

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF NORTHERN INDIANA PUBLIC )  
SERVICE COMPANY FOR AUTHORITY TO )  
MODIFY ITS RATES AND CHARGES FOR )  
ELECTRIC UTILITY SERVICE AND FOR )  
APPROVAL OF: (1) CHANGES TO ITS )  
ELECTRIC SERVICE TARIFF INCLUDING A )  
NEW SCHEDULE OF RATES AND CHARGES ) CAUSE NO. 44688  
AND CHANGES TO THE GENERAL RULES )  
AND REGULATIONS AND CERTAIN RIDERS; )  
(2) REVISED DEPRECIATION ACCRUAL )  
RATES; (3) INCLUSION IN ITS BASIC RATES )  
AND CHARGES OF THE COSTS )  
ASSOCIATED WITH CERTAIN PREVIOUSLY )  
APPROVED QUALIFIED POLLUTION )  
CONTROL PROPERTY, CLEAN COAL )  
TECHNOLOGY, CLEAN ENERGY PROJECTS )  
AND FEDERALLY MANDATED )  
COMPLIANCE PROJECTS; AND (4) )  
ACCOUNTING RELIEF TO ALLOW NIPSCO )  
TO DEFER, AS A REGULATORY ASSET OR )  
LIABILITY, CERTAIN COSTS FOR RECOVERY )  
IN A FUTURE PROCEEDING. )

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COMPLIANCE FILING  
PERFORMANCE METRIC COLLABORATIVE UPDATE

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Ordering Paragraph 10 of the Indiana Utility Regulatory Commission's July 18, 2016 Order issued in this Cause ("Rate Case Order") directed Northern Indiana Public Service Company ("NIPSCO") to participate in a collaborative for the purpose of implementing performance metrics. The Commission ordered that

NIPSCO shall keep the Commission apprised of the progress of the collaborative through compliance filings made under this Cause as described in its Order as follows:

[W]e find that NIPSCO shall facilitate a meeting with interested stakeholders within six weeks of the effective date of the Order in this Cause to collaborate on a path for moving forward with a performance metrics initiative.

\* \* \*

In order that the Commission and interested stakeholders may stay abreast of the collaborative process, we direct NIPSCO to make a progress update filing with the Commission within 90 days of the initial meeting of the collaborative. We also order NIPSCO to file quarterly reports for the first year and an annual report by July 1, 2017, and for each year thereafter until otherwise indicated by the Presiding Officers.

In compliance with Ordering Paragraph 10 of the Commission's Rate Case Order, attached please find NIPSCO's Performance Metric Collaborative Report dated November 28, 2016 being filed within 90 days after the initial collaborative meeting. NIPSCO's initial Performance Metrics Collaborative Report incorporates revisions and language as provided by the interested stakeholders participating in NIPSCO's Performance Metrics Collaborative.

In compliance with the Commission's directive that NIPSCO file quarterly reports for the first year, the interested stakeholders have agreed that NIPSCO will

file its first quarterly update by April 1, 2017.<sup>1</sup> NIPSCO will file an annual Performance Metrics Collaborative Report by July 1, 2017, and for each year thereafter until otherwise indicated by the Presiding Officers.

Respectfully submitted:



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<sup>1</sup> The April 1, 2017 filing date is different than the filing dates of February 27 and May 29, 2017 agreed to in the Project Charter; however, after a discussion of the participants it was determined that the April 1, 2017 filing date would allow updated information to be provided that might not be able to be analyzed in time for a February 27, 2017 filing.

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The undersigned hereby certifies that the foregoing was served by email transmission upon the following:

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Dated this 28<sup>th</sup> day of November, 2016.



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Christopher C. Earle



# Performance Metric Collaborative Report

**November 28, 2016**

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## Executive Summary

In response to the Indiana Utility Regulatory Commission (“IURC” or the “Commission”) Order in Northern Indiana Public Service Company’s (“NIPSCO” or the “Company”) 2016 rate case (Cause No. 44688), NIPSCO, Commission staff, the Indiana Office of Utility Consumer Counselor (“OUCC”), Citizens Action Coalition, LaPorte County, NIPSCO Industrial Group, Indiana Municipal Utility Group, and U.S. Steel Company (collectively, the “NIPSCO Collaborative”) participated in a collaborative process for the purpose of reviewing, discussing, drafting, and implementing performance metrics. The NIPSCO Collaborative reviewed the performance metrics already being used by NIPSCO, considered potential changes and additions to these metrics, and came to a preliminary understanding on an initial set of performance metrics for the purpose of this Performance Metric Collaborative Report to the Commission.

The NIPSCO Collaborative first met on August 29, 2016 and then multiple times thereafter as summarized below in the section entitled “Stakeholder Meetings”. The initial meetings included development of a Project Charter, a discussion of metric design principles, and a review of redacted versions of metrics derived from internal NIPSCO benchmarking reports (the “Balanced Scorecard”), including the definition or basis for each metric. During subsequent meetings, in-depth “deep dive” discussions on Operational Efficiency and Residential Customer Satisfaction metrics were conducted. In all of the meetings, a healthy open discussion was held regarding the participants’ interest in various metrics, and which measures should be considered and included in the Performance Metric Collaborative Report.

The parties agreed that NIPSCO and the participating stakeholders should attempt to reach agreement on appropriate comparisons and data to measure comprehensive performance across a spectrum of activities over time that is useful for comparison to other utilities. To facilitate this purpose, the following actions represent the objectives of NIPSCO’s Performance Metric Collaborative:

- Establish a NIPSCO performance metrics initiative as directed by the Commission
- Enhance the understanding of interested stakeholders regarding NIPSCO’s performance levels
- Facilitate active participation by all interested stakeholders including the Commission’s technical staff
- Keep the Commission apprised of the progress of the NIPSCO’s performance metric initiative through periodic compliance filings

The Commission’s order stated that the evidence presented by the OUCC with regards to NIPSCO’s administrative and general expenses supported further action. As such, and in support of the Commission’s directive to further develop the performance metrics already being used by NIPSCO, the participating stakeholders discussed a number of potential metrics to be evaluated within this Performance Metric Collaborative. Based on the discussions among the participating stakeholders, the following initially proposed performance metric domains were established:

- Public Safety

- Reliability
- Customer Satisfaction
- Operational Efficiency
- Affordability/Pricing
- Staffing

Within each domain, specific initial metrics were identified for inclusion in the Performance Metric Collaborative Report.

NIPSCO is submitting its first Performance Metric Report by November 28, 2016 (90 days after the initial collaborative meeting). Going forward, all participating parties expect that the continuing collaborative process will help facilitate further alignment of priorities and improved communications. It should be noted that the initial set of metrics to be reported by NIPSCO in this report may be modified and/or refined over time based on input from NIPSCO and the interested stakeholders. Other than inclusion of the JD Power Survey Business results, there are presently no other industrial or commercial customer-specific metrics covered in the initial report. The participating parties plan to discuss the potential inclusion and scope of such metrics in future meetings. In addition, elements of the reporting process are subject to change/refinement throughout the course of the collaborative process to improve the quality and usefulness of metrics.

While the final control over the content of the reports to be filed with the Commission lies with NIPSCO, the report also incorporates revisions and language as provided by IURC staff, the OUCC, Citizens Action Coalition, LaPorte County, NIPSCO Industrial Group, Indiana Municipal Utility Group, and U.S. Steel Company (collectively, the “Participating Stakeholders”). The Participating Stakeholders provided the following explanation to further detail their involvement in the collaborative process.

As part of the Collaborative effort it is understood by NIPSCO and all other participants that the Participating Stakeholders offered their good faith input and initial observations and comments in the collaborative process in order to further the Performance Metrics goals enunciated by the IURC’s Order. While NIPSCO has been cooperative in discussing and in some cases incorporating suggestions and observations from the Participating Stakeholders, the final control over the content of this document and outcomes from this collaborative and its documents rests with NIPSCO, and the absence of any separate filing from the IURC Staff, OUCC, and other participating stakeholders does not imply full agreement with or that the content here is necessarily the best possible or the same content that would have been created had each participant made their own independent filing. Further, the Participating Stakeholders do not control the content, implementation, measurement or future developments for any measurement or data point included in the initially selected set of Performance Metrics. Similarly the Participating Stakeholders did not perform independent engineering or financial analysis related to the issues discussed in this Collaborative. Accordingly and to remove any doubt, this report and the documents contained within this filing, including Appendix D, are documents finalized and decided upon by NIPSCO and preliminarily reviewed, but not validated, by the Participating Stakeholders. Further, the

Participating Stakeholders' participation in, comments made, or positions taken in, and the resulting reports coming from this collaborative process are not intended to be nor should be construed as any admission, waiver or acquiescence by the Intervenors of any possible future positions, concerns, actions, or issues related to the Collaborative topics, e.g. Performance Metric content, implementation, financing, progress, data, measurement and all other matters related to the topics of this Collaborative. The Collaborative participants have consistently pursued open and candid discussions to enhance the understanding of all involved and aid in this unique process within the context of and similar to confidential settlement discussions. As such, positions taken or comments made within the Collaborative should be afforded similar protections as well as reservations of rights and positions.

## **Background**

### **Statutory Directive**

In its order in NIPSCO's 2016 rate case, the Commission directed Northern Indiana Public Service Company ("NIPSCO") to "participate in a collaborative process with interested stakeholders for the purpose of implementing performance metrics." Cause No. 44688, July 18, 2016, Final Order at 96. The Commission expressed its expectation that a performance metrics initiative would "enable comparisons of NIPSCO's performance over time and in comparison to comparably situated utilities." *Id.* at 94. That directive was made in response to evidence presented by the OUCC regarding NIPSCO's administrative and general expenses; however, the Commission defined the scope of the collaborative process to include further development of "the performance metrics already being used by NIPSCO." *Id.* Finally, the Commission stated that it believes "performance metrics can be of significant value to the Commission and NIPSCO's ratepayers." *Id.*

### **Participating Stakeholders**

The following parties elected to participate in the collaborative:

Indiana Utility Regulatory Commission Staff	Indiana Office of Utility Consumer Counselor
Northern Indiana Public Service Company	NIPSCO Industrial Group
Citizens Action Coalition	Indiana Municipal Utility Group
LaPorte County	U.S. Steel Company

These parties are collectively referred to as the NIPSCO Collaborative in this report.

### **Stakeholder Meetings**

The parties met on five occasions during the collaborative process as follows:

*August 29, 2016*

NIPSCO hosted the Collaborative Kickoff Meeting on August 29, 2016. The meeting was conducted by a third-party facilitator retained by NIPSCO, Rick Starkweather of ScottMadden, Inc. Mr. Starkweather presented to the group on Project Charter elements and Metric Design Principles. The participants held a brief discussion regarding the Project Charter for the NIPSCO Collaborative, and then an open discussion was held regarding the participants' desired metrics to be included in the Performance Metric Collaborative Report.

*September 14, 2016*

The second meeting of the NIPSCO Collaborative was held on September 14, 2016. The participants further refined the Project Charter, and NIPSCO presented a proposed set of metrics for inclusion in the initial report to the Commission. The metrics presented by NIPSCO during this meeting represented a subset of metrics currently used by NIPSCO's Management Team. NIPSCO's subject matter experts ("SMEs") in attendance presented on each metric, and there was a healthy discussion amongst the participants on each metric. The stakeholders requested additional metrics be discussed at the next meeting, including seeing the full NIPSCO Balanced Scorecard (the quarterly scorecard presented to NIPSCO Management). The Collaborative also requested "deep dive" sessions on Operational Efficiency, Customer Satisfaction/JD Power Scores, and Affordability. NIPSCO also agreed to post its most recent Sustainability report to the ShareFile site for review by the stakeholders.

*October 5, 2016*

The third meeting of the NIPSCO Collaborative was held on October 5, 2016. The stakeholders first discussed and finalized the Project Charter (see Appendix A). NIPSCO then presented additional metrics for discussion by the participants. NIPSCO provided a redacted version of the full slate of metrics reported on its quarterly Balanced Scorecard, which was posted to the ShareFile site following the meeting. The participants acknowledged that there are several metrics presented to NIPSCO Management that are for internal use and are not applicable to the Collaborative process. The participants also acknowledged that many internal NIPSCO metrics include data for both of NIPSCO's gas and electric operations. However, the participants expressed a desire to further understand certain metrics in the Balanced Scorecard, including NIPSCO's Diverse Candidate Pool, Project Management Process, Infrastructure Modernization, Multi Value Projects (MVPs) and potential Financial metrics. The meeting then moved into a "deep dive" on Operational Efficiency metrics. NIPSCO presented a variety of operation and maintenance ("O&M") expense ratios, mostly calculable from Federal Energy Regulatory Commission ("FERC") Form 1 publicly available data, which could be easily obtained and considered by the NIPSCO Collaborative as useful in creating potential performance metrics to be included in the initial report to the Commission.

*October 24, 2016*

The fourth meeting of the participating stakeholders was held on October 24, 2016. A "deep dive" on NIPSCO internal Residential Customer Satisfaction measures and metrics as well as the independent JD Power Residential Customer Satisfaction scores was presented by NIPSCO. NIPSCO also discussed its customer call center operations and analysis. The

company explained what changes will occur when its new customer satisfaction process begins on January 1, 2017. It was noted that normalization and translation comparability of the prior customer satisfaction results will need to occur in order to adequately use and compare to the data collected after January 1, 2017. The Citizens Action Coalition (“CAC”) also presented on the affordability of residential electric service.

### *November 9, 2016*

The Collaborative met for the fifth time on November 9, 2016. The participants reviewed a draft version of the Report to be filed with the IURC, as well as the metrics to be presented in the Report. The stakeholders discussed initial desired changes to the Report, and further reviewed whether the initial set of metrics can provide for and how to allow comparison of NIPSCO to similarly situated utilities, and the Collaborative members will continue to discuss. There was also an extensive discussion regarding the timeframe for the metrics to be presented in the Report, which the participants will continue to discuss throughout the Collaborative process. The participants suggested NIPSCO provide narrative around the metrics to help explain any significant trends, which will be further discussed before the next Report is filed. The participants discussed the filing cadence of the Reports, and agreed the first update Report will be filed on April 1, 2017 (in order to implement the Commission’s Order in Cause No. 44688, see Deliverables section for additional information). The Collaborative agreed to meet again in January, with “deep dives” on NIPSCO’s Project Management process, Infrastructure Modernization, Multi Value Projects, historical O&M budget vs. actual O&M spend, and the Diverse Candidate Pool.

## **Deliverables**

In compliance with the Commission’s order in NIPSCO’s 2016 rate case, NIPSCO will submit its first Performance Metric Report by November 28, 2016 (90 days after the initial collaborative meeting) and its first annual report on July 1, 2017. In compliance with the Commission’s directive that NIPSCO file quarterly reports for the first year, the stakeholders have agreed that NIPSCO will also file an update to its first report by April 1, 2017. The April 1, 2017 filing date is different than the filing dates of February 27 and May 29, 2017 agreed to in the Project Charter; however, after a discussion of the participants it was determined that the April 1, 2017 filing date would allow updated information to be provided that might not be able to be analyzed in time for a February 27, 2017 filing. Until otherwise directed by the Commission, NIPSCO will file annual Performance Metric Reports on July 1 of each year.

## **Collaboration**

### *Meeting Cadence*

NIPSCO and the interested stakeholders met as noted above leading up to the initial filing on November 28, 2016. The parties discussed meeting at least monthly until the first annual filing. After the annual filing on July 1, 2017, the parties will continue to meet twice per year to discuss

current developments, metrics, and any proposed adjustments or refinements. This schedule may be modified if the parties feel more (or less) meetings need to occur.

### *Collaboration Process*

The ongoing collaborative process among the participating parties has helped facilitate an alignment of priorities and improved communications. It should be noted that the proposed metrics reported by NIPSCO may be modified and/or refined over time based on input from NIPSCO and the interested stakeholders. In addition, elements of the reporting process are subject to change/refinement throughout the course of the collaborative process to improve the quality and usefulness of metrics reported. However, the final responsibility for the content of the reports to be filed with the Commission lies with NIPSCO. Accordingly and as more fully noted above, the non-NIPSCO Collaborative entities participating in this process reserve the right to take any position on such reports or metrics provided by NIPSCO in any future proceeding before the Commission. Further, NIPSCO's participation in, comments made, or positions taken in, and the resulting reports coming from this collaborative process are not intended to be nor should be construed as any admission, waiver or acquiescence of any possible future positions, concerns, actions, or issues related to the Collaborative topics, e.g. Performance Metric content, implementation, financing, progress, data, measurement and all other matters related to the topics of this Collaborative in subsequent proceedings before the Commission.

### **Performance Domains and Metrics**

NIPSCO evaluated performance domains based upon the metrics currently reported for internal use, the JD Power Customer Satisfaction categories, as well as the domains considered in the IPL Collaborative process. Based upon these areas, NIPSCO proposed the following domain categories:

- Public Safety
- Reliability
- Customer Satisfaction
- Operational Efficiency
- Affordability/Pricing
- Staffing

The initially proposed performance metrics within these domains to be reported were vetted throughout the Collaborative process. This process included several meetings where NIPSCO presented a definition and sample calculation for potential metrics, using its Balanced Scorecard as a beginning basis for most of the initially proposed metrics, as well as fielded questions from the Collaborative participants regarding the metrics. For the metrics of particular interest to the Collaborative, "deep dive" sessions were held to further discuss the metrics to ensure there was an adequate understanding.

The list below contains the initial set of performance metrics that the participants have determined will be reported to the Commission. This set of metrics is intended for further review by the Stakeholders and the IURC in order to show NIPSCO's performance within the domains listed

above. NIPSCO and the Collaborative stakeholders agree that this list may change over time, as we continue to meet and discuss both the content and objectives of the Collaborative. Additionally, NIPSCO proposed reporting five years of annual data for each metric for illustrative purposes. NIPSCO views this as a justified length of time as it contains data back to the next prior rate case reset in late 2011. However, with the exception of the J.D. Power performance metric, the data presented in this report only shows NIPSCO’s performance as measured against itself; it does not present NIPSCO’s performance compared with other utilities.

Realizing that benchmarking comparisons have more meaning when the collaborative gains more experience with NIPSCO specific metrics, NIPSCO and the collaborative members will continue to discuss the alignment of metrics to enable comparison of NIPSCO to comparably situated utilities.

NIPSCO commits to providing the information below in furtherance of the Performance Metric Collaborative objectives. An explanation of each metric is provided on subsequent pages.

<b>Domain</b>	<b>Metric</b>	<b>2015</b>
<i>Public Safety<sup>1</sup></i>	Underground damages per 1000 locates	3.00
	OSHA recordable incident rate	2.20
	DART (days away, restricted, or transferred)	1.18
	Preventable vehicle crash rate	2.43
<i>Reliability</i>	System average interruption duration (SAIDI) ( <i>MED &amp; non-MED<sup>2</sup></i> )	248/110
	System average interruption frequency (SAIFI) ( <i>MED &amp; non-MED<sup>2</sup></i> )	1.16/.087
	Customer average interruption duration (CAIDI) ( <i>MED &amp; non-MED<sup>2</sup></i> )	214/127
	Five Year Major Event Day (MED) Summary	10
	Threshold MED (T <sub>MED</sub> ) <sup>3</sup>	TBD
	MED Dates <sup>3</sup>	TBD
	Equivalent forced outage rate (EFOR)	See App D <sup>4</sup>
	Equivalent availability factor (EAF)	See App D <sup>4</sup>
<i>Customer Satisfaction</i>	Average speed of answer (ASA)	18 sec.
	First Call Resolution	77%
	Customer satisfaction survey results	87%
	J.D. Power electric scores (residential and business)	701/671
	Meter reading %	98.65%

<sup>1</sup> The participating stakeholders are discussing additional potential Public Safety metrics that may be similar to some of the Public Safety metrics as discussed and to be reported in the IPL Collaborative process in Cause No. 4457/44602.

<sup>2</sup> Major events are defined as events that are beyond the design and/or operational limits of a utility. The MED metric will be based on the IEEE Guide for Electric Power Distribution Reliability Indices, IEEE Standard 1366-2012, May 31, 2012.

<sup>3</sup> This metric is still under discussion by the Collaborative participants.

<sup>4</sup> EFOR and EAF metrics are presented in the metrics report by Unit and by Fuel Type. The 2015 metric is not included in this table due to the large quantity of data presented. Please see Appendix D.

	Abandonment rate	1.4%
	IURC justified and total complaints (electric) <sup>5</sup>	1/77
<i>Operational Efficiency</i>	Total O&M \$ Per MWh Sold	\$59.10
	Total O&M \$ Per Customer	\$2,146
	Total Non-Fuel O&M \$ Per MWh Sold <sup>6</sup>	\$29.71
	Total Non-Fuel O&M \$ Per Customer	\$1,079
	Non-Fuel Production O&M Per MWh Generated	\$15.03
	Non-Fuel Production O&M Per MWh Sold	\$10.94
	Transmission O&M \$ Per Pole Mile	\$32,333
	Transmission O&M \$ Per MWh Sold	\$2.14
	Distribution O&M \$ Per MWh Sold	\$2.47
	Customer Operations O&M \$ Per MWh Sold	\$1.22
	A&G O&M \$ Per MWh Sold	\$12.63
	A&G O&M (Net of 926) \$ Per MWh Sold	\$9.63
	A&G O&M \$ Per Customer	\$458.54
	A&G O&M (Net of 926) \$ Per Customer	\$349.85
	Annual O&M historic budget vs. actual spend <sup>7</sup>	TBD
<i>Affordability/ Pricing</i>	Average residential bill (698kWh, mean)	\$103.63
	Residential Bill (1,000kWh, IURC survey)	\$121.86
	Residential service disconnection for non-payment	15,011
<i>Staffing</i>	Employee turnover rate	6.00%

## Metric Descriptions

### Public Safety

#### *Underground Damages per 1000 locates*

Customers and Excavators in NIPSCO's service territory are required by law to call \*811 within at least two full business days before they dig so that utility lines may be marked. When a customer calls \*811, the call operators instruct the utility to mark (or locate) its underground lines for the customer. Each year, NIPSCO reports the number of reported damages per 1,000 locate tickets it receives. This metric will be reported on a combined basis for both gas and electric damages.

#### *Occupational Safety and Health Administration (“OSHA”) recordable incident rate*

This metric represents the number of employees per 100 full-time employees who have been involved in a recordable injury or illness. Most workplace injuries beyond simple first aid are recordable. The metric is calculated by multiplying the annual recordable incidents by 200,000

<sup>5</sup> Beginning in October 2016 IURC justified complaints has been changed to “violation” vs. “non-violation”.

<sup>6</sup> Non-Fuel O&M excludes Fuel Expense, Purchased Power and Other Power Supply Expenses.

<sup>7</sup> This metric is still under discussion by the Collaborative participants.

(100 FTE × 40 hours/week × 50 weeks/year) and then dividing by the number of NIPSCO man-hours worked in that year.

*Days Away, Restricted, or Transferred (“DART”)*

DART is a metric used by OSHA to measure the number of days per year every 100 employees of a company are unable to perform their typical job duties due to an injury. According to this metric, an employee is unable to perform typical job duties if the injury causes the employee to miss work, be restricted in any way, or be transferred to other duties for a period of time.

*Preventable vehicle crash rate*

A preventable vehicle crash is one in which a driver, who is an employee of NIPSCO, failed to do everything that reasonably could have been done to avoid the crash. NIPSCO will report each period the ratio of preventable crashes per one million miles driven. This metric is reported internally for both gas and electric operations, and will be shown as such in this Report.

**Reliability**

*SAIDI (MED & non-MED)*

The *System Average Interruption Duration Index* (“SAIDI”) represents the average outage duration of each customer served. This metric is equal to the sum of all customer outage durations divided by total customers served. NIPSCO will report this information with and without Major Event Day outages.

*SAIFI (MED & non-MED)*

The *System Average Interruption Frequency Index* (“SAIFI”) represents the number of times the average customer experiences an interruption in supply. An interruption is a loss in supply for longer than five minutes. This metric is equal to total customer interruptions divided by total number of customers. NIPSCO will report this information with and without Major Event Day outages.

*CAIDI (MED & non-MED)*

The *Customer Average Interruption Duration Index* (“CAIDI”) represents the average length of outages for customers who experience an outage at some time. This metric is equal to the sum of all customer interruption durations divided by the total number of customer interruptions. CAIDI is equal to SAIDI/SAIFI. NIPSCO will report this information with and without Major Event Day outages.

*MED, Threshold MED (TMED)*

The Major Event Day represents a day in which the daily SAIDI exceeds a Major Event Day threshold value (TMED). The MED threshold value, TMED, is calculated using the utility's daily SAIDI values collected for five (5) sequential years, ending on the last day of the last complete reporting period (say, December 31st of previous year). At the end of each reporting period (typically one year), the TMED value is calculated for use during the next reporting period. The TMED value calculation is based on IEEE Guide for Electric Power Distribution Reliability Indices, IEEE Standard 1366-2012, May 31, 2012 (IEEE Std. 1366-2012). NIPSCO will provide an MED Summary report showing the number of MEDs for each year of the most recent five years. Additional metrics for TMED are still under discussion by the Collaborative.

#### *Equivalent forced outage rate (EFOR)*

A generating unit's *equivalent forced outage rate* ("EFOR") is the percentage of time a generating unit was either offline or derated compared to the number of hours the unit should have been online or at full power. NIPSCO will present this information by Generating Unit.

#### *Equivalent availability factor (EAF)*

A generating unit's *equivalent availability factor* ("EAF") is the percentage of time in a year the unit is able to generate electricity for the market. The "equivalent" part of the definition accounts for periods in which the unit can produce power, but not up to 100% of its potential. NIPSCO will present this information by Generating Unit.

### **Customer Satisfaction**

#### *Average speed of answer (ASA)*

NIPSCO's *Average speed of answer* ("ASA") is the average amount of time a caller waits before his/her call is answered by a Customer Service Representative ("CSR"). This does not include the time a caller is navigating through the interactive voice response ("IVR") automated phone system. This internal metric contains both gas and electric data, and will be identified as such in this Report.

#### *First Call Resolution*

The *First Call Resolution* metric measures whether NIPSCO was able to properly address the customer's need the first time he/she calls, thus, eliminating the need for a follow up call. This internal metric is measured through an external vendor, and contains both gas and electric data, and will be identified as such in this Report.

#### *Customer satisfaction survey results*

This is NIPSCO's overall combined customer satisfaction ("CSAT") metric. It is derived from three stand alone questions asked by the external vendor, and one stand alone question on the [www.nipSCO.com](http://www.nipSCO.com) (web-based self-service) survey. Questions focus on customer service representative ("CSR"), field employee, IVR and online web self-service interactions. There

will be a change in vendor, and thus the survey methodology behind these metrics, beginning January 1, 2017. A normalization of the pre-2017 results will need to occur to compare to the post January 1, 2017 results. This internal metric contains both gas and electric data, and will be identified as such in this Report.

#### *J.D. Power electric scores*

J.D. Power publishes annual residential and business customer satisfaction scores for electric utilities. NIPSCO will include the results of the annual surveys in the Performance Metric Report.

#### *Meter reading percentage*

NIPSCO records the percentage of its residential and commercial meters the company reads each month. The company will report those monthly percentages each year. This internal metric contains both gas and electric data, and will be identified as such in this Report.

#### *Abandonment rate*

A customer abandons a call to NIPSCO when he/she hangs up before resolution of their issue. The company will report this metric annually. This internal metric contains both gas and electric data, and will be identified as such in this Report.

#### *IURC justified and total electric service complaints*

Total number of complaints filed with the IURC against NIPSCO and the number that the Commission's Consumer Affairs Division investigates and deems justified. Beginning in October 2016, IURC justified complaints has been changed to "violation" vs. "non-violation".

### **Operational Efficiency**

#### *O&M expense*

Data used for O&M expense benchmarking usually comes from publicly-available data sources or through proprietary surveys and research. For utilities, publicly-available data can be obtained through required regulatory filings with FERC (e.g., FERC Form 1 reports). The benefit of FERC Form 1 data is that the information can be traced back to a specific filing and company. This provides for as consistent, objective, and independent data source as possible.

It should be noted that it is not uncommon for different utilities to track and report operating statistics and/or costs in different ways—or to interpret reporting requirements differently—even when complying with standardized reporting formats such as those required by the FERC Uniform System of Accounts. As a result, care should be exercised when analyzing data reported by electric utilities in their annual Form 1 filings.

The operational data reflected in these metrics was obtained from the FERC Form 1 filings made by NIPSCO during the period 2011 through 2015. The data source utilized for the FERC Form 1 data is SNL Financial (“SNL”), a well-respected industry information and research firm covering a number of business sectors, including electric utilities. SNL collects, standardizes, and disseminates a wide variety of electric utility operating and financial statistics, including FERC Form 1 data. SNL replicates all of the major schedules of the FERC Form 1 for every filer, and provides query tools to easily pull the information into spreadsheets for analysis, comparison, and benchmarking purposes.

Production, transmission, distribution, customer accounts, customer service and information, sales, and administrative and general (“A&G”) expenses, when compared to generation output, transmission line miles, total sales volume, and average number of customers, provide measures commonly used to evaluate the performance of different utilities. NIPSCO selected FERC Uniform System of Accounts-defined functional categories of costs representative of the broad areas of utility operations being evaluated as the numerator for each metric (for example, total distribution O&M expenses), then matched the cost category being evaluated with an appropriate cost driver or drivers in the denominator (for example, total sales).

NIPSCO will include the following metrics in the Performance Metric Report:

- Total O&M per MWh Sold
- Total O&M per Customer
- Total Non-Fuel O&M per MWh Sold
- Total Non-Fuel O&M per Customer
- Non-Fuel Production O&M per MWh Generated
- Non-Fuel Production O&M per MWh Sold
- Transmission O&M per Pole Mile
- Transmission O&M Per MWh Sold
- Distribution O&M Per MWh Sold
- Customer Operations O&M per MWh Sold
- A&G O&M per MWh Sold
- A&G O&M (Net of 926) per MWh Sold
- A&G O&M per Customer
- A&G O&M (Net of 926) per Customer

Note that when analyzing A&G expenses, it is often appropriate to exclude Employee Pensions and Benefits expense (FERC account 926) when examining cost trends over time. NIPSCO will report A&G results with and without pension and benefits expense.

#### *Annual historical O&M budget vs. actual spend*

NIPSCO will provide a view of its historical annual O&M budget compared to actual spend for the year. This metric is still under discussion by the Collaborative participants.

### **Affordability**

*Average Residential Bill (698kWh, mean) and Residential Bill based on 1,000kWh (IURC Survey)*

The average NIPSCO customer uses 698kWh per month. NIPSCO will provide the average monthly residential bill based upon current rates for each filing. NIPSCO will also provide the average residential bill based on 1,000kWh (as provided in the IURC Residential Bills annual survey).

*Residential service disconnection for non-payment*

This metric will represent the count of residential electric meters that had a completed shut-off for non-payment service order in the period.

**Staffing**

*Employee turnover*

NIPSCO calculates its employee turnover rate on an annual basis. This is calculated by taking the total number of terminations during the year divided by the average of the beginning and end of year headcount.

**Conclusion**

NIPSCO and the NIPSCO Collaborative participants will continue to meet and discuss the collaborative process and metrics to be reported. The above mentioned metrics may be removed, or additional metrics may be added, as the NIPSCO Collaborative continues to meet and discuss this effort. Additional topics being discussed by the participating stakeholders relate, at a minimum, to NIPSCO's Diverse Candidate Pool, Project Management Process, Strategic Execution including Infrastructure Modernization and Multi Value Projects ("MVPs"), certain Financial Metrics, and a representation of Commercial and Industrial pricing. The Performance Metrics Report is a work in progress and will continue to change over time.

## Appendix A

### Collaborative Project Charter

#### Background

In its order in NIPSCO's 2016 rate case, the Commission directed NIPSCO to "participate in a collaborative process with interested stakeholders for the purpose of implementing performance metrics." Cause No. 44688, July 18, 2016, Final Order at 96. The Commission expressed its expectation that a performance metrics initiative would "enable comparisons of NIPSCO's performance over time and in comparison to comparably situated utilities." *Id.* at 94. That directive was made in response to evidence presented by the OUCC regarding NIPSCO's administrative and general expenses; however, the Commission defined the scope of the collaborative process to include further development of "the performance metrics already being used by NIPSCO." *Id.* Finally, the Commission stated that it believes "performance metrics can be of significant value to the Commission and NIPSCO's ratepayers." *Id.*

#### Purpose of Collaborative

NIPSCO and its interested stakeholders are to collaborate on a path for moving forward with a performance metrics initiative. In particular, NIPSCO and interested stakeholders should attempt to reach agreement on appropriate comparisons and data to measure comprehensive performance across a spectrum of activities over time and in comparison to comparably situated utilities.

#### Objectives

- Establish a NIPSCO performance metrics initiative as directed by the Commission
- Enhance the understanding of interested stakeholders regarding NIPSCO's performance levels
- Facilitate active participation by all interested stakeholders including the Commission's technical staff
- Keep the Commission apprised of the progress of the NIPSCO's performance metric initiative through periodic compliance filings

#### Deliverables

By November 28, 2016, (90 days after the first NIPSCO Collaborative meeting), NIPSCO is to make a progress filing with the Commission. This report will identify the initially proposed set of draft performance metrics. The Order furthermore requires NIPSCO to file quarterly reports for the first year with an annual report to be filed by July 1, 2017, and each year thereafter until otherwise indicated by the Presiding Officers. Thus, after the November 28 filing, progress reports will be due:

April 1, 2017

July 1, 2017 and each July 1 thereafter

#### Oversight Process

The oversight process should help facilitate an alignment of priorities and improved stakeholder communication. The proposed metrics to be reported will be analyzed and refined by NIPSCO and the interested stakeholders. Elements of the process are subject to change/refinement

throughout the course of the Collaborative to improve the quality and usefulness of metrics reported. However, the final control over the content of the reports to be filed with the Commission lies with NIPSCO.

### **Meeting Cadence**

NIPSCO and the interested stakeholders will meet at least once per month leading up to the initial filing on November 28, 2016. The parties discussed meeting at least monthly until the first annual filing. After the annual filing on July 1, 2017, the parties will continue to meet twice per year to discuss current developments, metrics, and any proposed adjustments or refinements. This schedule may be modified if the parties feel more (or less) meetings need to occur.

### **Responsible Party**

Northern Indiana Public Service Company

### **Stakeholders**

Indiana Utility Regulatory Commission Staff  
Indiana Office of Utility Consumer Counselor  
NIPSCO Industrial Group  
Citizens Action Coalition  
U.S. Steel  
NLMK, Indiana  
Indiana Municipal Utilities Group  
Walmart Stores East and Sam's East  
LaPorte County Board of Commissioners  
United Steel Workers

## **Appendix B**

### **Meeting Agendas and Attendees**

#### **Kickoff Meeting Agenda**

##### **NIPSCO PMC Meeting #1**

**August 29, 2016, 1:30 p.m. EST**

**150 W. Market St., Suite 600, Indianapolis, IN 46204**

- Welcome and Introductions
- Presentation of Proposed Charter
- Determination of schedule for submission of report due November 28, 2016
  - Meeting 1 Objective – Resolve Charter
  - Meeting 2 Objective – Determine metrics to be reported
  - Meeting 3 Objective – Review draft report
  - Meeting 4 Objective – Finalize report
- Summarize action items
- Schedule next meeting
- Questions/Issues

**Kickoff Meeting Attendees**

**OUCC**

Dwight Etheridge, Principal, Exeter Associates,  
retained by the OUCC (phone)

Mike Eckert (phone)

Abby Gray (phone)

Randy Helmen

Ron Keen

Ty Bolinger

Barb Smith

Tiffany Murray

Pete Boerger

**LaPorte County**

Keith Beall

Shaw Friedman

**Industrial Group**

Jenny Terry

Todd Richardson

**Walmart**

Carrie Harris (phone)

**ScottMadden**

Rick Starkweather, Facilitator

**CAC**

Kerwin Olsen

Jennifer Washburn

Jesse Wyatt

**IURC**

Jeremy Comeau

Bob Veneck

Brad Borum

Dale Thomas

**U.S. Steel**

Nikki Shoultz

**Ind. Muni. Utilities Group**

Bob Glennon

Ted Sommer

**NIPSCO**

Kathleen O'Leary

Frank Shambo

Claudia Earls (phone)

Tim Caister

Erin Whitehead

Christopher (Kit) Earle

Michael Whitmore

## Meeting #2 Agenda

### Performance Metric Collaborative Meeting #2

September 14, 2016

10:00 a.m. – 3:00 p.m. EST

150 W. Market St., Suite 600, Indianapolis, IN

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<b>10:00 a.m. – 10:15 a.m.</b>	<b>Welcome and Introductions</b> Review Agenda	Tim Caister, NIPSCO Rick Starkweather, ScottMadden
<b>10:15 a.m. – 11:00 a.m.</b>	<b>Project Charter Review</b> Presentation Open Discussion	Rick Starkweather, ScottMadden
<b>11:00 a.m. – 12:15 p.m.</b>	<b>Performance Metrics Review</b> Presentation Open Discussion	Rick Starkweather, ScottMadden NIPSCO Subject Matter Experts
<b>12:15 p.m. – 1:00 p.m.</b>	<b>Lunch</b>	
<b>1:00 p.m. – 2:15 p.m.</b>	<b>Performance Metrics Review, cont.</b> Presentation Open Discussion	Rick Starkweather, ScottMadden NIPSCO Subject Matter Experts
<b>2:15 p.m. – 2:45 p.m.</b>	<b>Discussion of Other Items</b> Climate Change/Sustainability	Rick Starkweather, ScottMadden
<b>2:45 p.m. – 3:00 p.m.</b>	<b>Wrap-up and Review</b> Action Items Goals for Next Meeting	Rick Starkweather, ScottMadden

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**Meeting #2 Attendees**

**OUCC**

Dwight Etheridge (phone)  
Randy Helmen  
Mike Eckert  
Peter Boerger  
Ty Bolinger  
Tiffany Murray

**LaPorte County**

Keith Beall

**Industrial Group**

Jenny Terry

**ScottMadden**

Rick Starkweather, Facilitator

**NIPSCO**

Tim Caister  
Erin Whitehead  
Christopher (Kit) Earle  
Christopher Cubenas  
Frank Shambo  
Joe Mays  
Mike Nekola  
Nick Meyer  
Tim Douglass  
Deb Owen  
Tymie Morrow (phone)  
Chris Smith (phone)

**CAC**

Kerwin Olsen  
Jennifer Washburn  
Jesse Wyatt

**IURC**

Jeremy Comeau  
Bob Veneck  
Brad Borum  
Dale Thomas

**U.S. Steel**

Nikki Shoultz

**Ind. Muni. Utilities Group**

Bob Glennon

### Meeting #3 Agenda

#### Performance Metric Collaborative Meeting #3

October 5, 2016

10:00 a.m. – 3:00 p.m. EST

150 W. Market St., Suite 600, Indianapolis, IN

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<b>10:00 a.m. – 10:15 a.m.</b>	<b>Welcome and Introductions</b> Review Agenda	Erin Whitehead, NIPSCO Rick Starkweather, ScottMadden
<b>10:15 a.m. – 10:45 a.m.</b>	<b>Project Charter Review</b> Presentation Open Discussion	Rick Starkweather, ScottMadden
<b>10:45 a.m. – 12:00 p.m.</b>	<b>Performance Metrics Review, and Other Action Items</b> Presentation Open Discussion	Rick Starkweather, ScottMadden NIPSCO Subject Matter Experts
<b>12:00 p.m. – 12:45 p.m.</b>	<b>Lunch</b>	
<b>12:45 p.m. – 2:45 p.m.</b>	<b>Operational Efficiency Deep Dive</b> Presentation Open Discussion	Rick Starkweather, ScottMadden NIPSCO Subject Matter Experts
<b>2:45 p.m. – 3:00 p.m.</b>	<b>Wrap-up and Review</b> Action Items Goals for Next Meeting	Rick Starkweather, ScottMadden

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**Meeting #3 Attendees**

**OUCC**

Dwight Etheridge (phone)  
Randy Helmen  
Ron Keen  
Ty Bolinger  
Tiffany Murray

**LaPorte County**

Keith Beall

**Industrial Group**

Jenny Terry

**ScottMadden**

Rick Starkweather, Facilitator

**NIPSCO**

Tim Caister  
Erin Whitehead  
Christopher (Kit) Earle  
Christopher Cubenas  
Jennifer Shikany (phone)

**CAC**

Kerwin Olsen  
Jennifer Washburn  
Jesse Wyatt

**IURC**

Jeremy Comeau  
Brad Borum  
Dale Thomas

**U.S. Steel**

Nikki Shoultz

**Ind. Muni. Utilities Group**

Bob Glennon

**Meeting #4 Agenda**

**Performance Metric Collaborative Meeting #4**

**October 24, 2016**

**1:00 p.m. – 3:00 p.m. EST**

**150 W. Market St., Suite 600, Indianapolis, IN**

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<b>1:00 p.m. – 1:15 p.m.</b>	<b>Welcome and Introductions</b> Finalized Charter Redacted Balanced Scorecard Q2 2016 Draft Outline of Report to be filed with Commission	Tim Caister, NIPSCO Rick Starkweather, ScottMadden
<b>1:15 p.m. – 2:00 p.m.</b>	<b>JD Power/Customer Satisfaction Deep Dive</b> Presentation Open Discussion	Deb Owen, NIPSCO Nick Meyer, NIPSCO
<b>2:00 p.m. – 2:50 p.m.</b>	<b>Affordability Presentation</b> Presentation Open Discussion	Kerwin Olson, CAC
<b>2:50 p.m. – 3:00 p.m.</b>	<b>Wrap-up and Review</b> Action Items Goals for Next Meeting	Rick Starkweather, ScottMadden

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**Meeting #4 Attendees**

**OUCC**

Dwight Etheridge (phone)  
Randy Helmen  
Pete Boerger  
Ty Bolinger  
Tiffany Murray

**LaPorte County**

Keith Beall

**U.S. Steel**

Nikki Shoultz

**ScottMadden**

Rick Starkweather, Facilitator

**NIPSCO**

Tim Caister  
Frank Shambo  
Claudia Earls  
Deb Owen  
Nick Meyer  
Ron Uzubell  
Angela Sanchez  
Michael Whitmore  
Jennifer Maier

**CAC**

Kerwin Olsen  
Jennifer Washburn

**IURC**

Jeremy Comeau  
Brad Borum  
Dale Thomas

**Ind. Muni. Utilities Group**

Ted Sommer

**Meeting #5 Agenda**

**November 9, 2016**

**10:00 a.m. – 3:00 p.m. EST**

**150 W. Market St., Suite 600, Indianapolis, IN**

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<b>10:00 a.m. – 10:05 a.m.</b>	<b>Welcome and Introductions</b>	Erin Whitehead, NIPSCO Rick Starkweather, ScottMadden
<b>10:05 a.m. – 12:00 p.m.</b>	<b>Discussion of Draft PMC Report</b> Open Discussion	Rick Starkweather, ScottMadden
<b>12:00 p.m. – 12:45 p.m.</b>	<b>Lunch</b>	
<b>12:45 p.m. – 2:30 p.m.</b>	<b>Continued discussion of Draft PMC Report</b> Open Discussion	Rick Starkweather, ScottMadden
<b>2:30 p.m. – 3:00 p.m.</b>	<b>Wrap-up and Review</b> Action Items Schedule Next Meeting Goals for Next Meeting	Rick Starkweather, ScottMadden

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**Meeting #5 Attendees**

**OUCC**

Dwight Etheridge (phone)

Ron Keen

Tiffany Murray

Pete Boerger

**LaPorte County**

Keith Beall

**Industrial Group**

Jenny Terry

**ScottMadden**

Rick Starkweather, Facilitator

**NIPSCO**

Tim Caister

Erin Whitehead

Christopher (Kit) Earle

Michael Whitmore

**CAC**

Jennifer Washburn

Jesse Wyatt

**IURC**

Jeremy Comeau

Bob Veneck

Brad Borum

Dale Thomas

**U.S. Steel**

Kristina Wheeler

**Ind. Muni. Utilities Group**

Bob Glennon

## Appendix C

### Cause No. 44688 Order Language

#### 20. Commission Discussion and Findings

##### *B. NIPSCO's Administrative and General Expenses.*

Mr. Etheridge reviewed the reasonableness of NIPSCO's administrative and general O&M expenses. He also performed a benchmarking study to evaluate NIPSCO's administrative and general cost containment performance relative to other electric utilities. Mr. Etheridge's testimony concentrates on whether NIPSCO is cost effectively managing its overall electric operations at an administrative level. The focus was not on NIPSCO's production; transmission, or distribution O&M expenses but on NIPSCO's administrative and general expenses including corporate salaries, outside services, materials and supplies, and rents. After fuel and purchased power costs, administrative and general expenses are the largest component of NIPSCO's total O&M costs, and therefore represent a significant component of NIPSCO's total costs. In rebuttal testimony, NIPSCO did not address the specific analysis and findings presented by Mr. Etheridge. Instead, Mr. Shambo emphasized the Commission should concern itself with NIPSCO's overall revenue requirement in a rate case.

It is the Commission's obligation to facilitate effective and efficient management of the utility including continuous improvement to the extent it fosters just and reasonable rates. While looking at the performance of an individual utility in isolation in a traditional rate case may, under certain circumstances, be required to accomplish this key regulatory objective, it is more effective and informative if performance can be assessed with appropriate comparisons and data to measure comprehensive performance across a spectrum of activities over time. The level and trend of utility performance as measured against itself and compared to other utilities is a crucial element if the Commission is to optimally understand how well management is performing.

In the IPL 2016 Rate Order, the Commission initiated a collaborative effort for the purpose of establishing performance metrics for IPL. The ROE approved in the IPL 2016 Rate Order includes an incentive that is linked to IPL's constructive participation in the collaborative process. The Commission noted "[r]ather than ordering the establishment of specific metrics, we believe the collaborative should discuss the appropriate metrics for IPL and determine a final list of metrics through the collaborative process." Additionally, we stated that "[t]his is a multi-year effort to assess the efficacy of existing performance indices, enhancements to current metrics, and evaluation of new performance measures going forward."

While we do not conclude that the evidence in this case provides sufficient support to apply conditions like those in IPL's proceeding, we believe the evidence presented by the OUCC does support further action. The groundwork for an on-going effort to enhance the understanding of interested stakeholders has been established by the OUCC and it would be efficient to build upon it. In short, we believe performance metrics can be of significant value to the Commission and NIPSCO's ratepayers.

Thus, we find that NIPSCO shall facilitate a meeting with interested stakeholders within six weeks of the effective date of the Order in this Cause to collaborate on a path for moving forward with a performance metrics initiative. We anticipate that it will enable comparisons of NIPSCO's

## Performance Metric Collaborative Report

performance over time and in comparison to comparably situated utilities. The collaborative process should further develop the performance metrics already being used by NIPSCO. Because the ongoing collaborative effort will not be occurring in the context of an open docket, the Commission's technical staff should actively participate in the process. For purposes of 170 IAC 1-1.5, Commission's technical staff shall be authorized to participate in the collaborative without being subject to 170 IAC 1-1.5-3 and 4.

In order that the Commission and interested stakeholders may stay abreast of the collaborative process, we direct NIPSCO to make a progress update filing with the Commission within 90 days of the initial meeting of the collaborative. We also order NIPSCO to file quarterly reports for the first year and an annual report by July 1, 2017, and for each year thereafter until otherwise indicated by the Presiding Officers.

## **Appendix D**

### **Draft Annual Performance Metric Report**

**November 28, 2016 DRAFT**

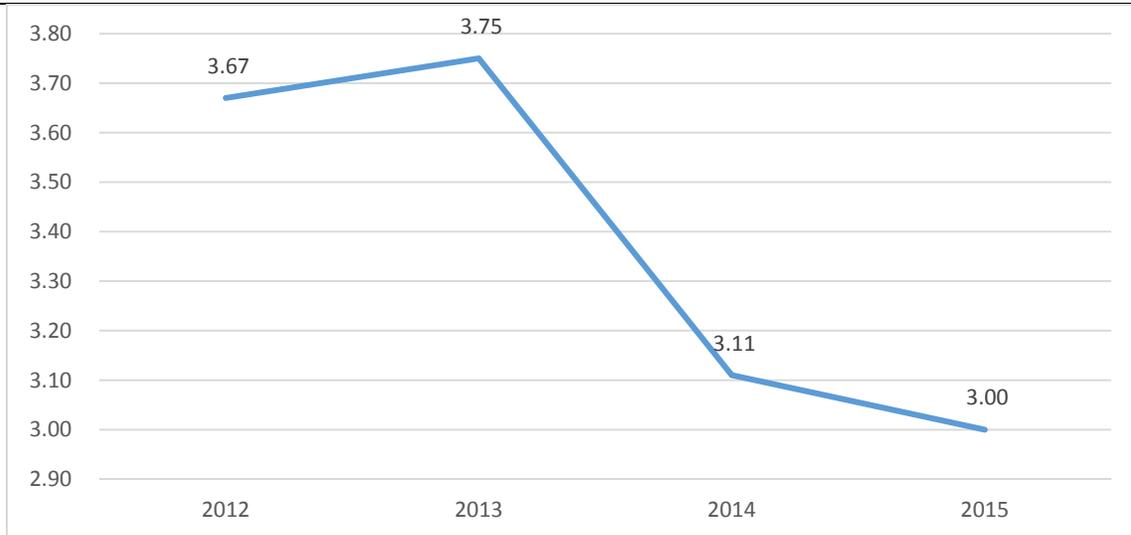
NORTHERN INDIANA PUBLIC SERVICE COMPANY  
2016 PERFORMANCE REPORT TO IURC

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Public Safety.....	3
Reliability .....	5
Customer Satisfaction.....	9
Operations .....	13
Affordability .....	20
Staffing.....	22

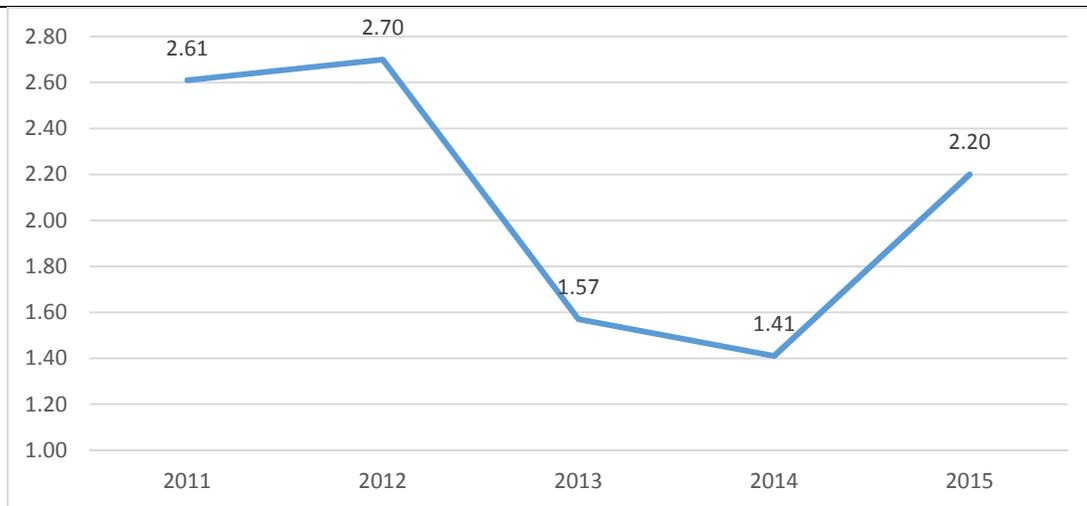
## Public Safety

**Underground Damages per 1,000 locates**



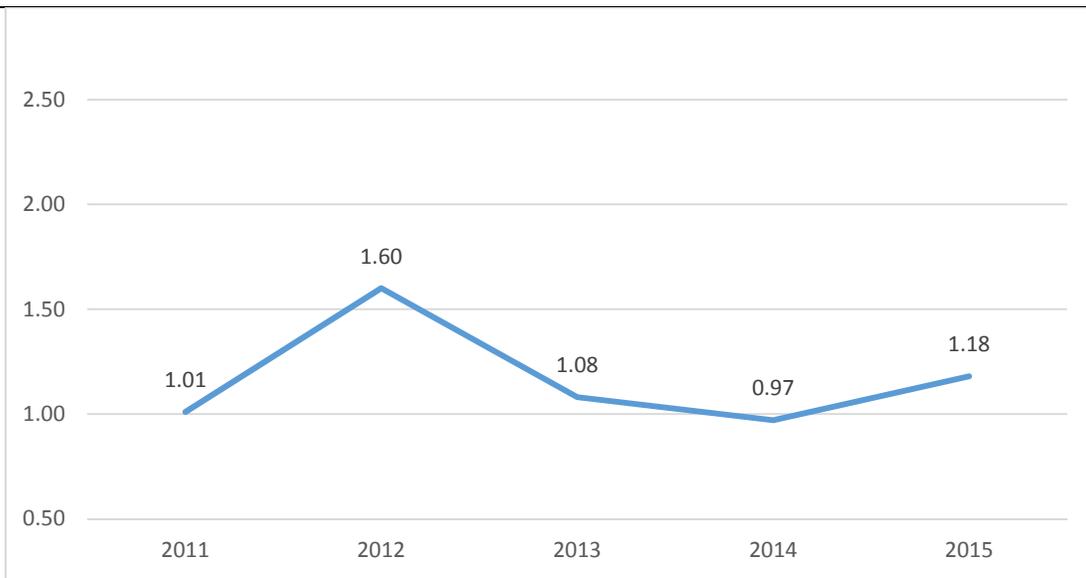
Number of reported damages (for the time period) divided by the number of locate tickets received (for the same time period) multiplied by 1000 (reflects gas and electric damages).

**OSHA Recordable Incident Rate**



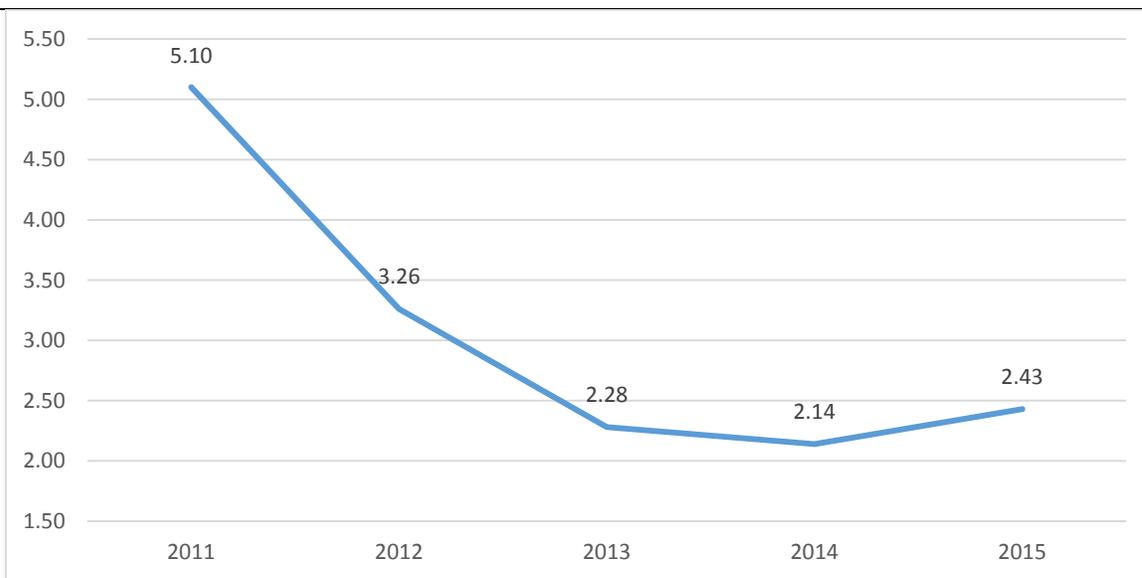
Number of employees per 100 full-time employees that have been involved in a recordable injury or illness. Most workplace injuries beyond simple first aid are recordable.

**Days Away, Restricted or Transferred (DART)**



Number of days per year every 100 employees of a company are unable to perform their typical job duties due to an injury.

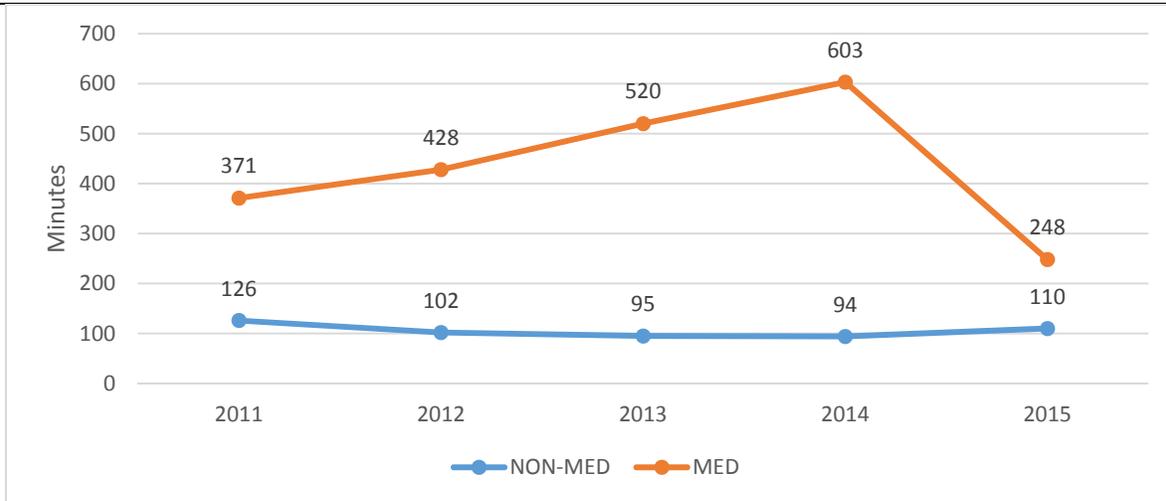
**Preventable Vehicle Crash Rate**



A crash in which a driver, an employee of NIPSCO, failed to do everything that reasonably could have been done to avoid the crash. Reported per one million miles driven. This metric is combined for gas and electric.

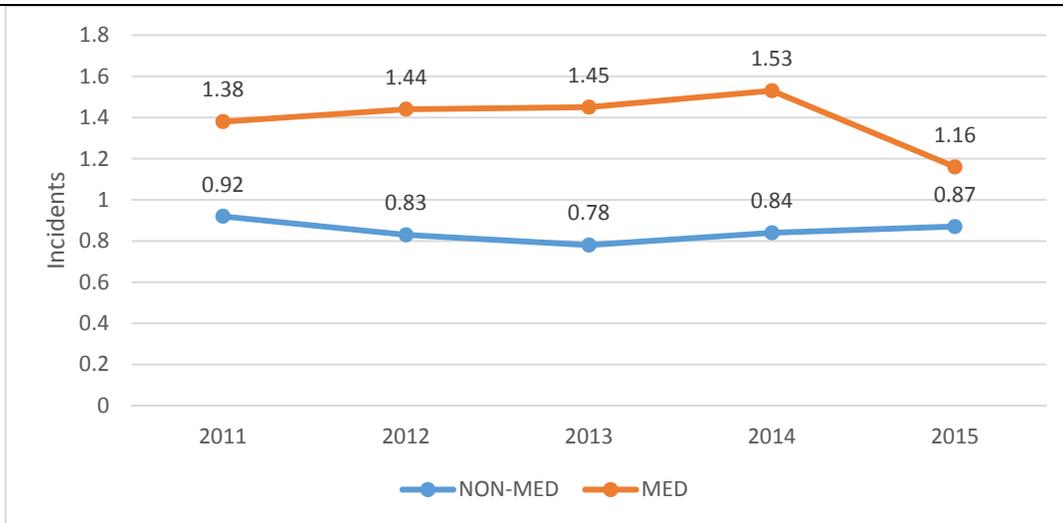
## Reliability

**System Average Interruption Duration (SAIDI) - Major Event Day and Non-Major Event Day**



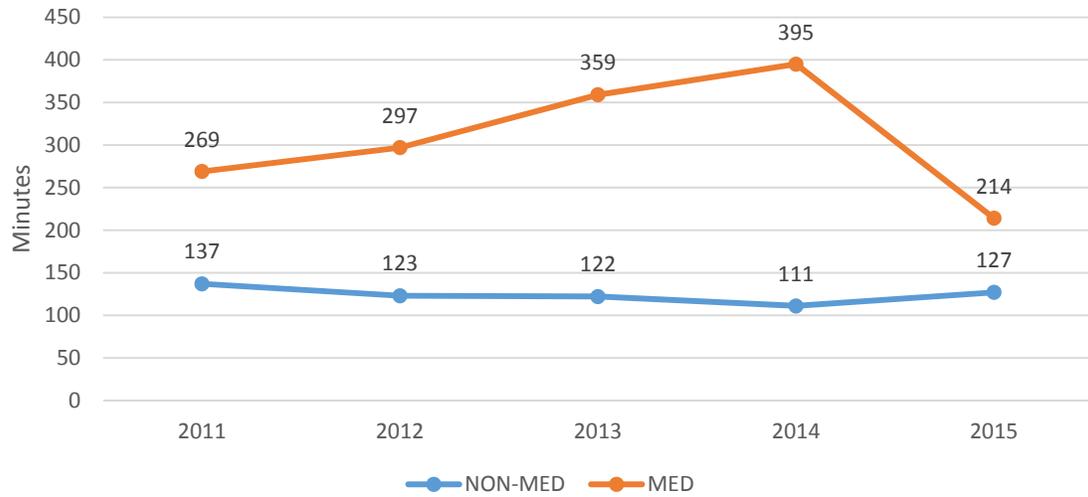
Average outage duration of each customer served. This metric is equal to the sum of all customer outage durations divided by total customers served.

**System Average Interruption Frequency (SAIFI) - Major Event Day and Non-Major Event Day**



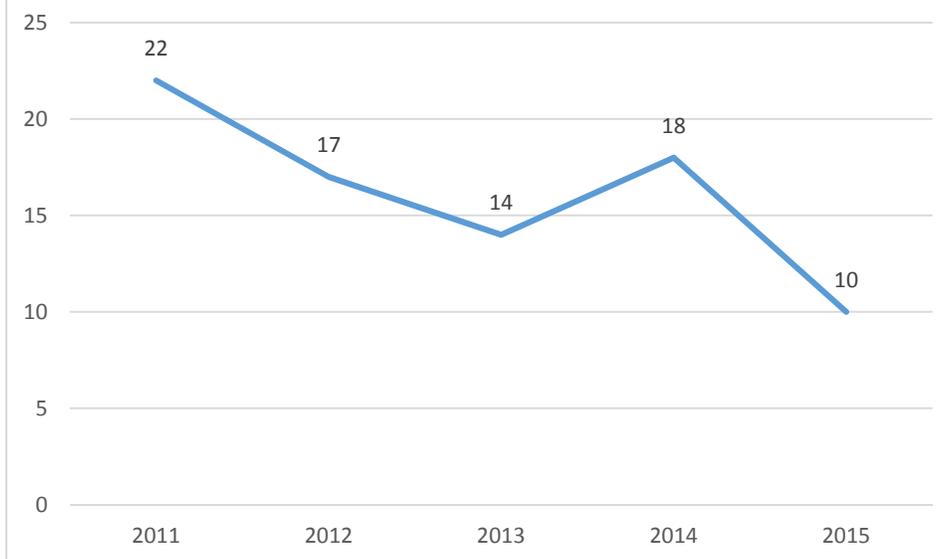
Number of times the average customer experiences an interruption in supply. An interruption is a loss in supply for longer than five minutes. Equal to number of customer interruptions divided by total number of customers.

### Customer Average Interruption Duration (CAIDI) - Major Event Day and Non-Major Event Day



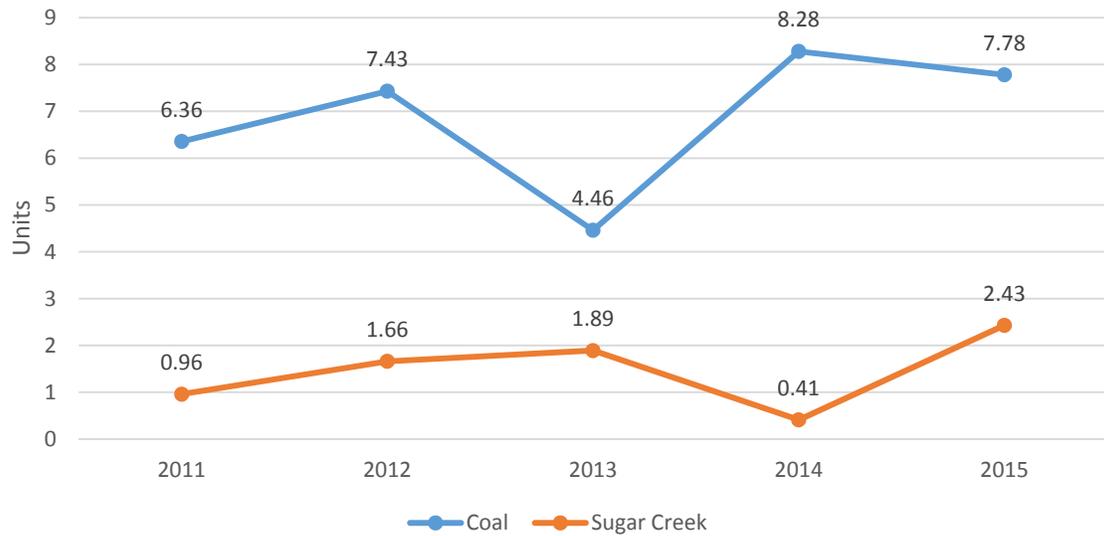
Average length of outages for customers who experience an outage at some time. Equals the total minutes the customer was without power divided by total customer interruptions.

### Major Event Days



A major event day is a day in which the daily system SAIDI exceeds a threshold value, TMED.

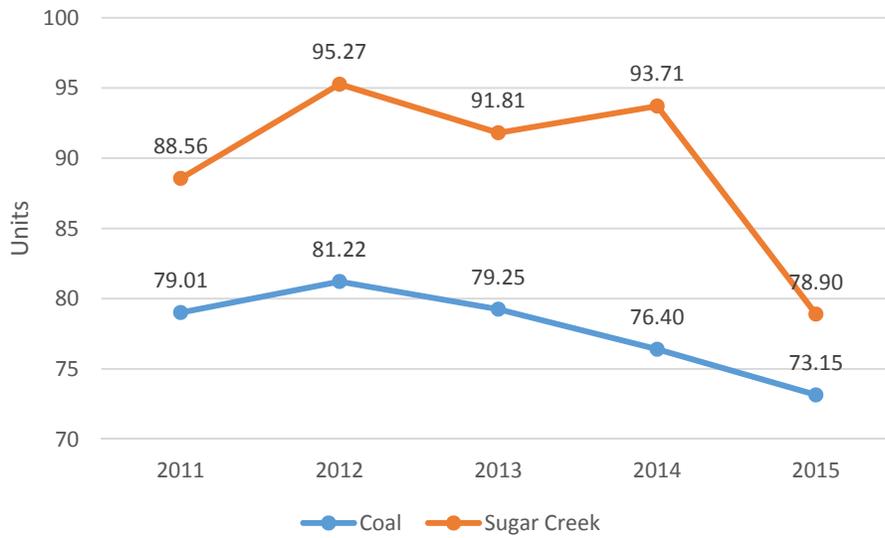
### Equivalent Forced Outage Rate (EFOR)



Units	2011	2012	2013	2014	2015
Michigan City 12	5.14	1.17	6.59	1.09	0.47
Bailly 7	7.47	1.88	3.95	3.45	20.69
Bailly 8	7.48	7.81	4.92	8.78	13.20
Schahfer 14	3.20	19.26	10.52	19.02	32.89
Schahfer 15	9.61	13.12	1.76	11.03	5.62
Schahfer 17	7.50	7.01	5.20	10.29	0.66
Schahfer 18	4.11	1.55	0.19	4.89	2.69
Sugar Creek	0.96	1.66	1.89	0.41	2.43

Percentage of time a generating unit was either offline or derated compared to the number of hours the unit should have been online or at full power.

**Equivalent Availability Factor (EAF)**

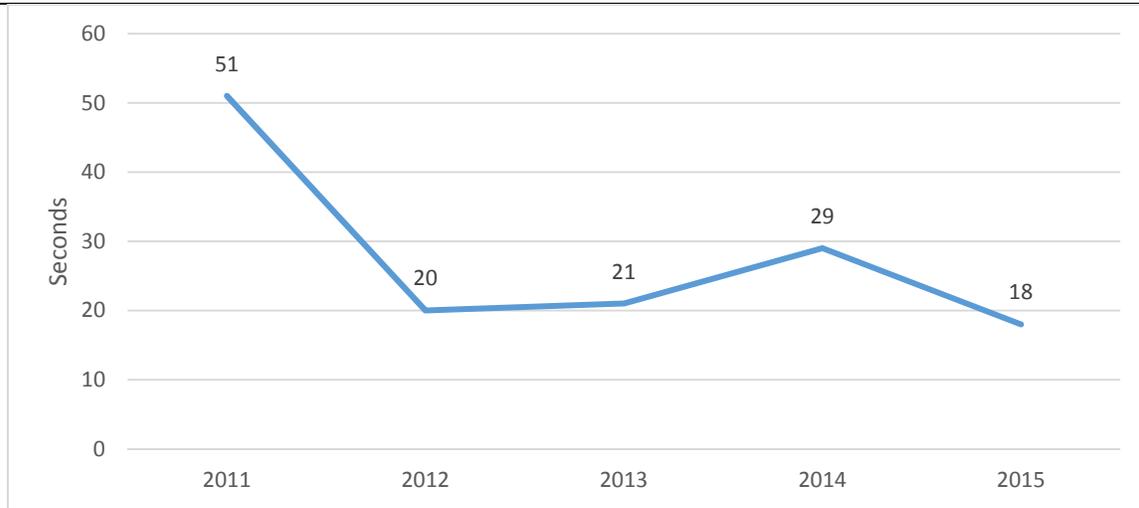


Units	2011	2012	2013	2014	2015
Michigan City 12	89.88	81.20	64.72	86.10	55.36
Bailly 7	70.81	82.09	92.36	78.74	70.13
Bailly 8	74.38	75.95	84.12	69.15	67.23
Schahfer 14	69.14	76.55	74.21	77.99	69.18
Schahfer 15	75.66	81.72	73.63	66.22	87.36
Schahfer 17	91.84	74.69	86.52	81.48	74.99
Schahfer 18	75.99	96.97	94.11	75.52	87.18
Sugar Creek	88.56	95.27	91.81	93.71	78.90

Percentage of time in a year the unit is able to generate electricity for the market. The “equivalent” part of the definition accounts for periods in which the unit can produce power, but not up to 100% of its potential.

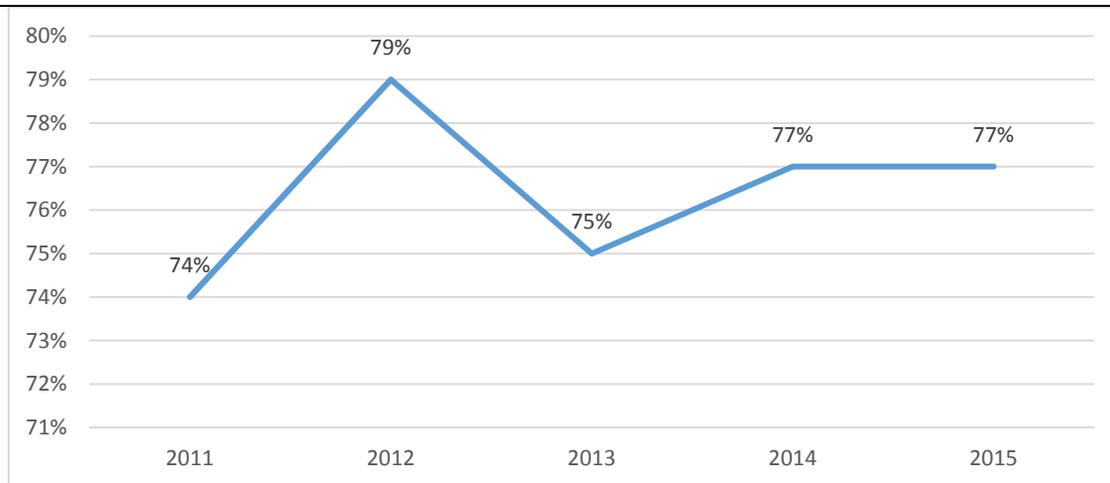
## Customer Satisfaction

### Average Speed of Answer (ASA)



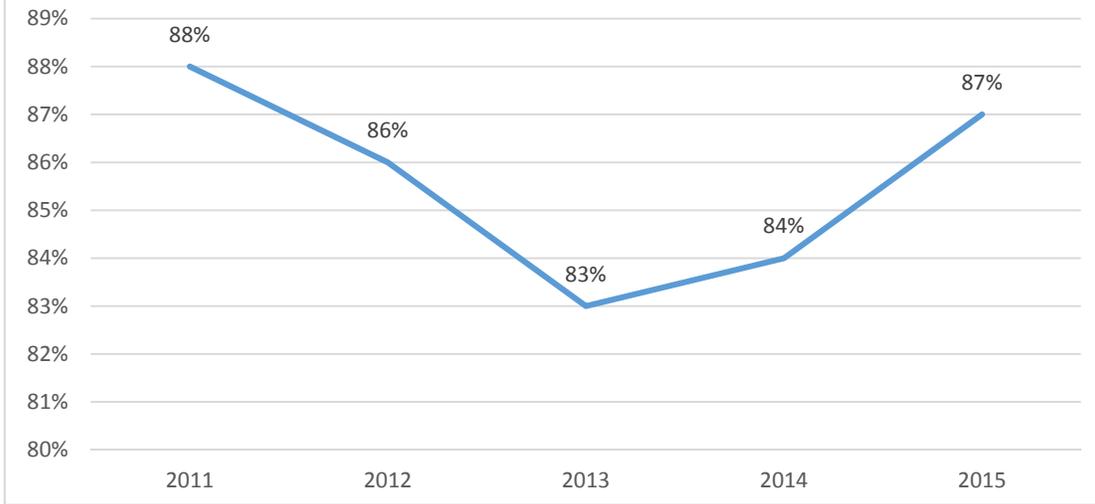
Average amount of time a caller waits before his/her call is answered by a Customer Service Representative (CSR). This does not include the time a caller is navigating through the interactive voice response ("IVR") automated phone system. This metric contains both gas and electric data.

### First Call Resolution



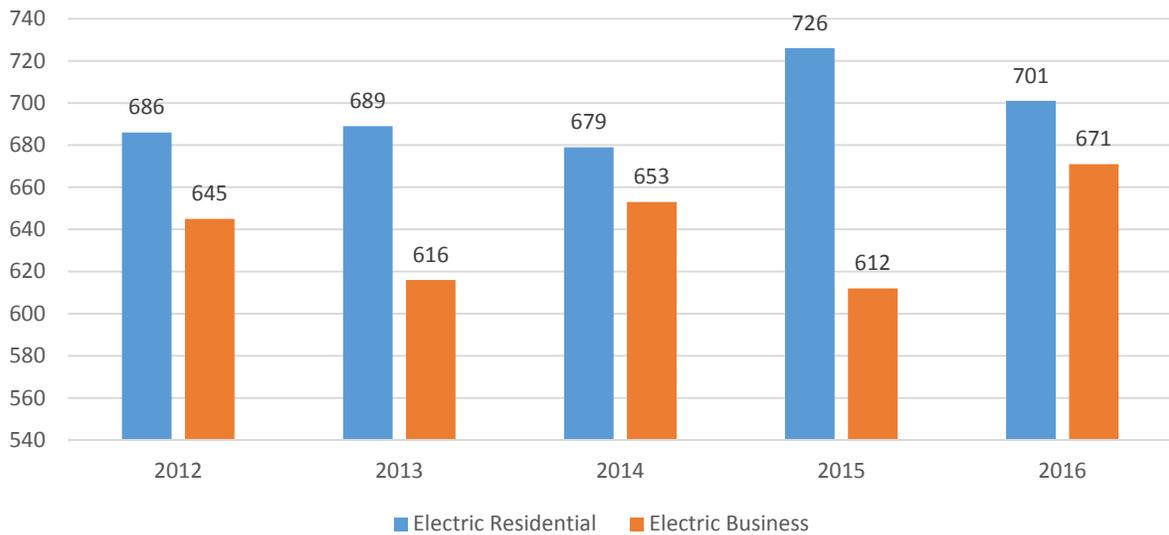
Measures if NIPSCO was able to properly address the customer's need the first time he/she calls. This metric contains both gas and electric data.

### Customer Satisfaction Survey



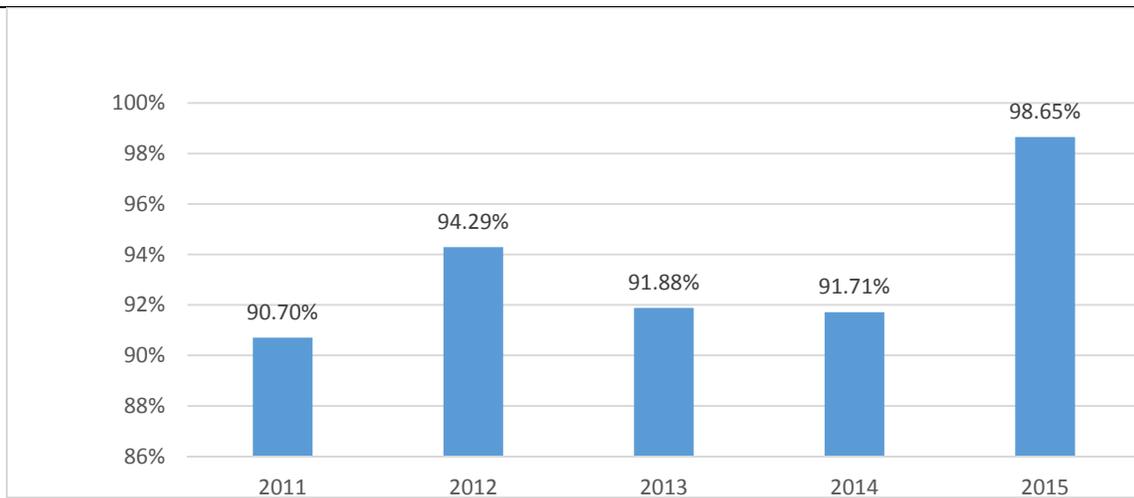
NIPSCO's overall combined customer satisfaction (CSAT) metric. This metric contains both gas and electric data.

### J.D. Power Scores



NIPSCO's annual residential and business customer satisfaction scores.

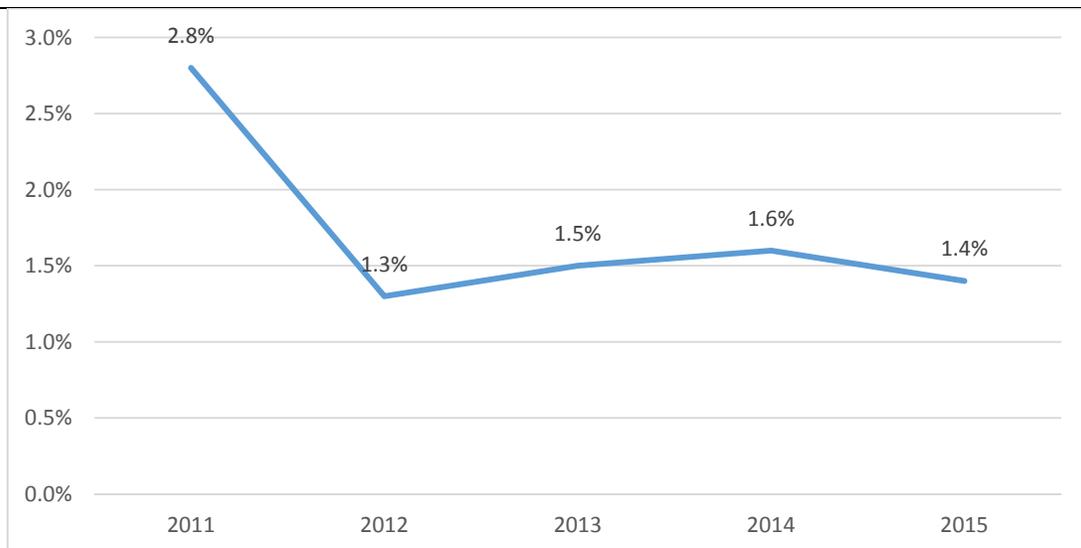
### Meter Reading %



Percentage of its residential and commercial meters the company accurately reads each month. This metric contains both gas and electric data.

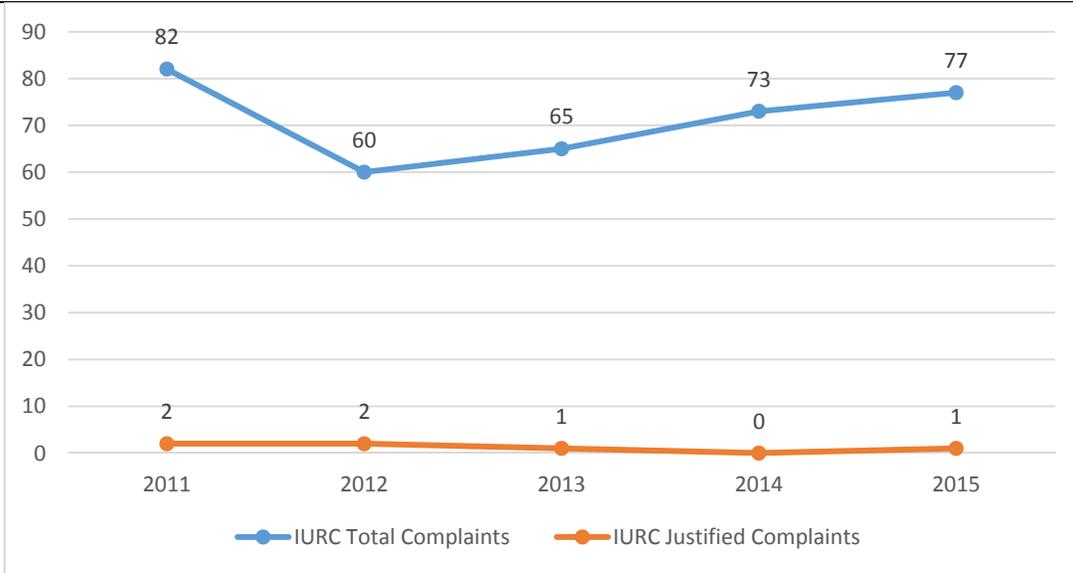
- Increase in 2015 attributed to Automated Meter Reader (AMR) Project

### Abandonment Rate



A customer abandons a call to NIPSCO when he/she hangs up before resolution of their issue. This can occur in the 'IVR' or after the CSR has answered the call.

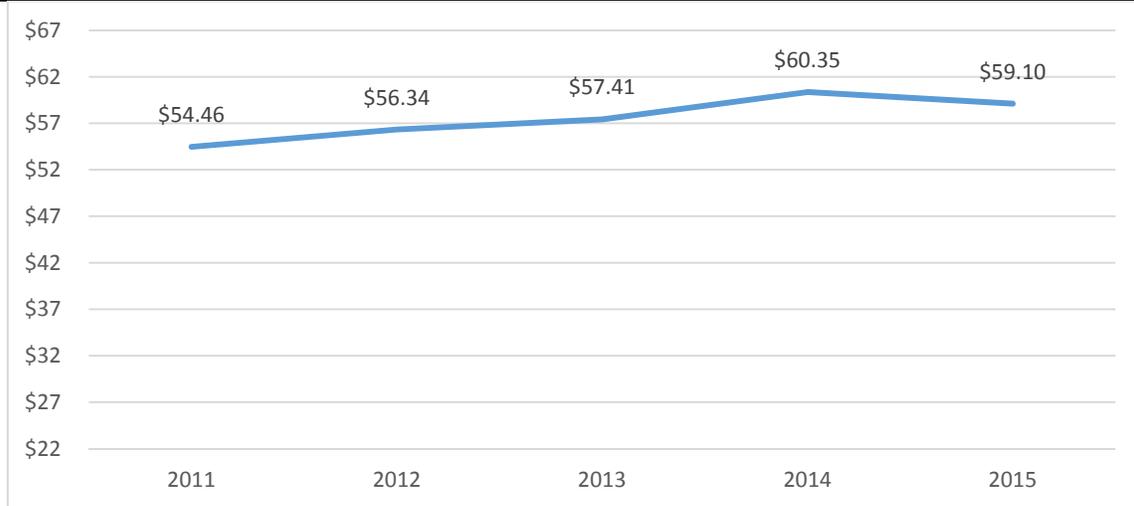
**IURC Justified and Total Electric Complaints**



Number of complaints filed with the IURC against NIPSCO that the Commission’s Consumer Affairs Division investigates and deems justified. Beginning in October 2016, IURC justified complaints has been changed to “violation” vs. “non-violation”.

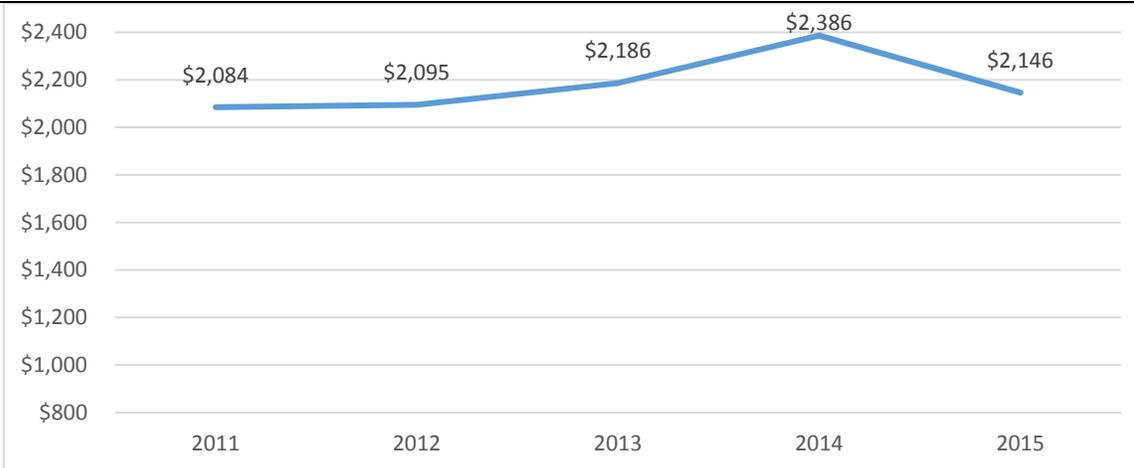
## Operations O&M Expense Metrics

### Total O&M \$ Per MWh Sold



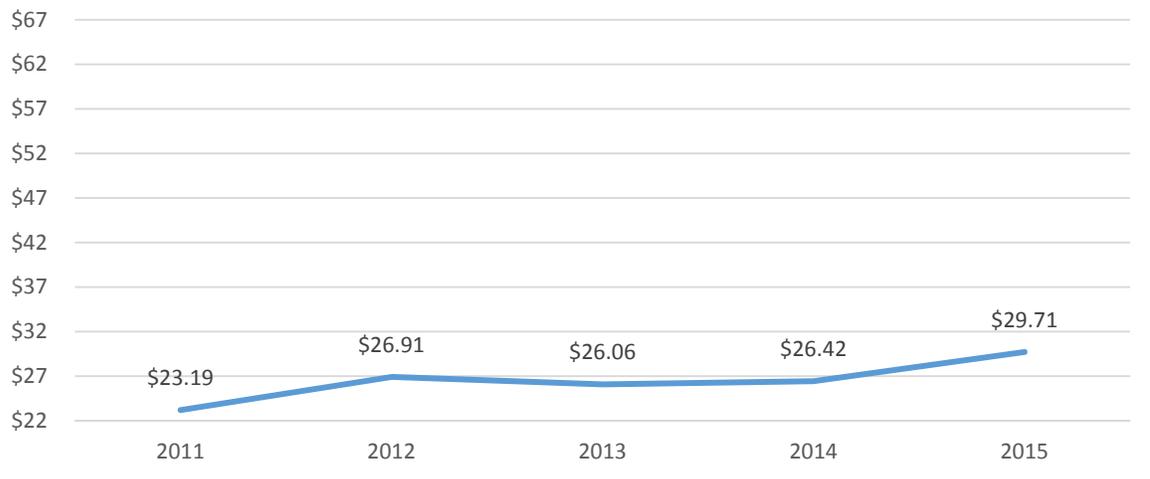
Total O&M \$ per MWh Sold: Total Electric Operation and Maintenance Expenses (Line 198, Page 323)  
divided by Total Megawatt Hours Sold (Line 14(d), Page 301)

### Total O&M \$ Per Customer



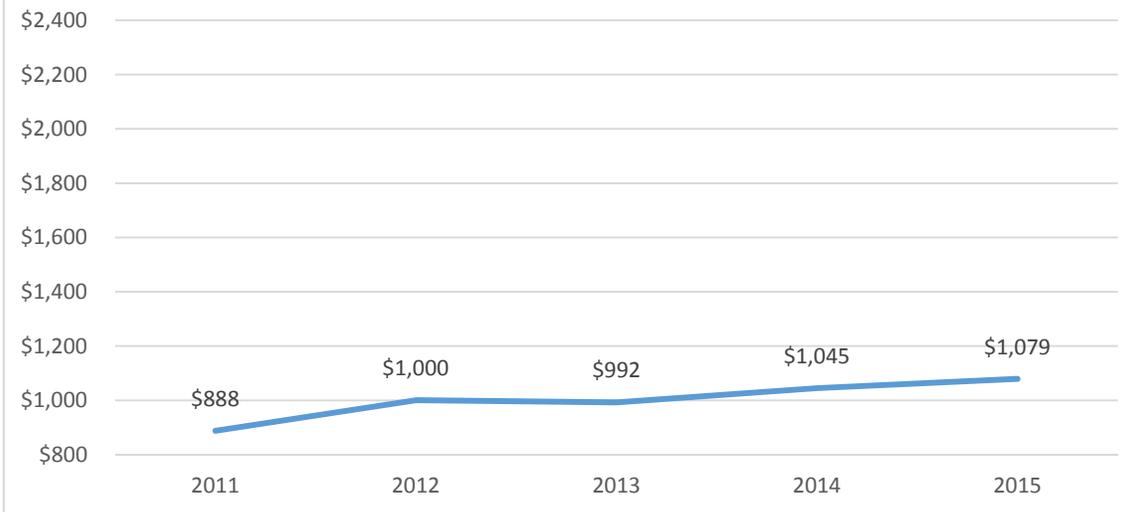
Total O&M \$ per Customer: Total Electric Operation and Maintenance Expenses (Line 198, Page 323)  
divided by Average No. of Customers per Month (Line 14(f), Page 301)

**Total Non-Fuel O&M \$ Per MWh Sold**



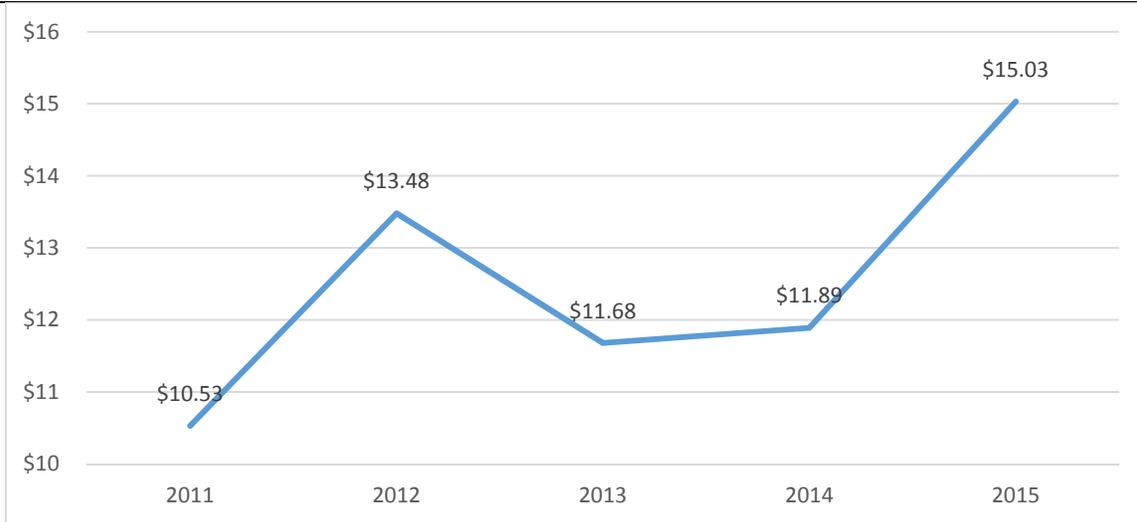
Total Non-Fuel O&M \$ per MWh Sold: Total Electric Operation and Maintenance Expenses (Line 198, Page 323) less Fuel Expense (Lines 5, 25, Page 320 and Line 63, Page 321) divided by Total Megawatt Hours Sold (Line 14(d), Page 301)

**Total Non-Fuel O&M \$ Per Customer**



Total Non-Fuel O&M \$ per MWh Sold: Total Electric Operation and Maintenance Expenses (Line 198, Page 323) less Fuel Expense (Lines 5, 25, Page 320 and Line 63, Page 321) divided by Average No. of Customers per Month (Line 14(f), Page 301)

**Non-Fuel Production O&M Per MWh Generated**



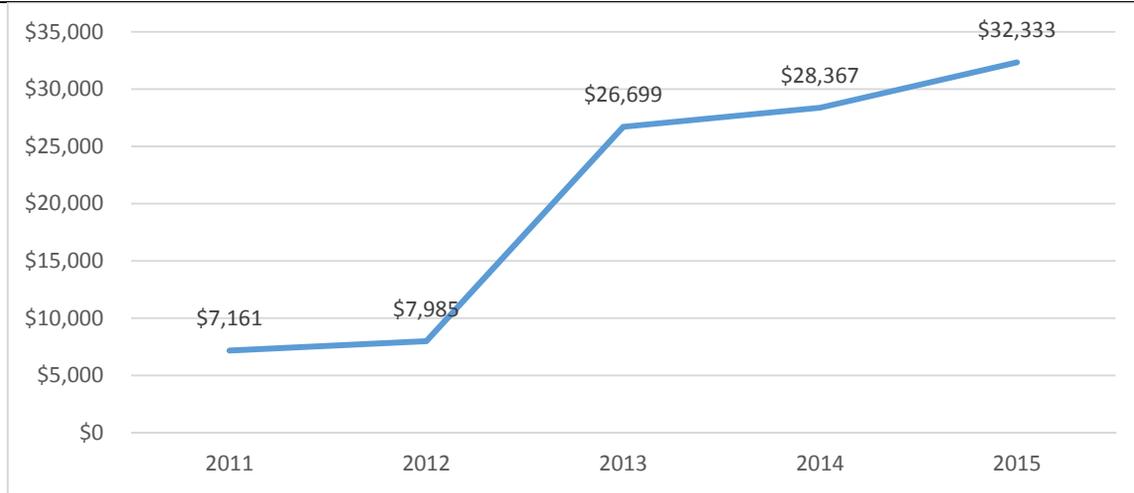
Total Non-Fuel Production O&M \$ Per MWh Generated: Total Power Production Expenses (Line 80, Page 321) less Fuel Expense (Lines 5, 25, Page 320 and Line 63, Page 321) divided by Total Megawatt Hours Generated (Line 9, Page 401a)

**Non-Fuel Production O&M Per MWh Sold**



Total Non-Fuel Production O&M \$ Per MWh Sold: Total Power Production Expenses (Line 80, Page 321) less Fuel Expense (Lines 5, 25, Page 320 and Line 63, Page 321) divided by Total Megawatt Hours Sold (Line 14(d), Page 301)

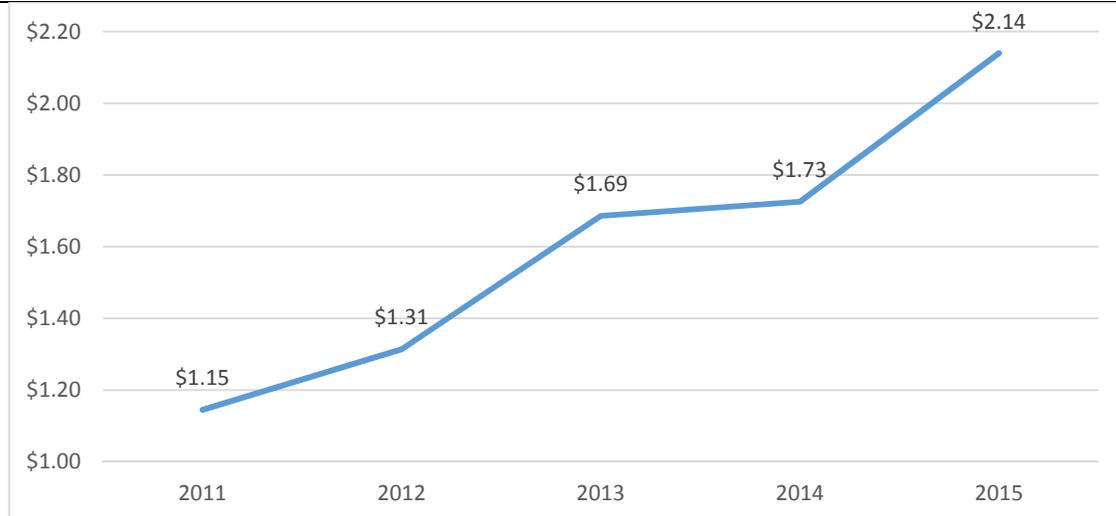
### Transmission O&M \$ Per Pole Mile



Transmission O&M \$ Per Pole Mile: Total Transmission Expenses (Line 112, Page 321) divided by Length of Transmission Lines (Line 36), Page 422)

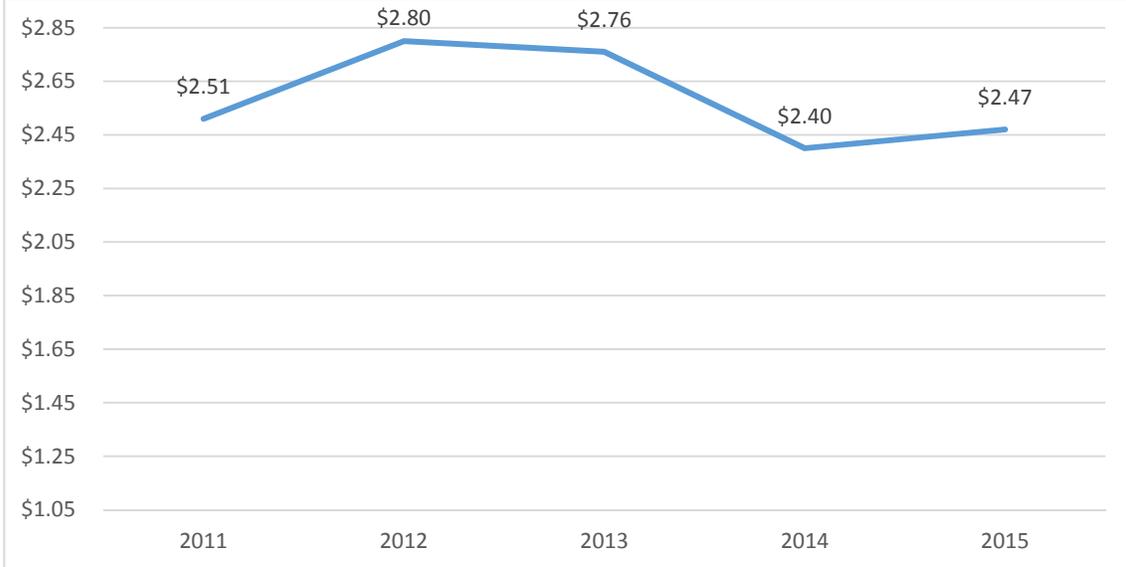
- In 2013, 69kV circuit miles were reclassified from transmission to distribution

### Transmission O&M \$ per MWh Sold



Transmission O&M \$ Per MWh Sold: Total Transmission Expenses (Line 112, Page 321) divided by Total Megawatt Hours Sold (Line 14(d), Page 301)

**Distribution O&M \$ per MWh Sold**



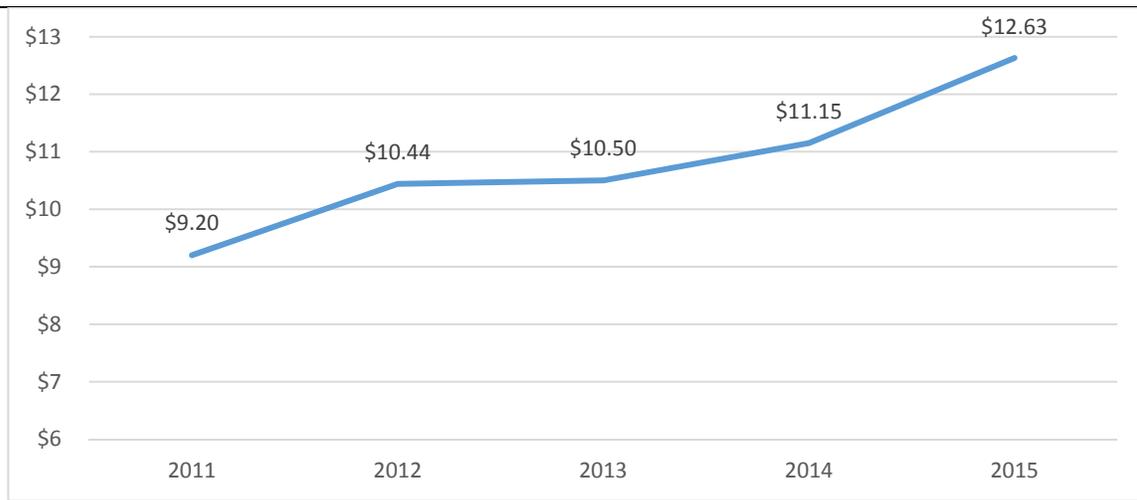
Distribution O&M \$ Per MWh Sold: Total Distribution Expenses (Line 156, Page 322) divided by Total Megawatt Hours Sold (Line 14(d), Page 301)

**Customer Operations O&M \$ Per MWh Sold**



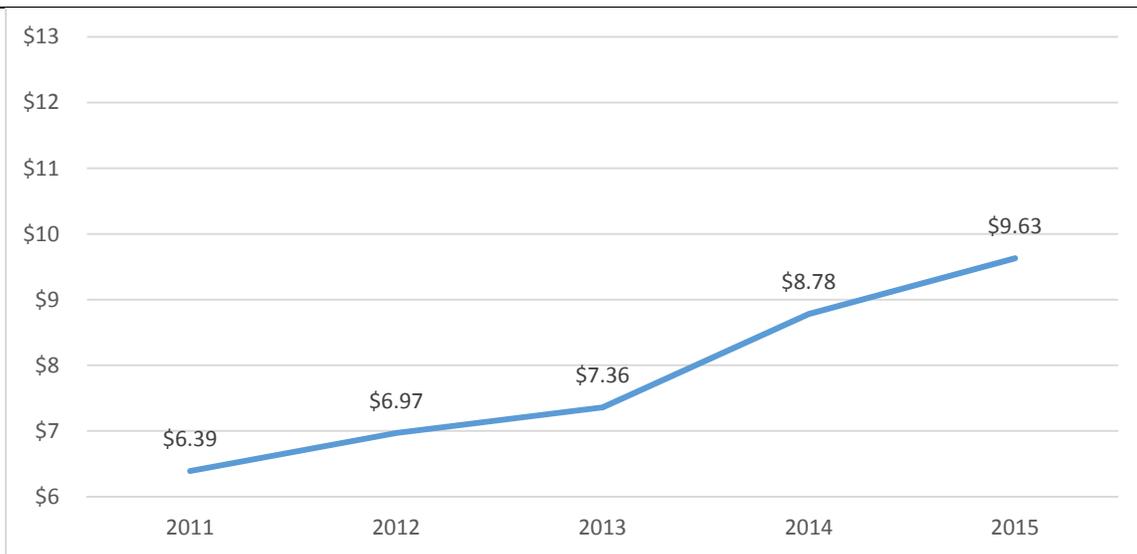
Customer Operations O&M \$ Per MWh Sold: Total Customer Operations Expenses (Line 164, Page 322) divided by Total Megawatt Hours Sold (Line 14(d), Page 301)

**A&G O&M \$ Per MWh Sold**



A&G O&M \$ Per MWh Sold: Total Administrative and General Expenses (Line 197, Page 323) divided by Total Megawatt Hours Sold (Line 14(d), Page 301)

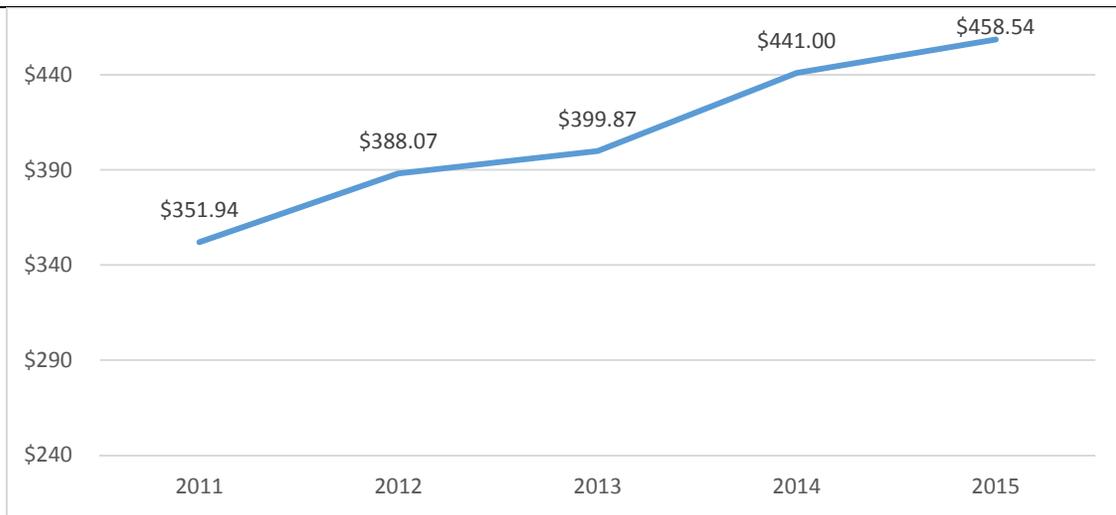
**A&G O&M (Net of 926) \$ Per MWh Sold**



A&G (Net of 926) \$ Per MWh Sold: Total Administrative and General Expenses (Line 197, Page 323) less Employee Pensions and Benefits Expenses (Line 187, Page 323) divided by Total Megawatt Hours Sold (Line 14(d), Page 301)\*

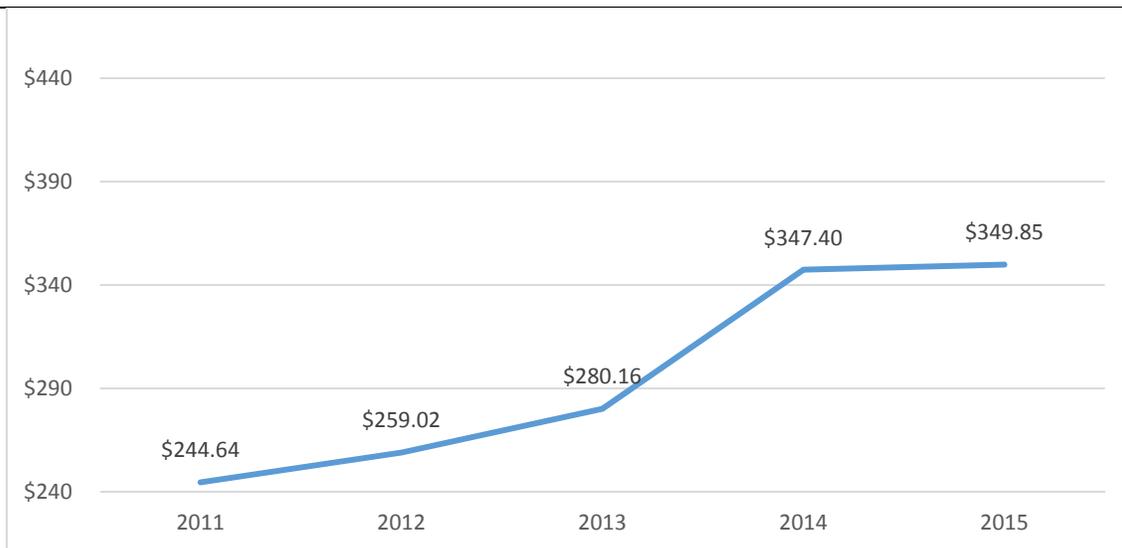
\*Also includes adjustments for NCS Pensions and Benefits Expenses

**A&G O&M \$ Per Customer**



A&G O&M \$ Per Customer: Total Administrative and General Expenses (Line 197, Page 323) divided by Average No. of Customers per Month (Line 14(f), Page 301)

**A&G O&M (Net of 926) \$ Per Customer**



A&G (Net of 926) \$ Per Customer: Total Administrative and General Expenses (Line 197, Page 323) less Employee Pensions and Benefits Expenses (Line 187, Page 323) divided by Average No. of Customers per Month (Line 14(f), Page 301)\*

\*Also includes adjustments for NCS Pensions and Benefits Expenses

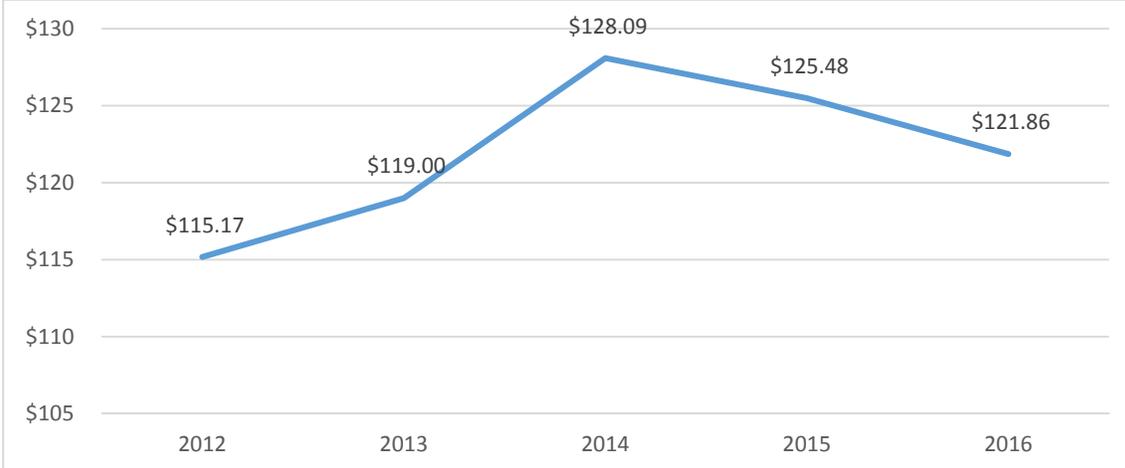
## Affordability

### Average Residential Bill (698kWh, mean)

	<u>Unit</u>	<u>Amount</u>
<b>Usage (kwh)</b>	698	
<b>Customer Charge</b>	\$ 14.00	\$ 14.00
<b>Energy charge</b>	\$ 0.110433	\$ 77.08
<b>Riders</b>		
Rider 770 - FAC, Eff. 11/2016	\$ 0.000836	\$ 0.58
Rider 771 - RTO, Eff. 11/2016	\$ 0.001664	\$ 1.16
Rider 772 - ECRM, Eff. 11/2016	\$ 0.009330	\$ 6.51
Rider 774 - RA, Eff. 11/2016	\$ 0.003030	\$ 2.11
Rider 783 - DSM, Eff. 10/2016	\$ 0.003157	\$ 2.20
Rider 786 - GPR (if applicable)	\$ -	\$ -
Rider 787 - FMC, Eff. 10/2016	\$(0.000011)	\$ (0.01)
Rider 788 - TDSIC	\$ -	\$ -
Base Rate Charges		\$ 91.08
Total Rider Charges		\$ 12.55
<b>Total Bill</b>		<b>\$103.63</b>

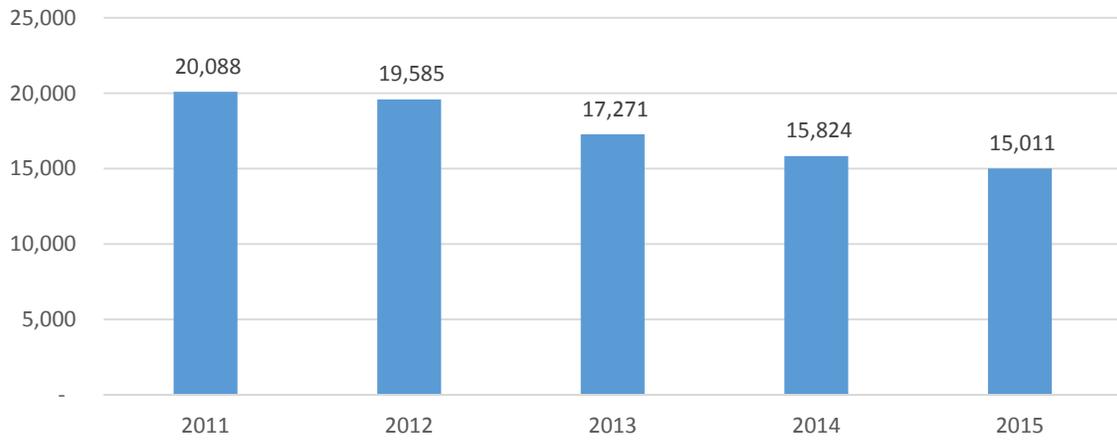
The average (mean) NIPSCO customer uses 698 KWh per month. NIPSCO will provide the average monthly residential bill based upon current rates for each filing.

### NIPSCO Electric Residential Bill Survey Results based on 1,000 KWh (IURC)



Average customer bill as reported on the Electric Residential Bill Survey conducted by the IURC. Estimates are as of July 1 each year and based on consumption of 1,000 KWh.

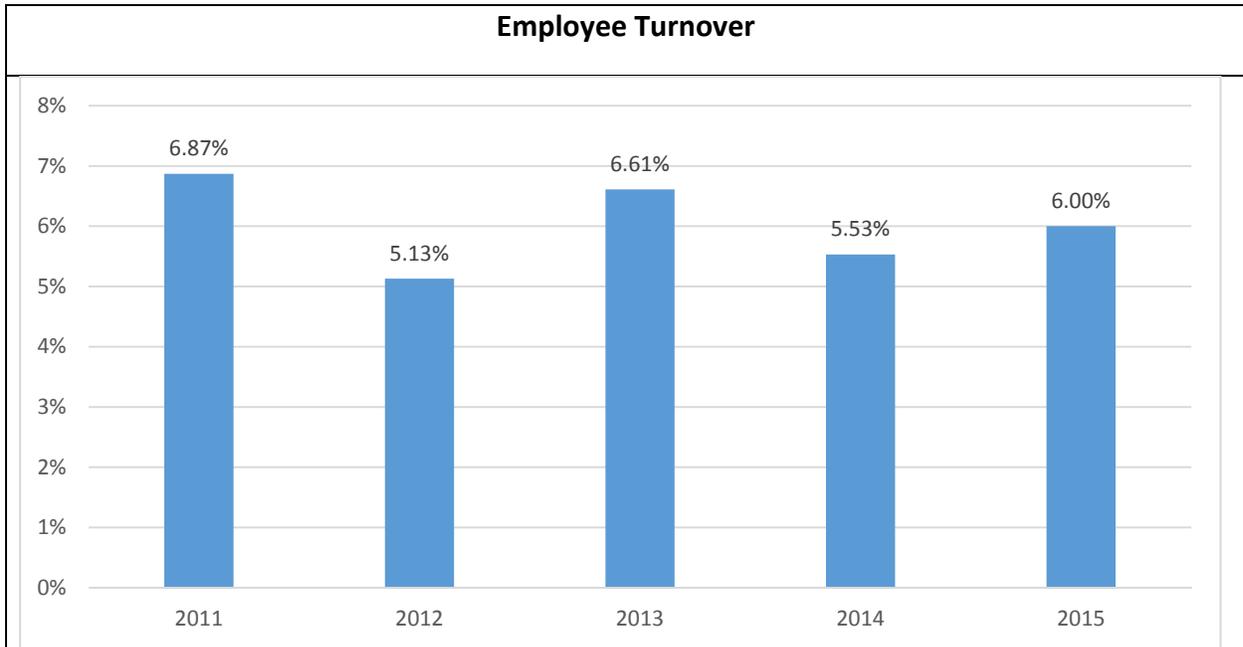
**Residential Electric Service Disconnection for Non-payment**



<b>MONTH</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
January	1,408	1,875	1,466	354	863
February	866	1,560	1,284	219	323
March	2,018	1,806	1,418	1,084	1,411
April	1,751	1,655	1,892	1,653	1,635
May	1,748	1,571	1,580	1,665	1,318
June	1,711	1,339	1,145	1,635	1,393
July	1,482	1,029	1,323	1,353	907
August	1,914	1,644	1,196	1,437	1,262
September	1,607	1,471	1,061	1,425	908
October	1,436	1,553	1,365	1,341	1,158
November	1,211	1,107	796	452	999
December	925	963	732	1,192	819
<b>Total</b>	<b>20,088</b>	<b>19,585</b>	<b>17,271</b>	<b>15,824</b>	<b>15,011</b>

Count of residential electric meters that had a completed shut-off for non-payment service order in the period.

## Staffing



Annual employee turnover calculated by taking the total number of terminations during the year divided by the average of the beginning and end of year headcount. Includes gas and electric employees.