Assets will not be included in future

1 depreciation studies conducted by NIPSCO but will remain at the Special Contract
2 level.

3 **Q55. What are those depreciation rates that Joint Petitioners seek to have approved?**

4 A55. The depreciation rates are set forth in the definitions section of the Special Contract
5 (Highly Confidential Attachment 1-B, Schedule 1) "Depreciation Rate," defined as
6 follows:



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12
13
14 **CONCLUSION**

15 **Q56. Please summarize why the Commission should approve the Special Contract**
16 **and PPA as reasonable, just, and in the public interest.**

17 A56. Exhibit A to Joint Petitioners' Verified Petition outlines how and why the
18 commercial transaction presented to the Commission is in the public interest, and
19 I will not restate everything contained in Exhibit A. However, I will take the
20 opportunity to reiterate the importance and transformational nature of what is
21 being presented to the Commission for review and approval.

1 The GenCo construct is an innovative, forward-thinking vehicle to address the
2 growing demand of data centers. It is specifically tailored to protect NIPSCO's
3 other retail customers from the costs of developing new generation resources, to
4 allow development of needed generation in an expedited manner to drive
5 economic development, and to maintain NIPSCO's financial integrity, so that
6 NIPSCO can continue to provide its other retail customers the safe, reliable service
7 they expect. In the GenCo Order, the Commission approved this structure as just,
8 reasonable, and in the public interest, and enabling NIPSCO and GenCo to use this
9 structure to harness the potential benefits associated with data centers while
10 simultaneously mitigating one of the biggest challenges—protection of retail
11 customers.

12 In the Special Contract, NIPSCO is presenting an important and transformational
13 commercial agreement that will, when completed, essentially double NIPSCO's
14 electric load and generation portfolio. Through an arms-length negotiation with
15 a sophisticated customer, NIPSCO has ensured that Customer is fully responsible
16 for the incremental costs of approximately \$7 billion in generation and
17 transmission investment necessary to provide service, without any of these costs
18 being borne by NIPSCO's other retail customers. What is more, through the 15-

1 year term, it is estimated that more than \$1 billion will be passed back to other
2 customers to reduce their future electric bills. The Special Contract includes
3 reasonable protections for NIPSCO, as outlined above, and also presents NIPSCO
4 and GenCo with an opportunity to earn a return commensurate with the risk of
5 the agreement.

6 Through the PPA, Joint Petitioners have leveraged the GenCo structure to provide
7 NIPSCO with the energy and capacity necessary to serve Customer, while
8 ensuring NIPSCO and its other retail customers are reasonably and appropriately
9 insulated from the risk associated with doing so.

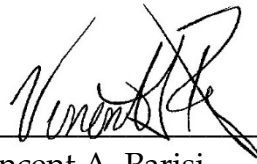
10 For all the reasons outlined in my testimony and Joint Petitioners' entire case-in-
11 chief, I urge the Commission to issue a timely order approving the relief requested
12 in this proceeding, which will unlock significant benefits for NIPSCO's customers,
13 northern Indiana, the State of Indiana, and Joint Petitioners.

14 **Q57. Does this conclude your prefiled direct testimony?**

15 **A57. Yes.**

VERIFICATION

I, Vincent A. Parisi, President and Chief Operating Officer of Northern Indiana Public Service Company LLC, affirm under penalties of perjury that the foregoing representations are true and correct to the best of my knowledge, information and belief.

A handwritten signature in black ink, appearing to read 'Vincent A. Parisi', is written over a horizontal line.

Vincent A. Parisi

Date: November 7, 2025

Attachment 1-A

[Verified Petition – Not duplicated herein]

Highly Confidential Attachment 1-B (Redacted)

Highly Confidential Attachment 1-C (Redacted)

\$500/MW				
		Amount per MW	\$500	
		End of Year Ramp		Year Contribution Made and Distributed*
	2027			2028
	2028			2029
	2029			2030
	2030			2031
	2031			2032
	2032			2033
	2033			2034
	2034			2034
	2035			2036
	2036			2037
	2037			2038
	2038			2039
	2039			2040
	2040			2041
	2041			2042
			\$ 15,149,500	
	*All amounts are estimated based on current Customer ramp			

DRAFT V.11

NISOURCE INC.
TRANSMISSION PROVIDER'S
WRITTEN PROCEDURES IMPLEMENTING
THE FERC STANDARDS OF CONDUCT
Pursuant to 18 CFR Section 358.7(d)

~~March 1~~October 15, 2025

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I. STATEMENT OF POLICY AND CONTACT INFORMATION

It is the policy of the NiSource Transmission Provider, subsequently defined in Section II, to fully comply with the Federal Energy Regulatory Commission's ("FERC") Standards of Conduct for Transmission Providers, contained in the Code of Federal Regulations (*See* 18 C.F.R. § 358 – Standards of Conduct online at eCFR.gov).

In furtherance of this policy, the NiSource Transmission Provider has prepared these written procedures for implementing the Standards of Conduct. These written procedures identify the NiSource Transmission Provider and its affiliates that employ marketing function employees and describe how the NiSource Transmission Provider will comply with the various requirements set forth in the Standards of Conduct.

The NiSource Transmission Provider has distributed these written procedures to all transmission function employees, marketing function employees, officers, directors, supervisory employees, and any other employees and contractors likely to become privy to transmission function information, as required under § 358.8(b)(2).¹ These written procedures are posted on the Internet Web site of the NiSource Transmission Provider, as required under § 358.7(d).

The NiSource Transmission Provider has appointed Kimberly S. Cuccia, Executive Vice President, General Counsel & Corporate Secretary, as its Chief FERC Compliance Officer, as required under § 358.8(c)(2). Included among the Chief FERC Compliance Officer's responsibilities are: 1) ensuring that the Standards of Conduct are distributed to employees and contractors subject to the Standards of Conduct; 2) ensuring that employees and contractors receive appropriate training on compliance with the Standards of Conduct; 3) ensuring, as part of the training program, that appropriate documentation is retained to demonstrate that the NiSource Transmission Provider is in compliance with the Standards of Conduct; and 4) ensuring that Internet Web site postings required by the Standards of Conduct are implemented on a timely basis.

If any NiSource employee, customer, or potential customer has questions concerning these written procedures or the Standards of Conduct or wishes to report any departure from or non-compliance with these written procedures or the Standards of Conduct, they should contact either the Chief FERC Compliance Officer, Legal Federal Regulatory or FERC Compliance.

Chief FERC Compliance Officer
Kimberly S. Cuccia
Executive Vice President, General Counsel and Corporate Secretary
614-460-4957
kscuccia@NiSource.com

Legal Federal Regulatory

¹ All regulation section references herein are to Title 18 of the Code of Federal Regulations (C.F.R.).

M. Bryan Little
Assistant General Counsel
317-242-8236
blittle@NiSource.com

FERC Compliance
Caryn J. Piper
FERC Compliance Manager
219-381-1237
carynpiper@NiSource.com

FERC Compliance email address:
NiSourceCompliance@NiSource.com

II. GENERAL TERMS

To effectively implement the Standards of Conduct, it is necessary to understand applicable terms. Certain terms used in these written procedures have the meanings defined below, which are intended to be consistent with § 358.3 of the Regulations, additional terms can be found in § 358.3.

FERC or Commission: means the Federal Energy Regulatory Commission.

Marketing Function:

For Electric: means the sales for resale, or offers to sell, in interstate commerce, of electric energy or capacity, demand response, virtual transactions, or financial or physical transmission rights, subject to an exclusion for bundled retail sales, including sales of electric energy made by providers of last resort (POLRs) acting in their POLR capacity.

Marketing Function Employee (MFE): means an **employee, contractor, consultant, or agent** of a transmission provider or of an affiliate of a transmission provider who actively and personally engages on a day-to-day basis in marketing functions.

Transmission Function: means the planning, directing, organizing, or carrying out of day-to-day transmission operations, including the granting, and denying of transmission service requests.

Transmission Function Employee (TFE): means an **employee, contractor, consultant, or agent** of a transmission provider who actively and personally engages on a day-to-day basis in transmission functions.

Transmission Function Information (TFI): means information relating to transmission functions.

III. IDENTIFICATION OF TRANSMISSION PROVIDER AND AFFILIATES THAT EMPLOY MARKETING FUNCTION EMPLOYEES

The NiSource Transmission Provider will promptly update the list of affiliates that employ or

retain marketing function employees if new entities are acquired or created, or if the activities of existing entities change to either bring the marketing function employees within or cause them to fall outside of the scope of the Standards of Conduct. To ensure that this occurs, the NiSource Corporate Secretary’s Office will notify the FERC Compliance Manager with respect to the acquisition, creation, disposition, or dissolution of any NiSource company or interest.

A. NiSource Transmission Provider²

<u>Company</u>	<u>Business</u>
Northern Indiana Public Service Company LLC (“NIPSCO”)	Electric Utility

NIPSCO assigned functional control over NIPSCO-owned transmission facilities to the Midcontinent Independent System Operator, Inc. (MISO), which serves as the Transmission Service Provider for NIPSCO’s system. NIPSCO continues to perform certain day-to-day transmission operations coordinated with, and sometimes under the direction of MISO, but does not grant or deny transmission service requests.

B. Affiliates that Employ Marketing Function Employees

The NiSource Affiliates that employ marketing function employees are:³

Department	Business	Reason(s)
Energy Supply and Optimization	Division of Northern Indiana Public Service Company LLC	Engaged in the sale for resale in interstate commerce, or the submission of offers to sell in interstate commerce, of electric energy or capacity, demand response, virtual transactions, or financial or

² Prior to the abandonment by sale of Central Kentucky Transmission Company (CKT) in 2020, this procedure also applied to natural gas. However, CKT's abandonment via sale of its 25 percent undivided interest in the KA-1 North Facilities and associated capacity was approved by FERC under section 7(b) of the Natural Gas Act. *See Central Kentucky Transmission Co.*, 172 FERC ¶ 62,174 (2020). This abandonment was effective on December 11, 2020. In the event that NiSource acquires an interest in a natural gas pipeline subject to the Natural Gas Act in the future, this procedure will be updated accordingly.

³ [On September 24, 2025, the Indiana Utility Regulatory Commission \(“IURC”\) issued a final order in Cause No. 46183 authorizing the creation of a new NIPSCO affiliate: GenCo. Once GenCo becomes commercially operational with FERC approved Market Based Rate Authority, “GenCo” will be added to the list of NiSource Affiliates that employ MFEs. Once GenCo becomes commercially operational, Legal-Federal Regulatory will also enhance its Anti-Market Manipulation Training to clarify that MFEs in NIPSCO and GenCo cannot share market information. The other language changes related to FERC Order 717 are footnoted throughout the current Procedure below.](#)

		physical transmission rights.

IV. **NON-DISCRIMINATION REQUIREMENTS**

The NiSource Transmission Provider must strictly enforce tariff provisions relating to the sale or purchase of open access transmission service. If the applicable open access transmission tariff provision permits the use of discretion, such discretion must be exercised in a fair and impartial manner that does not treat transmission customers in a discriminatory manner (*See* §§ 358.4(a) and (b)). The NiSource Transmission Provider may not give any undue preference to any individual or entity with respect to the sale or purchase of transmission service, through tariff provisions or otherwise. This includes, but is not limited to, issues of price, curtailments, scheduling, priority, ancillary services, or balancing (*See* § 358.4(c)).³⁴

The NiSource Transmission Provider must post on its Internet Web site notice of each waiver of an open access transmission tariff provision that it grants in favor of an affiliate, unless such waiver has been approved by the FERC.⁴⁵ The posting must be made within one (1) business day of the act of a waiver. The NiSource Transmission Provider must also maintain a log of the acts of waiver and must make it available to the FERC upon request. The records must be kept for a period of five (5) years from the date of each act of waiver, as required under § 358.7(i).

V. **INDEPENDENT FUNCTIONING RULE**

Section 358.5 of the FERC's regulations set forth the Independent Functioning Rule that is applicable to the transmission function employees and the marketing function employees of Transmission Providers and their affiliates. This section requires that a Transmission Provider's transmission function employees must function independently of its marketing function employees (*See* § 358.5(b)).⁶

In compliance with § 358.5, NiSource Transmission Provider employees have been trained and instructed that marketing function employees may not conduct transmission functions and may not have access to the system control center or similar facilities used for transmission operations that differs in any way from the access available to other transmission customers. In addition, transmission function employees have been trained and instructed that they are not permitted to conduct marketing functions.

Consistent with these regulations, the NiSource Transmission Provider's transmission function

³⁴ As noted above, NIPSCO does not process transmission service requests. Transmission service requests for the NIPSCO transmission system are processed by MISO pursuant to the MISO open access transmission tariff.

⁴⁵ NIPSCO cannot grant waivers to the MISO open access transmission tariff.

⁶ Once GenCo is commercially operational, the following phrase will be added to this procedure: "and will apply as between the NiSource Transmission Provider and both NIPSCO and GenCo."

employees will function independently of its⁷ marketing function employees. As discussed below in Section VII., the NiSource Transmission Provider's transmission function employees and marketing function employees may exchange certain non-public transmission function information in certain emergency circumstances affecting system reliability, subject to the Commission's recording and posting requirements (*See* § 358.7(h)).

VI. NO CONDUIT RULE

In compliance with § 358.6(a), NiSource employees, contractors, consultants, and agents who are likely to become privy to transmission function information are trained and instructed that they are prohibited from using anyone as a conduit for the disclosure of non-public transmission function information to its marketing function employees. The NiSource Transmission Provider and its affiliated employees, contractors, consultants, and agents are prohibited from disclosing or using anyone as a conduit for disclosure of non-public, operational information received pursuant to §§ 38.2 and § 284.12(b)(4) to a third party or to the NiSource Transmission Provider's marketing function employees⁸. However, the FERC allows for the exchange of non-public, operational information between public utilities and pipelines or other public utilities for the purpose of promoting reliable service or operational planning (*See* §§ 38.2 and 284.12(b)(4)).

VII. TRANSPARENCY RULE

A. Contemporaneous Disclosure.

If the NiSource Transmission Provider discloses non-public transmission function information,⁹ it must immediately post the information that was disclosed on its Internet Website (*See* § 358.7(a)). Excluded from this requirement is information specified under §§ 358.7(b) and (h), detailed in paragraphs B and E below.

If the NiSource Transmission Provider discloses: 1) non-public transmission customer information, 2) critical energy infrastructure information (CEII) as defined in § 388.113(c)(1), or 3) any other information that the FERC by law has determined is to be subject to limited dissemination, the NiSource Transmission Provider must immediately provide notice through its Website that the information was disclosed (*See* § 358.7(b)). **Note that information subject to limited dissemination should not itself be posted.**

B. Exclusion of Specific Transaction Information.

⁷ Once GenCo is commercially operational, "its" will be struck and replaced with "both NIPSCO's and GenCo's"

⁸ Once GenCo becomes commercially operational, the following phase will be added to this sentence: ", which includes both NIPSCO and GenCo."

⁹ Once GenCo becomes commercially operational, the following language will be added here: "to marketing functions employees of either NIPSCO or GenCo,"

As permitted by the Standards of Conduct, the NiSource Transmission Provider's transmission function employees may have non-public communications with its marketing function employees, with respect to the affiliate's "specific request for transmission service" (*See* § 358.7(b)).^{§10} Accordingly, the NiSource Transmission Provider is not required to contemporaneously disclose information related to any such communications.

C. Voluntary Consent.

If a non-affiliated transmission customer voluntarily consents in writing, a NiSource Transmission Provider may share the customer's information with its marketing function employees, as permitted under § 358.7(c). In such cases, the NiSource Transmission Provider must post a notice on its Internet Website that consent was received to share the information and a statement that the NiSource Transmission Provider did not provide any operational or rate-related preferences in exchange for that voluntary consent. **Note that the specific customer information should not itself be posted.**

D. Posting Requirements.

The NiSource Transmission Provider has listed on its public Internet Website: a) current written procedures implementing the Standards of Conduct (*See* § 358.7(d)); b) the names and addresses of its affiliates that employ or retain marketing function employees (*See* § 358.7(e)(1)); c) the employee-staffed facilities that are shared by transmission function employees and marketing function employees, including the type of facility shared and its address (*See* § 358.7(e)(2)); and d) the job titles and job descriptions of its transmission function employees (*See* § 358.7(f)(1)). In addition, the NiSource Transmission Provider has trained personnel to update the applicable Websites within seven (7) days of any changes in the information described above, as required under § 358.7(g)(1).

The NiSource Corporate Secretary's Office will notify the FERC Compliance Manager about the formation of any new affiliates for the purposes of determining whether a new affiliate employs marketing function employees. The NiSource Corporate Secretary's Office will also provide notification of the dissolution of any affiliates so that these affiliates can be removed from the NiSource Transmission Provider's Internet Website, if necessary. The NiSource Transmission Provider also will post information concerning any potential merger partners within seven (7) days after the merger is announced, as required under § 358.7(e)(3).

To comply with § 358.7(f)(2), the NiSource Human Resources Department will, on a weekly basis, automatically generate a report identifying employee transfers to or from marketing function positions and transmission function positions within NiSource. The report will identify the name of the transferring employee, the respective titles held before and after the transfer, companies transferred to and from, and the effective date of the transfer. The weekly report will be posted on the NiSource Transmission Provider's Internet Web site. Transfer information will remain active

^{§10} Note: Since MISO processes all transmission service and other requests associated with NIPSCO transmission facilities under the MISO open access transmission tariff, this exclusion would not generally apply to communications between NIPSCO marketing function and transmission function employees.

on the website for ninety (90) days. In addition, a FERC Compliance Manager, or designee, will review the report to determine whether a transferred employee's access to any NiSource company database or computer system needs to be terminated. If such action is necessary, the FERC Compliance Manager will contact the employee's supervisor or application access owner to terminate access.

If an emergency occurs, such as an earthquake, flood, fire, or hurricane, that severely disrupts the Transmission Provider's normal business operations, the posting requirements under § 358.7 may be suspended by the NiSource Transmission Provider. If the disruption lasts longer than a month, the FERC must be notified, as required under § 358.7(g)(2).

E. Exclusion for and Recording of Certain Information Exchanges.

Marketing function employees may be provided certain non-public transmission function information under the exclusions set forth in § 358.7(h)(2), if the non-public transmission function information provided is:

- Information pertaining to compliance with Reliability Standards approved by the FERC, or
- Information necessary to maintain or restore operation of the transmission system or generating units, or that may affect the dispatch of generating units.

A contemporaneous record of any exchange of information under the above exclusions must be made and retained by the NiSource Transmission Provider, except in emergency circumstances, when a record of the exchange must be made as soon as practicable after the fact. If any NiSource employee is involved in, or becomes aware of, the provision of non-public transmission information to a marketing function employee, the employee must immediately contact their supervisor or a member of the FERC Compliance Department to ensure a disclosure form is completed (*See* Section IX). If completed by the employee and manager, the form and relevant records will be provided to the FERC Compliance. Records of any exchange of information under the above exclusion may include hand-written or typed notes, electronic records such as e-mails and text messages, and recorded telephone calls, to the extent applicable. Information related to the exchange must be retained for a period of five (5) years and must be made available to the FERC upon request.

VIII. IMPLEMENTATION REQUIREMENTS

A. Effective Date.

The NiSource Transmission Provider must be in full compliance with the Standards of Conduct on the date it commences transmission transactions with an affiliate that engages in marketing functions, as required under § 358.8(a).

B. Training.

A training program has been developed to train identified employees and contractors on the Standards of Conduct (*See* § 358.8(c)(1)). As permitted by the FERC's regulations, NiSource's

training program is conducted electronically, and is deployed to the affected employees and contractors on an annual basis, and to new employees within the first thirty (30) days of their employment. The electronic training program requires the participant to certify that he or she has completed the training. The Learning Management System and the FERC Compliance Manager, or designee, will keep a record of trained employees and contractors, and will provide training to transferred employees in the identified groups who are subject to Standards of Conduct training. In the case that training materials are provided in either a live or paper format, a record of the training completion will be documented.

C. Chief FERC Compliance Officer.

See Section I of this document.

D. Books and Records.

NiSource maintains separate books and records for the NiSource Transmission Provider and its affiliates that employ or retain marketing function employees, except that one set of books and records are maintained for NIPSCO. Records are maintained in accordance with § 358.8(d) and are available for FERC inspection.

IX. STANDARDS OF CONDUCT DISCLOSURE REPORT FORM

**Documentation of Permissible Exchanges
of Non-Public Transmission Function Information**

Pursuant to 18 C.F.R. Section 358.7(h), this form is used to document a permissible exchange of non-public transmission function information with a NiSource Marketing Function Employee (MFE).

Check one: This disclosure is of:

- ☐ Information relating to compliance with Reliability Standards approved by the FERC.
- ☐ Information necessary to maintain or restore operation of the electric transmission system or generating units, or that may affect the dispatch of the generating units.

Information about the Exchange Being Reported

- (a) Person making this report:

<i>Name</i>	<i>Department</i>
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- (b) Other employees present:

<i>Name</i>	<i>Department</i>
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- (c) Date of Event: _____

- (d) Time of Event: _____

- (e) Brief description of the non-public transmission function information disclosed, including the name of the employee who provided such information to the marketing function employee: _____

- (f) Describe and attach all records of the information exchange (memos, handwritten or typed notes, emails, text messages, etc.). If documentation is a recorded telephone exchange, please indicate who is responsible for maintaining the recorded voice line records, if known.

- (g) Email this completed form and all attached documentation in Portable Document Format (PDF) form to NiSourceCompliance@nisource.com or to FERC Compliance directly.

X. POLICIES AND PROCEDURES

NiSource creates and updates additional and more detailed Policies and Procedures to comply with the Standards of Conduct. They are maintained and supplemented as necessary by FERC Compliance on the Legal Federal Regulatory SharePoint site (located at the following link):

<https://nisource.sharepoint.com/mcas.ms/sites/Mysource/Legal%20Federal%20Regulatory/SitePages/Home.aspx>

These procedures should be reviewed along with the Written Procedures:

- A. Documenting Disclosures of Non-Public Transmission Function Information
- B. Documentation of Permissible Exchanges of Non-Public Transmission Function Information

XI. REVISION HISTORY

Version	Effective Date	Created/Revised By	Approved By	Description
1.0	08/01/2017	Gordon Scott	Patricia Gyure	Versioning added to procedure
2.0	09/01/2018	Gordon Scott	Patricia Gyure	Added Director Corporate Compliance to Section 1; Revised email addresses
3.0	08/21/2020	Gordon Scott	Patricia Gyure	Added non-material revisions Revised Disclosure Report Form
4.0	10/02/2020	Caryn Piper	Patricia Gyure	Changed Chief FERC Compliance Officer and removed FERC Compliance Manager
5.0	5/1/2021	Caryn Piper Bryan Likins	Patricia Gyure	Changed to remove references to CKT due to sale of CKT, and for other minor revisions.
6.0	12/10/2021	Caryn Piper Bryan Little	Patricia Gyure	Changed Chief FERC Compliance Officer
7.0	4/6/2022	Caryn Piper	Bryan Little	Updated Kim Cuccia's title and replaced Pat Gyure with Bryan Little
8.0	6/2/2023	Caryn Piper	Bryan Little	Removed all references to natural gas and included a statement in footnote 1 that this procedure will be updated if NiSource acquires an interstate pipeline.
9.0	9/1/2024	Caryn Piper Valerie Green (DayPitney)	Bryan Little	Reviewed; minor immaterial updates made.

Version	Effective Date	Created/Revised By	Approved By	Description
10.0	3/1/2025	Caryn Piper	Bryan Little	Updated title for Kimberly S. Cuccia and phone number for Bryan Little.
<u>11.0</u>	<u>10/15/25</u>	<u>Bryan Likins</u> <u>Bryan Little</u>	<u>Melissa</u> <u>Thompson</u>	<u>To comply with terms of the Settlement Agreement in IURC Cause No. 46183, the modifications that will need to be made to this Procedure are noted in footnotes 3, 6, 7, 8, and 9. Immediately prior to GenCo becoming commercially operable, the footnoted changes in this Policy will be made and published. Corresponding changes will also be made to all Order 717 and Anti-Market Manipulation training materials.</u>

Guidelines for Affiliate Interactions and Agreements

Indiana Law

Indiana Law gives the Indiana Utility Regulatory Commission (IURC) jurisdiction over transactions between utility companies and their affiliated interests. NIPSCO Generation LLC (GenCo) has been recognized by the IURC as a public utility and an energy utility under Indiana law. All contracts between GenCo and any affiliate must be submitted to the IURC prior to the contract being effective. In addition, the law provides that if the IURC finds that any affiliated contract is not in the public interest, the Commission is authorized to disapprove such contract prospectively. No affiliate contract is effective until it is filed with the Commission, and under IURC GAO-2016-5 typically cannot have a term for longer than 5 years, unless a longer term is approved by the Commission. It also cannot have an evergreen provision.

Under terms of the IURC's final order in Cause No. 46183 approving GenCo's request for declination of certain jurisdiction (GenCo Order), affiliate contracts between GenCo and Northern Indiana Public Service Company LLC (NIPSCO) must be submitted to the IURC for approval. However, transactions pursuant to such approved affiliate contracts do not require independent approval or review.

Federal Energy Regulatory Commission (FERC) Rules

Sections 35.39 and 35.44 of FERC's regulations set forth the restrictions on affiliate transactions between a franchised public utility with captive customers and its market-regulated power sales affiliate. Under FERC's rules, NIPSCO is considered a franchised public utility with captive customers, and GenCo will be its market-regulated power sales affiliate; therefore, these restrictions apply to transactions involving power, as well as non-power goods and services between NIPSCO and GenCo. The most relevant sections of Sections 35.39 and 35.44 of FERC's regulations are summarized below.

First, no wholesale sale of energy or capacity may be made between a franchised public utility with captive customers and its market-regulated power sales affiliate without prior FERC authorization under section 205 of the Federal Power Act.

Second, sales of any non-power goods or services by a franchised public utility with captive customers to the market-regulated power sales affiliates must be at the higher of cost or market price.

Third, sales of any non-power goods or services by a market-regulated power sales affiliate to an affiliated franchised public utility with captive customers may not be at a price above market.

Fourth, to the maximum extent practical, the employees of a market-regulated power sales affiliate must operate separately from the employees of any franchised public utility with captive customers.

Fifth, a franchised public utility with captive customers may not share market information with its market-regulated power sales affiliate if the sharing could be used to the detriment of captive customers, unless simultaneously disclosed to the public.

Guidelines for Entering into Affiliate Contracts

Ordinary corporate and business services will be provided by corporate affiliates under the terms of intercompany services agreements, which will define both the scope of services allowed to be provided and the methods for allocating costs for the rendering of such services. As noted above, these agreements must be submitted to the IURC for approval and cannot be effective any earlier than the date of that submission.

The following affiliate contracts have been executed and will become effective at the later of i) date of submission to the IURC or ii) January 1, 2026.

- 1) Service Agreement between NIPSCO Generation LLC and Northern Indiana Public Service Company LLC
- 2) Service Agreement between NiSource Corporate Services Company and NIPSCO Generation LLC
- 3) Intercompany Revolving Credit Agreement among NiSource Inc., NiSource Corporate Services Company, and NIPSCO Generation LLC

Before entering into an agreement on behalf of GenCo, you must contact NIPSCO's Assistant General Counsel, who is responsible to submit the contract to the IURC, and/or seek FERC approval, and seek guidance about the appropriate contracting arrangement and necessary approval process.

Guidelines for Equipment and Materials

Equipment and materials (transformers, breakers, chemicals, etc.) will ordinarily be procured directly by the company (e.g., NIPSCO or GenCo) who has the expected need for the item in question, and cost responsibility will be with that company or a centralized services company if established. In instances where either NIPSCO or GenCo are in need of equipment or materials and the equipment or material is not available timely through

normal supply chain procurement or is not available at a reasonable price, a transfer between NIPSCO and GenCo may occur. Transfers may also occur when doing so would be beneficial to NIPSCO, if approved by both GenCo and NIPSCO. However, neither company is required to transfer equipment or materials. Additionally, if NIPSCO expects a transfer of any equipment or material will impact its ability to provide safe, reliable service to any retail customers, NIPSCO shall not make such transfer to GenCo.

If a transfer is from NIPSCO to GenCo, the price will be at the higher of market price or cost. If the transfer is from GenCo to NIPSCO, the price will be at no higher than the market price. The determination of “cost” for such transfers will be based on the average unit cost for the same or substantially similar equipment and materials that the company providing the transfer has in inventory. Pricing will not, for example, be based upon the cost of the “first-in” or “last-in” item in inventory.

Any such transfer of equipment and materials must follow all applicable internal policies and procedures, including, but not limited to, accounting procedures. Records of all transfers must be documented, and records will be maintained, consistent with company records retention policies. Additionally, for any transfer with a value of \$5 million or more, an officer of both companies involved in the transfer must authorize the transfer in writing in advance, and records of such authorization will be maintained, consistent with company records retention policies.

If at some point in the future NiSource creates a centralized service company (e.g., HoldCo) for equipment and materials, these affiliate guidelines will be updated to reflect the applicable FERC and IURC regulations.