

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

**PETITION OF NORTHERN INDIANA)
PUBLIC SERVICE COMPANY LLC)
PURSUANT TO IND. CODE §§ 8-1-2-42.7, 8-1-)
2-61 AND IND. CODE § 8-1-2.5-6 FOR (1))
AUTHORITY TO MODIFY ITS RATES AND)
CHARGES FOR ELECTRIC UTILITY)
SERVICE THROUGH A PHASE IN OF)
RATES; (2) APPROVAL OF NEW) **CAUSE NO. 45159**
SCHEDULES OF RATES AND CHARGES,)
GENERAL RULES AND REGULATIONS,)
AND RIDERS; (3) APPROVAL OF REVISED)
COMMON AND ELECTRIC DEPRECIATION)
RATES APPLICABLE TO ITS ELECTRIC)
PLANT IN SERVICE; (4) APPROVAL OF)
NECESSARY AND APPROPRIATE)
ACCOUNTING RELIEF; AND (5) APPROVAL)
OF A NEW SERVICE STRUCTURE FOR)
INDUSTRIAL RATES.)**

**SUBMISSION OF STIPULATION AND SETTLEMENT AGREEMENT
ON LESS THAN ALL THE ISSUES**

Northern Indiana Public Service Company LLC (“NIPSCO”), by counsel, on behalf of itself and NIPSCO Industrial Group; NLMK Indiana; United States Steel Corporation; the Citizens Action Coalition of Indiana, Inc.; Walmart Inc.; Northern Indiana Commuter Transportation District; Sierra Club; and the Indiana Office of Utility Consumer Counselor (collectively the “Settling Parties”),

respectfully submits the attached Stipulation and Settlement Agreement on Less Than all the Issues (the "Settlement Agreement").

The Settlement Agreement resolves the revenue requirements issues and other miscellaneous issues. The Settling Parties are continuing to work to see if any other parties will join the Settlement Agreement. The Settling Parties are also continuing discussions regarding revenue allocation and Rate 831 rate design to attempt to reach resolution. The Settling Parties will provide the Commission with a status report on or before April 30, 2019 regarding the status of settlement negotiations on revenue allocation and Rate 831 rate design and to advise if any additional parties have agreed to join the Settlement Agreement.

Respectfully submitted on behalf of the Settling Parties,



Claudia J. Earls (No. 8468-49)
NiSource Corporate Services – Legal
150 West Market Street, Suite 600
Indianapolis, IN 46204
Telephone: (317) 684-4923
Facsimile: (317) 684-4918
cjearls@nisource.com

Attorney for Petitioner
Northern Indiana Public Service Company LLC

CERTIFICATE OF SERVICE

The undersigned certifies that a copy of the foregoing was served upon the following via electronic transmission this 26th day of April, 2019 to:

OUCC

Jeffrey M. Reed
Office of Utility Consumer Counselor
115 W. Washington Street
Suite 1500 South
Indianapolis, Indiana 46204
jreed@oucc.in.gov
infomgt@oucc.in.gov

NIPSCO INDUSTRIAL GROUP

Bette J. Dodd
Todd A. Richardson
Joseph P. Rompala
Lewis & Kappes, P.C.
One American Square, Suite 2500
Indianapolis, Indiana 46282
bdodd@lewis-kappes.com
trichardson@lewis-kappes.com
jrompala@lewis-kappes.com

US STEEL

Nikki G. Shoultz
Kristina Kern Wheeler
Jeffery A. Earl
Bose McKinney & Evans LLP
111 Monument Circle, Suite 2700
Indianapolis, Indiana 46204
nshoultz@boselaw.com
kwheeler@boselaw.com
jearl@boselaw.com

INDIANA MUNICIPAL UTILITY GROUP

Robert M. Glennon
Robert Glennon & Assoc., P.C.
3697 N. Co. Rd. 500 E
Danville, Indiana 46122
robertglennonlaw@gmail.com

NLMK INDIANA

Anne E. Becker
Lewis & Kappes, P.C.
One American Square, Suite 2500
Indianapolis, Indiana 46282
abecker@lewis-kappes.com

NLMK INDIANA

James W. Brew
Stone Mattheis Xenopoulos & Brew
1025 Thomas Jefferson St., NW,
9th Floor, West, Tower,
Washington, DC 20007
jbrew@smxblaw.com

CITIZENS ACTION COALITION

Jennifer A. Washburn
Margo L. Tucker
Citizens Action Coalition
1915 West 18th Street, Suite C
Indianapolis, Indiana 46202
jwashburn@citact.org
mtucker@citact.org

Cassandra McCrae
Raghu Murthy
Earthjustice
1617 John F. Kennedy Blvd., Suite
1130
Philadelphia, Pennsylvania 19103
cmccrae@earthjustice.org
rmurthy@earthjustice.org

Thomas Cmar
Earthjustice
1010 Lake Street, Suite 200
Oak Park, Illinois 60301
tcmar@earthjustice.org

WALMART

Eric E. Kinder
Spilman Thomas & Battle, PLLC
300 Kanawha Boulevard, East
P.O. Box 273
Charleston, West Virginia 25321
ekinder@spilmanlaw.com

Barry A. Naum
Spilman Thomas & Battle, PLLC
1100 Bent Creek Boulevard, Suite 101
Mechanicsburg, Pennsylvania 17050
bnaum@spilmanlaw.com

SIERRA CLUB

Kathryn A. Watson
Cantrell Strenski & Mehringer, LLP
150 West Market Street, Suite 800
Indianapolis, Indiana 46204
kwatson@csmlawfirm.com

Tony Mendoza
Sierra Club
2101 Webster St., 13th Floor
Oakland, California 94612
Tony.mendoza@sierraclub.org

Casey Roberts
Sierra Club
1536 Wynkoop St., Suite 312
Denver, Colorado 80202
Casey.roberts@sierraclub.org

INDIANA COAL COUNCIL

Robert L. Hartley
Carly J. Tebelman
Frost Brown Todd LLC
201 N. Illinois Street, Suite 1900
P.O. Box 44961
Indianapolis, Indiana 46244-0961
rhartley@fbtlaw.com
ctebelman@fbtlaw.com

PEABODY COALSALES, LLC

Joshua A. Claybourn
Chad Sullivan
Jackson Kelly PLLC
221 NW Fifth Street
P.O. Box 1507
Evansville, Indiana 47706
jclaybourn@jacksonkelly.com
cjsullivan@jacksonkelly.com

ICARE

Meghan E. Griffiths
Jennifer A. Ferri
Jackson Walker LLP
100 Congress Ave., Suite 1100
Austin, Texas 78701
mgriffiths@jw.com
jferri@jw.com

Robert L. Hartley
Frost Brown Todd LLC
201 N. Illinois Street, Suite 1900
Indianapolis, Indiana 46244
rhartley@fbtlaw.com

RACKERS

Dennis Rackers
275 E. 125th Pl
Crown Point, IN 46307
dsrasdf@gmail.com

MODERN FORGE

Alan M. Hux
Taft Stettinius & Hollister, LLP
One Indiana Square, Suite 3500
Indianapolis, Indiana 46204
ahux@taftlaw.com

LAPORTE COUNTY

Shaw R. Friedman
Friedman & Associates, P.C.
705 Lincolnway
LaPorte, Indiana 46350
sfriedman.associates@frontier.com

Keith L. Beall
Beall & Beall
13238 Snow Owl Dr., Ste. A
Carmel, Indiana 46033
kbeall@indy.rr.com


UNITED STEELWORKERS

Anthony Alfano
United Steelworkers
1301 Texas St., 2nd Floor
Gary, Indiana 46402
aalfano@usw.org

NICTD

L. Charles Lukmann, III
Connor H. Nolan
Harris Welsh & Lukmann
107 Broadway
Chesterton, Indiana 46304
clukmann@hwllaw.com
cnolan@hwllaw.com

James A.L. Buddenbaum
Aleasha J. Boling
Parr Richey Frandsen Patterson Kruse LLP
251 N. Illinois Street, Suite 1800
Indianapolis, Indiana 46204
jbuddenbaum@parrlaw.com
aboling@parrlaw.com



Claudia J. Earls

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF NORTHERN INDIANA PUBLIC)
SERVICE COMPANY LLC PURSUANT TO IND.)
CODE §§ 8-1-2-42.7, 8-1-2-61 AND IND. CODE § 8-1-)
2.5-6 FOR (1) AUTHORITY TO MODIFY ITS)
RATES AND CHARGES FOR ELECTRIC UTILITY)
SERVICE THROUGH A PHASE IN OF RATES; (2))
APPROVAL OF NEW SCHEDULES OF RATES)
AND CHARGES, GENERAL RULES AND) CAUSE NO. 45159
REGULATIONS, AND RIDERS; (3) APPROVAL OF)
REVISED COMMON AND ELECTRIC)
DEPRECIATION RATES APPLICABLE TO ITS)
ELECTRIC PLANT IN SERVICE; (4) APPROVAL)
OF NECESSARY AND APPROPRIATE)
ACCOUNTING RELIEF; AND (5) APPROVAL OF)
A NEW SERVICE STRUCTURE FOR INDUSTRIAL)
RATES.)

STIPULATION AND SETTLEMENT AGREEMENT
ON LESS THAN ALL THE ISSUES

This Stipulation and Settlement Agreement (“Agreement”) is entered into as of this 25th day of April, 2019, by and between Northern Indiana Public Service Company LLC (“NIPSCO”); the NIPSCO Industrial Group (“Industrial Group”);¹ NLMK Indiana; United States Steel Corporation; the Citizens Action Coalition of Indiana, Inc.; Walmart Inc.; Northern Indiana Commuter Transportation District; Sierra Club; and the Indiana Office of Utility Consumer Counselor (the “OUCC”) (collectively the “Settling Parties”), who stipulate and agree for purposes of settling the revenue requirements issues in this Cause that the terms and conditions set forth below represent a fair and reasonable resolution of the revenue requirement issues and other miscellaneous issues subject to incorporation into a Final Order of the Indiana Utility Regulatory Commission

¹ The Industrial Group is comprised of Accurate Castings, Inc., ArcelorMittal USA, BP Products North America, Inc., Cargill, Inc., Enbridge Energy, Praxair, Inc., and USG Corporation.

(“Commission”) without any modification or condition that is not acceptable to each of the Settling Parties regarding the issues resolved herein.

A. Background

1. NIPSCO’s Current Rates and Charges: NIPSCO’s current electric basic rates and charges were approved in the Commission’s July 18, 2016 Order in Cause No. 44688 (the “44688 Rate Case Order”). The basic rates and charges approved in the 44688 Rate Case Order went into effect on September 29, 2016. Those rates and charges remain in effect today, as modified by various riders approved by the Commission from time to time; and as modified on May 1, 2018 pursuant to the Commission’s January 3, 2018 Order in Cause No. 45032 to reflect the reduction in the federal income tax rate from 35 percent to 21 percent in accordance with the Tax Cut and Jobs Act of 2017 (“TCJA”).²

2. NIPSCO’s Current Depreciation and Accrual Rates: NIPSCO’s current common and electric depreciation rates were approved in the Commission’s 44688 Rate Case Order. The Commission’s Orders in Cause Nos. 44012 and 44340 approved specific depreciation accrual rates to be applied to plant and equipment identified in those proceedings. For other items of property, NIPSCO’s current depreciation accrual rates were approved in the 44688 Rate Case Order.

3. NIPSCO’s Fuel Adjustment Clause (“FAC”) Proceedings: NIPSCO files a quarterly FAC proceeding in accordance with Indiana Code §8-1-2-42(d) in Cause No. 38706-FAC-XXX to adjust its rates to account for fluctuation in its fuel and purchased energy costs. In accordance with Rider 770 – Adjustment of Charges for Cost of Fuel

² The Commission approved NIPSCO’s 30-Day Filing No. 50167 on April 25, 2018.

Rider, 25% of costs associated with credits paid for interruptible and/or curtailable load under Rider 775 – Interruptible Industrial Service Rider are also recovered in quarterly FAC proceedings. Historically, NIPSCO has agreed that the OUCC and other interested parties should have thirty-five (35) days to review NIPSCO’s FAC filings and NIPSCO has agreed to continue that practice.

4. NIPSCO’s Tracking Mechanisms: In coordination with its FAC proceedings, NIPSCO files semi-annual proceedings in: (a) Cause No. 44156-RTO-XX to recover costs associated with MISO non-fuel costs and revenues and to provide for off-system sales sharing through its Rider 771 – Adjustment of Charges for Regional Transmission Organization (“RTO Tracker”) and Appendix C – Regional Transmission Organization Adjustment Factor approved by the Commission in its 44688 Rate Case Order; and (b) Cause No. 44155-RA-XX to recover prudently incurred capacity costs through its Rider 774 – Adjustment of Charges for Resource Adequacy (“RA Tracker”) and Appendix F – Resource Adequacy Adjustment Factor approved by the Commission in its 44688 Rate Case Order.³ In addition, pursuant to Rider 774, 75% of costs associated with credits paid for interruptible load under Rider 775 are recovered through the RA Tracker.

³ In its August 25, 2010 Order in Cause No. 43526, the Commission found that NIPSCO’s MISO non-fuel costs and revenues and off system sales sharing should be included in one mechanism designated as the RTO Adjustment. In its December 21, 2011 Order in Cause No. 43969, the Commission approved the implementation of the RTO Adjustment approved in Cause No. 43526 by approving Rider 671 and Appendix C. In the 44688 Rate Case Order, the Commission approved NIPSCO’s request for authority to defer, as a regulatory asset or liability, an amount equal to 50% of annual off system sales margins above or below the level of off-system sales margins included in the test year for recovery through the RTO tracker.

In its August 25, 2010 Order in Cause No. 43526, the Commission found that NIPSCO’s prudently incurred capacity should be recovered through the Resource Adequacy or RA Adjustment. In its December 21, 2011 Order in Cause No. 43969, the Commission approved the implementation of the RA Adjustment approved in Cause No. 43526 by approving Rider 674 and Appendix F.

NIPSCO files semi-annual proceedings in Cause No. 42150-ECR-XX to recover costs associated with qualified pollution control property, clean coal technology and clean energy projects to allow NIPSCO to comply with various environmental obligations through its Rider 772 – Adjustment of Charges for Environmental Cost Recovery Mechanism (“ECRM Tracker”) and Appendix D — Environmental Cost Recovery Mechanism Factor approved by the Commission in its 44688 Rate Case Order.⁴

NIPSCO files an annual proceeding in Cause No. 43618-DSM-XX to recover program costs and lost revenues associated with approved demand side management and energy efficiency programs through its Rider 783 – Adjustment of Charges for Demand Side Management Adjustment Mechanism (DSMA) and Appendix G – Demand Side Management Adjustment Mechanism (DSMA) Factor initially approved by the Commission in its May 25, 2011 Order in Cause No. 43618. In its February 27, 2017 Order in Cause No. 43618-DSM-11, the Commission approved a modification to NIPSCO’s Rider 783 to move from a semi-annual to annual filing.

NIPSCO files an annual proceeding in Cause No. 44198-GPR-XX to revise the Green Power Rider rate set forth in its Rider 786 – Green Power Rider and Appendix H – Green Power Rider Rate. The initial tracking mechanism was approved in the Commission’s December 19, 2012 Order in Cause No. 44198. In its December 28, 2016 Order in Cause No. 44198-GPR-8 the Commission approved a modification to NIPSCO’s Rider 786 to move from a semi-annual to annual filing.

⁴ The Commission approved two tracking mechanisms in its November 26, 2002 Order in Cause No. 42150 by approving Rider 672 – Adjustment of Charges for Environmental Cost Recovery Mechanism and Appendix D – Environmental Cost Recovery Mechanism Factor and Rider 673 □ Adjustment of Charges for Environmental Expense Recovery Mechanism and Appendix E – Environmental Expense Recovery Mechanism Factor. The Commission subsequently approved the consolidation of Riders 672 and 673 in its 44688 Rate Case Order.

NIPSCO files a semi-annual proceeding in Cause No. 44340-FMCA-XX to recover federally mandated costs through its Rider 787 – Adjustment of Charges for Federally Mandated Costs (“FCMA”) and Appendix I – Federally Mandated Cost Adjustment Factor. The initial tracking mechanism was approved in the Commission’s January 29, 2014 Order in Cause No. 44340.

NIPSCO files a semi-annual proceeding in Cause No. 44733-TDSIC-XX to recover 80% of eligible and approved capital expenditures and transmission, distribution, and storage system improvement charge costs for eligible projects through Rider 788 – Adjustment of Charges for Transmission, Distribution and Storage System Improvement Charge and Appendix J – Transmission, Distribution and Storage System Improvement Charge. The initial tracking mechanism was approved in the Commission’s February 17, 2014 Order in Cause No. 44371.

5. This Proceeding: On October 31, 2018, NIPSCO filed its Verified Petition with the Commission requesting the Commission issue an order: (1) authorizing NIPSCO to increase its retail rates and charges for electric utility service through the phase-in of rates; (2) approving new schedules of rates and charges, general rules and regulations, and riders; (3) approving revised common and electric depreciation rates applicable to electric plant in service; (4) approving necessary and appropriate accounting relief; (5) approving a new service structure for industrial rates (“Rate 831”); (6) authorizing NIPSCO to implement temporary rates; and (7) approving other requests as described in the Verified Petition. NIPSCO filed its case-in-chief testimony and exhibits on October 31, 2018. On February 13, 2019, the OUCC and intervenors filed their

respective cases-in-chief and on March 15, 2019, NIPSCO filed its rebuttal testimony and exhibits and several intervenors filed cross-answering testimony and exhibits.

As discussed within NIPSCO's Verified Petition, and the testimony of various parties including NIPSCO, this rate case filing was driven by several developments subsequent to the 44688 Rate Case Order. First, NIPSCO needed to address unresolved impacts related to the TCJA, particularly the return of excess Accumulated Deferred Income Tax ("ADIT"). Second, NIPSCO sought to modify its depreciation rates and cost recovery in rates for NIPSCO's coal-fired generating assets to reflect the useful life of those assets as reflected in NIPSCO's Integrated Resource Plan. Third, as part of an alternative regulatory plan under Ind. Code §8-1-2.5-6, NIPSCO proposed to modify its industrial service rate structure to respond to a changing energy landscape and economic conditions that directly impact its largest customers.

B. Settlement Terms

1. Revenue Requirement and Net Operating Income:
 - (a) Revenue Requirement: The Settling Parties agree that NIPSCO's base rates will be designed to produce \$1,482,166,740 prior to application of surviving Riders. This Revenue Requirement is a decrease of approximately \$63.648 Million from the amount originally requested by NIPSCO. The Settling Parties agree the Revenue Requirement reflects the depreciation study and accrual rates and amortization as discussed below, and a \$2,000,000 decrease to NIPSCO's proposed O&M Expense.

(b) Net Operating Income: The Settling Parties agree that NIPSCO's Revenue Requirement in Paragraph B.1(a) above results in a proposed authorized net operating income ("NOI") of \$271,211,585.

2. Fair Value Rate Base, Capital Structure, and Fair Return:

(a) Fair Value Rate Base: The Settling Parties agree that the weighted average cost of capital times NIPSCO's original cost rate base yields a fair return for purposes of this case. Based on this Agreement, the Settling Parties agree that NIPSCO should be authorized a fair rate of return of 6.59%, yielding an overall return for earnings test purposes of \$271,211,585, based upon:

(i) an original cost rate base of \$4,115,502,071, inclusive of materials, supplies, production fuel, and regulatory assets, as proposed by NIPSCO in its case-in-chief unless otherwise corrected during the course of the proceeding;

(ii) NIPSCO's proposed capital structure; and

(iii) an authorized return on equity ("ROE") of 9.90%.

(b) Capital Structure and Fair Return: Based on the following capital structure, the 9.90% ROE, and the cost of debt/zero cost capital as filed, the overall weighted average cost of capital is computed as follows:

	Dollars	Cost %	WACC %
Common Equity	\$2,864,884,714	9.90%	4.74%
Long-Term Debt	\$2,151,351,378	4.97%	1.79%
Customer Deposits	\$71,453,491	4.91%	0.06%
Deferred Income Taxes	\$1,266,429,454	0.00%	0.00%
Post-Retirement Liability	\$66,142,914	0.00%	0.00%
Prepaid Pension Asset	\$(435,272,223)	0.00%	0.00%
Post-1970 ITC	\$2,014,831	8.30%	0.00%
Totals	\$5,987,004,559		6.59%

3. Depreciation and Amortization Expense:

(a) Depreciation Expense: The Settling Parties agree that the depreciation accrual rates recommended by NIPSCO in this proceeding should be approved with the following exceptions:

(i) the amortization period for retired coal-fired generating units as described in NIPSCO's case-in-chief shall conclude in 2032, which presumes the retirement of the R.M. Schahfer ("Schahfer") Generating Units in 2023 and the Michigan City Generating Unit in 2028; and

(ii) annual depreciation expense shall be adjusted to reflect the removal of \$26 Million in contingency expense included in demolition costs, as proposed by Industrial Group Witness Gorman.

(b) Amortization Expense: The Settling Parties agree that NIPSCO's annual amortization expense shall be the amount calculated by NIPSCO in this proceeding with the following exception:

(i) the amount of annual amortization expense shall be modified to reflect an amortization rate of the TDSIC Remand, TDSIC 7 Year Plan, FMCA, MATs, EDR and Electric Rate Case Expense of seven (7) years.

If not already addressed by an intervening base rate case order, after the completion of the seven (7) year period, NIPSCO agrees to make a tariff filing that will reflect the reduction in amortization expense.

(c) Revenue Credit: NIPSCO agrees to implement an annual credit mechanism to reflect the difference between the value of the Schahfer and Michigan City Generating Units reflected in NIPSCO's rate base at the time a Final Order is issued in this proceeding and the actual investment amount adjusted for depreciation as outlined in OUCC Witness Blakely's direct testimony. NIPSCO agrees to implement the credit upon the retirement of the Generating Units, which is planned to be no later than 2023 for Schahfer and 2028 for Michigan City. The credit will be limited to the net plant investment value of the Schahfer and Michigan City Generating Units embedded in the base rates established in this Cause and the associated accumulated

depreciation upon retirement of the units. NIPSCO will utilize a standardized form and will adjust: (1) revenue requirement established in paragraph B.1(a), and (2) the NOI established in paragraph B.1(b) for purposes of its earnings test. NIPSCO agrees to hold annual pre-filing meetings preceding the 30 day compliance filing with interested stakeholders.

4. Tax Cut and Jobs Act:

(a) Protected and Net Operating Loss Excess ADIT: The Settling Parties agree that NIPSCO's Protected and Net Operating Loss Excess ADIT, totaling approximately \$(203,164,460) shall be passed back in NIPSCO's revenue requirement at the average rate assumption method ("ARAM"), estimated at the time of this Agreement to be 26 years.

5. Unprotected and Other Excess ADIT: The Settling Parties agree that NIPSCO's Unprotected and Other Excess ADIT balance, totaled approximately \$137,789,071 as of December 31, 2017. NIPSCO shall amortize \$12,170,384 per year in the revenue requirement with the implementation of Phase II rates on March 1, 2020. At the time of the next rate case, the remaining balance shall be included in the revenue requirement and fully amortized by December 31, 2030. If not already addressed by an intervening base rate case order, after the completion of the ten (10) year period, NIPSCO agrees to make a tariff filing that will reflect the ending of the amortization.

6. Phase II Rate Implementation:

- (a) Phase II Rates Subject to Refund: Phase II rates shall be based on forecasted net plant certified to have been completed and placed in service no later than December 31, 2019. NIPSCO agrees it shall not be permitted to include in rate base for Phase II rates plant in excess of the amount or value of plant projected in this Cause. The Settling Parties agree that Phase II rates are subject to refund in the event the Commission determines that less than the certified amount of plant additions were placed in service as of December 31, 2019. Prior to implementation of Phase II rates, NIPSCO will certify the net plant in service and current capital structure as of December 31, 2019 and calculate the Phase II rates using those certified figures. For purposes of this Agreement, “certify” means NIPSCO states in a filing with the Commission the amount of forecasted net plant it has completed and verifies and that those forecasted additions have been placed in service and are used and useful in providing utility service as of December 31, 2019. NIPSCO will provide all Settling Parties with its certification. The Settling Parties, and other interested parties to this proceeding, will have sixty (60) days to verify or state any objection to the net plant in service numbers from those which NIPSCO certifies. Settling Parties shall be permitted to conduct discovery to verify relevant construction costs and service dates. If any objections are stated, a

hearing will be held to determine NIPSCO's actual test-year-end net plant in service, and rates will be trued up, with carrying charges, retroactive to the date Phase II rates were put into place.

7. Revenue Allocation:

- (a) The Settling Parties agree to continue discussions regarding revenue allocation and Rate 831 rate design to attempt to reach resolution and also agree to provide the Commission with a status report on or before April 30, 2019 regarding the status of settlement negotiations on revenue allocation and Rate 831 rate design.

8. Rate Design:

- (a) The Settling Parties have agreed on the following issues related to rate design.
 - (i) Residential Customer Charge: The Settling Parties agree that rates should be designed with the Residential Customer Charge set at \$13.50/month.
 - (ii) Rate 830: The Settling Parties agree that as proposed in Industrial Group Witness Phillips' Direct Testimony and NIPSCO Witness Westerhausen's Rebuttal Testimony, Rate 830 shall be split into Rates 832 and 833 which shall reflect the current structure of Rates 732 and 733, and

provide for backup and maintenance provisions reflected in current Rider 776.

- (iii) Rate 844: The Settling Parties agree that Rate 844 shall see no increase in its base rates resulting from this proceeding given its importance to Northwest Indiana in providing public transportation between South Bend and Chicago.

9. Tariff Changes:

(a) Trackers and Riders:

- (i) NIPSCO agrees to flow through the RTO Tracker 100% of all margins, including any net losses, from off-system sales, down to zero.
- (ii) NIPSCO shall discontinue the ECRM Tracker and shall recover the remaining regulatory asset over two years.
- (iii) The Settling Parties agree that NIPSCO's proposal for treatment of economic development rider contracts to Rider 877 shall be approved, including the deferral mechanism as described in NIPSCO's case-in-chief.

10. Low Income Program Commitment:

- (a) NIPSCO commits to seek approval of a voluntary low income program within six months of a final order in this proceeding. Other program details will be established in good faith through the collaborative process NIPSCO has already established with

NIPSCO and interested stakeholders. NIPSCO will file with the Commission a report on the program which includes number of participants, number of applicants denied, amounts awarded to participants, total amount of funds distributed, and other information to be determined by the collaborative process. Funding for the program, which will be voluntary for all customers, and which will not impact NIPSCO's revenue requirement, will be discussed in the collaborative process.

C. Procedural Aspects and Presentation of the Agreement

1. The Settling Parties acknowledge that a significant motivation to enter into this Agreement is the simplification and minimization of issues to be presented in the proceeding.
2. The Settling Parties agree to jointly present this Agreement to the Commission for approval in this proceeding, and agree to assist and cooperate in the preparation and presentation of supplemental testimony as necessary to provide an appropriate factual basis for such approval.
3. If the Agreement is not approved in its entirety by the Commission, the Settling Parties agree that the terms herein shall not be admissible in evidence or cited by any party in a subsequent proceeding. Moreover, the concurrence of the Settling Parties with the terms of this Agreement is expressly predicated upon the Commission's approval of the Agreement in its entirety without modification of material condition deemed unacceptable to any Settling Party. If the Commission does not approve

the Agreement in its entirety, the Agreement shall be null and void and deemed withdrawn upon notice in writing by any Settling Party within fifteen (15) business days after the date of the Final Order that contains any unacceptable modifications. In the event the Agreement is withdrawn, the Settling Parties will request an Attorney's Conference to be convened to establish a procedural schedule for the continued litigation of this proceeding.

4. The Settling Parties agree that this Agreement and each term, condition, amount, methodology, and exclusion contained herein reflects a fair, just, and reasonable resolution and compromise for the purpose of settlement, and is agreed upon without prejudice to the ability of any party to propose a different term, condition, amount, methodology, or exclusion in any future proceeding. As set forth in the Order in *Re Petition of Richmond Power & Light*, Cause No. 40434, the Settling Parties agree and ask the Commission to incorporate as part of its Final Order that this Agreement, and the Final Order approving it, not be cited as precedent by any person or deemed an admission by any party in any other proceeding except as necessary to enforce its terms before the Commission or any court of competent jurisdiction on these particular issues. This Agreement is solely the result of compromise in the settlement process. Each of the Settling Parties has entered into this Agreement solely to avoid future disputes and litigation with attendant inconvenience and expense.

5. The Settling Parties stipulate that the evidence of record presented in this Cause constitutes substantial evidence sufficient to support this Agreement and provides an adequate evidentiary basis upon which the Commission can make any finding of fact and conclusion of law necessary for the approval of this Agreement as filed. The Settling Parties agree to the admission into the evidentiary record of this Agreement, along with testimony supporting it, without objection.
6. The undersigned represent and agree that they are fully authorized to execute this Agreement on behalf of their designated clients who will be bound thereby; and further represent and agree that each Settling Party has had the opportunity to review all evidence in this proceeding, consult with attorneys and experts, and is otherwise fully advised of the terms.
7. The Settling Parties shall not appeal the agreed Final Order or any subsequent Commission order as to any portion of such order that is specifically implementing, without modification, the provisions of this Agreement and the Settling Parties shall not support any appeal of any portion of the of Final Order by any person not a party to this Agreement.
8. The provisions of this Agreement shall be enforceable by any Settling Party before the Commission or in any court of competent jurisdiction.
9. The communications and discussions during the negotiations and conferences which produced this Agreement have been conducted on the explicit understanding that they are or relate to offers of settlement and shall therefore be privileged.

ACCEPTED AND AGREED this 25th day of April, 2019.


[SIGNATURE PAGES FOLLOW]

Northern Indiana Public Service Company LLC

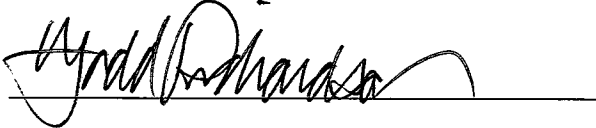
A handwritten signature in black ink, appearing to read 'M. Hooper', is written over a horizontal line.

Michael Hooper
Senior Vice President
Regulatory, Legislative Affairs and Strategy

Indiana Office of Utility Consumer Counselor


JEFFREY M. REED

NIPSCO Industrial Group

A handwritten signature in black ink, appearing to read "Todd Richards", is written over a solid horizontal line. The signature is fluid and cursive, with a large initial 'T' and 'R'.

NLMK Indiana

James A. [unclear]
4-25-2019

United States Steel Corporation

Mikki Shultz


Citizens Action Coalition of Indiana, Inc.

Jennifer Washburn

Walmart Inc.

A handwritten signature in blue ink is positioned above a horizontal line. The signature is stylized and appears to be a first name followed by a last name, though the specific characters are not clearly legible. The line is a simple, thin horizontal stroke.

Northern Indiana Commuter Transportation District


By _____
JAMES A.L. BUDDENBURTUM
One of its Attorneys

Sierra Club

A handwritten signature in black ink, appearing to read "Tony Mendoza", is written over a solid horizontal line. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Tony Mendoza
Staff Attorney, Sierra Club