

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.)**

**COMPLIANCE FILING
PERFORMANCE METRIC COLLABORATIVE UPDATE**

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.

Attached please find NIPSCO's Performance Metric Collaborative Report dated June 30, 2017, which incorporates revisions and language as provided by the interested stakeholders participating in NIPSCO's Performance Metrics Collaborative.

NIPSCO will file an annual Performance Metrics Collaborative Report for each year hereafter until otherwise indicated by the Presiding Officers.

Respectfully submitted:



Christopher C. Earle (No. 10949-49)
NiSource Corporate Services - Legal
150 West Market Street, Suite 600
Indianapolis, Indiana 46204
Phone: (317) 684-4904
Fax: (317) 684-4918
Email: cearle@nisource.com

Attorney for Petitioner
Northern Indiana Public Service Company

CERTIFICATE OF SERVICE

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

OUCC

A. David Stippler
Office of Utility Consumer Counselor
115 W. Washington Street
Suite 1500 South
Indianapolis, Indiana 46204
dstippler@oucc.in.gov
infomgt@oucc.in.gov

NIPSCO INDUSTRIAL GROUP

Bette J. Dodd
Todd A. Richardson
Jennifer W. Terry
Tabitha L. Balzer
Lewis & Kappes, P.C.
One American Square, Suite 2500
Indianapolis, Indiana 46282
bdodd@lewis-kappes.com
trichardson@lewis-kappes.com
jterry@lewis-kappes.com
tbalzer@lewis-kappes.com

U.S. STEEL

Nikki G. Shoultz
L. Parvin Price
Bose McKinney & Evans LLP
111 Monument Circle, Suite 2700
Indianapolis, Indiana 46204
nshoultz@boselaw.com
pprice@boselaw.com

CITIZENS ACTION COALITION

Jennifer A. Washburn
Citizens Action Coalition
603 East Washington Street, Suite 502
Indianapolis, Indiana 46204
jwashburn@citact.org

INDIANA MUNICIPAL UTILITY GROUP

Robert M. Glennon
Robert Glennon & Assoc., P.C.
3697 N. Co. Rd. 500 E
Danville, Indiana 46122
glennon@iquest.net

UNITED STEELWORKERS

Antonia Domingo
United Steelworkers
60 Boulevard of the Allies, 8th Floor
Pittsburgh, Pennsylvania 15208
adomingo@usw.org

NLMK INDIANA

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

James W. Brew
Stone Mattheis Xenopoulos & Brew, PC
1025 Thomas Jefferson St., N.W.
8th Floor, West Tower
Washington, DC 20007
jbrew@smxblaw.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

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

Carrie M. Harris
Spilman Thomas & Battle, PLLC
310 First Street, Suite 1100
P.O. Box 90
Roanoke, Virginia 24002-0090
charris@spilmanlaw.com

PRAXAIR

Timothy L. Stewart
Lewis & Kappes, P.C.
One American Square, Suite 2500
Indianapolis, Indiana 46282-0003
tstewart@lewis-kappes.com

ELPC

Jennifer A. Washburn
Citizens Action Coalition
603 East Washington Street, Suite 502
Indianapolis, Indiana 46204
jwashburn@citact.org

Bradley Klein
Environmental Law & Policy Center
35 E Wacker Drive, Suite 1600
Chicago, Illinois 60601
bklein@elpc.org

Robert Kelter
Environmental Law & Policy Center
35 E Wacker Drive, Suite 1600
Chicago, Illinois 60601
rkelter@elpc.org

Dated this 30th day of June, 2017.



Christopher C. Earle



Performance Metric Collaborative Report

June 30, 2017

Contents

Executive Summary	3
Background.....	5
Statutory Directive	5
Participating Stakeholders.....	5
Stakeholder Meetings.....	6
Deliverables.....	8
Collaboration.....	8
Performance Domains and Metrics	9
Metric Descriptions	10
Public Safety.....	11
Reliability	12
Customer Satisfaction.....	13
Operational Efficiency.....	14
Affordability/Pricing	16
Staffing	17
Conclusion.....	17
Appendix.....	18
A. Collaborative Project Charter.....	18
B. Meeting Agendas and Attendees	20
C. Cause No. 44688 Order Language	38
D. Draft Annual Performance Metric Report.....	40

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 County¹, 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, Residential Customer Satisfaction, NIPSCO’s Project Management processes, JD Power Electric Business Survey results, Major Event Days and Administrative and General (A&G) expenses 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 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 (A&G) expenses supported further action. As such, and in support of the Commission’s directive to further develop the performance metrics already being

¹ LaPorte County has not participated in the Collaborative meetings in 2017.

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 submitted its first Performance Metric Report on 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. 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. LaPorte County has not participated in the Collaborative meetings during 2017.

Stakeholder Meetings

The parties met on numerous 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/Pricing. 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.

February 3, 2017

After the November 28, 2016 submission, the stakeholders met on February 3, 2017. In this meeting, NIPSCO presented a “deep dive” on its Inclusion and Diversity programs, Project Management Processes and its most recent JD Power Electric Business Survey results. The group also discussed possible Commercial and Industrial (C&I) metrics to be included in future reports. The group discussed the metrics that were presented in the November 28, 2016 report, as well as the potential for including additional metrics in subsequent submissions. There was also a discussion regarding the creation of a subcommittee in order to further discuss NIPSCO’s A&G expenses.

March 17, 2017

At the March 17, 2017 stakeholder meeting, NIPSCO presented a “deep dive” presentation on Major Event Days, which included a review of reliability metrics, major event day metrics and steps NIPSCO has taken to improve customer estimated time of restoration (ETR). The group

further discussed the C&I metrics to be reported in future submissions, as well as established a path forward for a review of NIPSCO's A&G expenses. NIPSCO committed to host a working session regarding A&G expenses with the stakeholders prior to the July 1, 2017 submission, including a review of issues presented in the OUCC's testimony in 44688 which formed the basis for part of the Commission's order creating the Collaborative. The group then reviewed the draft report to be submitted by March 31, 2017.

May 18, 2017

After the March 31, 2017 submission, NIPSCO hosted the stakeholder group on May 18, 2017. During this meeting, an A&G benchmarking analysis was presented for the years 2010 through 2016, which was an updated version of the OUCC's benchmarking study presented in 44688. In the analysis, NIPSCO's performance was compared to two peer groups: a 120-utility U.S. peer group, and a 20-utility regional peer group. NIPSCO also presented a variance analysis of their A&G expenses from 2010 through 2016, including an analysis of the Management Fee expenses allocated from NiSource Corporate Services. Additionally, the group further discussed presenting the C&I metrics in a different view.

June 15, 2017

At the June 15, 2017 meeting, the stakeholders discussed the possible inclusion of additional metrics in the annual PMC submission. The group agreed to include seven additional metrics in the annual report. These metrics are explained in the Metrics Description area. The participants then reviewed the draft report to be submitted by July 1, 2017, as well as an overview of the electronic O&M benchmarking workpapers provided by ScottMadden.

Deliverables

In compliance with the Commission's order in NIPSCO's 2016 rate case, NIPSCO submitted its first Performance Metric Report on November 28, 2016 (90 days after the initial collaborative meeting) and is submitting its first annual report by July 1, 2017. In compliance with the Commission's directive that NIPSCO file quarterly reports for the first year, the stakeholders agreed that NIPSCO 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. Similarly, the participants determined that the May 29, 2017 report was not needed as the first annual report would be filed shortly thereafter by July 1, 2017. Until otherwise directed by the Commission, NIPSCO will file annual Performance Metric Reports by 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 group also met twice in preparation for the submission filed on March 31, 2017. The parties again met twice leading up to the first annual filing, due by July 1, 2017. The parties agreed to meet at least annually going forward, or as needed upon the request of any Collaborative participants.

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 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 determined would be reported to the Commission. Through subsequent Collaborative meetings, the participants suggested additional metrics to be included. 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.

NIPSCO initially proposed reporting five years of annual data for each metric. However, after further conversations with the Collaborative participants, it was concluded that NIPSCO would provide data beginning in 2011, and add a year with each annual report up to 10 years of data.

Realizing that benchmarking comparisons can provide meaningful information, at the May 18, 2017 Collaborative meeting NIPSCO presented the collaborative members with a benchmarking analysis for 2010 through 2016 comparing NIPSCO’s O&M metrics to 2 peer groups: (1) a 120-utility U.S. peer group and (2) a 20-utility regional peer group of vertically-integrated, Midwestern utilities in MISO. After this presentation, the Collaborative participants requested NIPSCO add two of these benchmarking metrics to the annual submission. This is further discussed in the Operational Efficiency section below.

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.

Domain	Metric	2015	2016
<i>Public Safety</i>	Underground damages per 1000 locates	3.00	2.56
	OSHA recordable incident rate	2.20	2.23
	DART (days away, restricted, or transferred)	1.18	1.37
	Preventable vehicle crash rate	2.43	1.76
<i>Reliability</i>	System average interruption duration (SAIDI) (<i>MED & non-MED</i> ²)	248/110	231/135
	System average interruption frequency (SAIFI) (<i>MED & non-MED</i> ²)	1.16/087	1.26/0.99
	Customer average interruption duration (CAIDI) (<i>MED & non-MED</i> ²)	214/127	184/136
	Five Year Major Event Day (MED) Summary	10	10
	Threshold MED (T _{MED})	TBD	8.72
	MED Dates	TBD	See App D ⁴
	Equivalent forced outage rate (EFOR)	See App D ³	See App D ³
	Equivalent availability factor (EAF)	See App D ³	See App D ³
<i>Customer Satisfaction</i>	Net capacity factor	See App D ³	See App D ³
	Average speed of answer (ASA)	18 sec.	21 sec.
	First Call Resolution	77%	80%

² 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.

³ EFOR, EAF and Net Capacity Factor metrics are presented in the metrics report by Unit and by Fuel Type. The metric is not included in this table due to the large quantity of data presented. Please see Appendix D.

⁴ See Appendix D for list of MEDs for the last 5 years.

Performance Metric Collaborative Report

	Customer satisfaction survey results	87%	88%
	J.D. Power electric scores (residential and business)	701/671	719 ⁵
	Meter reading %	98.65%	99.80%
	Abandonment rate	1.4%	1.6%
	IURC violations and non-violations (electric)	1/77	2/62
<i>Operational Efficiency</i>	Total O&M \$ Per Total MWh Sold	\$59.10	\$62.14
	Total O&M \$ Per Retail MWh Sold	\$59.79	\$62.21
	Total O&M \$ Per Customer	\$2,146	\$2,253
	Total Non-Fuel O&M \$ Per Total MWh Sold ⁶	\$29.79	\$32.56
	Total Non-Fuel O&M \$ Per Retail MWh Sold	\$30.14	\$32.59
	Total Non-Fuel O&M \$ Per Customer	\$1,082	\$1,180
	Non-Fuel Production O&M Per MWh Generated	\$15.13	\$17.71
	Non-Fuel Production O&M Per Total MWh Sold	\$11.02	\$12.74
	Transmission O&M \$ Per Pole Mile	\$32,333	\$39,912
	Transmission O&M \$ Per Total MWh Sold	\$2.14	\$2.63
	Distribution O&M \$ Per Total MWh Sold	\$2.47	\$2.60
	Customer Operations O&M \$ Per Total MWh Sold	\$1.22	\$1.13
	A&G O&M \$ Per Total MWh Sold	\$12.63	\$13.13
	A&G O&M (Net of 926) \$ Per Total MWh Sold	\$10.32	\$10.86
A&G O&M (Net of 926) \$ Per Retail MWh Sold	\$10.44	\$10.88	
A&G O&M \$ Per Customer	\$458.54	\$475.98	
A&G O&M (Net of 926) \$ Per Customer	\$374.71	\$393.99	
<i>Affordability/ Pricing</i>	Average residential bill (698kWh, mean)	\$103.63	\$100.92 ⁷
	Residential Bill (1,000kWh, IURC survey)	\$121.86	N/A
	Residential service disconnection for non-payment	15,011	12,689
	Residential disconnection notices sent	454,767	438,427
	Percent of residential accounts in arrears	3.21%	3.34%
	Commercial and industrial bill analysis	See App D	See App D
	Contributing cost components (cents/kWh and total %)	See App D	See App D
<i>Staffing</i>	Employee turnover rate	6.00%	5.81%

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. The report includes the number of reported damages per 1,000 locate tickets received. This metric will be reported on a combined basis for both gas and electric damages.

⁵ Only updated Electric Business results are available at this time. Electric Residential results will be released in July 2017.

⁶ Non-Fuel O&M excludes Fuel Expense and Purchased Power.

⁷ Rates effective as of May 1, 2017

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 (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. The report includes 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. The report includes SAIDI calculated 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. The report includes SAIFI calculated 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. The report includes CAIDI calculated 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). The report includes an MED Summary report showing the number of MEDs for each year. The report also includes the number of major events, TMED values and dates of each major event (including daily SAIFI and SAIDI).

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. The report includes 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. The report includes this information by Generating Unit.

Net capacity factor

The net capacity factor of a power plant is the ratio of its actual output over a period of time, to its potential output if it operated at full nameplate capacity continuously over the same period of time. The report includes the net capacity factor for each 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 (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 updated methodology will be included in the submission to be filed by July 1, 2017. 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. The report includes the results of the annual surveys in the Performance Metric Report. The electric residential survey results are published in July each year, thus the annual Performance Metrics Collaborative submission will just miss these results.

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 violations and non-violations (electric)

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 2016. 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 Total MWh Sold
- Total O&M per Customer
- Total Non-Fuel O&M per Total MWh Sold
- Total Non-Fuel O&M per Customer
- Non-Fuel Production O&M per MWh Generated
- Non-Fuel Production O&M per Total MWh Sold
- Transmission O&M per Pole Mile
- Transmission O&M Per Total MWh Sold
- Distribution O&M Per Total MWh Sold
- Customer Operations O&M per Total MWh Sold
- A&G O&M per Total MWh Sold
- A&G O&M (Net of 926) per Total MWh Sold
- A&G O&M per Customer
- A&G O&M (Net of 926) per Customer

After the A&G working session held on May 18, 2017, the Collaborative participants requested that NIPSCO include two additional O&M metrics in the annual submission. Those metrics are as follows:

- Total Non-Fuel O&M Per Retail MWh Sold
- A&G O&M (Net of 926) Per Retail MWh Sold

NIPSCO agrees to include the two metrics listed above, and will also include the following additional metric:

- Total O&M Per Retail MWh Sold

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.

Affordability/Pricing

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

The average NIPSCO customer uses 698kWh per month. The report includes the average monthly residential bill based upon current rates, as well as 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.

Electric residential disconnection notices sent

Total number of disconnection notices sent to NIPSCO residential electric customers for each month. The report includes the total number of disconnection notices sent by month for each year.

Percent of residential account in arrears

Percent of NIPSCO residential electric accounts in arrears greater than or equal to 60 days for each month. The report includes the total percentage of customers in arrears by month for each year.

Commercial and Industrial Bill Analysis

NIPSCO will provide the typical electric bills by load factor (in \$/month) as supplied for the EEI Typical Bills and Average Rates Report (Winter 2017 – updated as of December 31, 2016). This includes typical bills for commercial and industrial customers at various demand/consumption rates. NIPSCO will also provide the average cost per kWh for each demand/consumption rate. Additionally, two charts are included that show the trend of the above data for years 2011 – 2016.

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 Collaborative participants will continue to meet and discuss the collaborative process and metrics to be reported at least annually, or as needed upon the request of any Collaborative participants. The above mentioned metrics may be removed, or additional metrics may be added, as the NIPSCO Collaborative continues to meet and discuss this effort.

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

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

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

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

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

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

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

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

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

Performance Metric Collaborative Meeting #6

February 3, 2017

10:00 a.m. – 3:00 p.m. EST

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

10:00 a.m. – 10:10 a.m.	Welcome and Introductions	Erin Whitehead, NIPSCO
10:10 a.m. – 10:40 a.m.	I&D/Diverse Candidate Pool/ Employee Resource Groups Presentation Open Discussion	Chris Smith, NIPSCO Joe Mays, NIPSCO
10:40 a.m. – 11:30 p.m.	Project Management Process Presentation Open Discussion	Kurt Sangster, NIPSCO
11:30 p.m. – 12:30 p.m.	Lunch	
12:30 p.m. – 1:00 p.m.	C&I Metric Discussion Presentation Open Discussion	Joe Mays, NIPSCO
1:00 p.m. – 1:30 p.m.	JD Power Electric Business Results Presentation Open Discussion	Karl Stanley, NIPSCO
1:30 p.m. – 2:30 p.m.	Review of Metrics presented in Nov. 28, 2016 report Outstanding Items	Rick Starkweather, ScottMadden
2:30 p.m. – 3:00 p.m.	Wrap-up and Review Other Open Items	Rick Starkweather, ScottMadden

Meeting #6 Attendees

Attendees

OUCG

Dwight Etheridge (phone)
Pete Boerger
Ron Keen
Ty Bolinger
Tiffany Murray

Industrial Group

Jenny Terry

ScottMadden

Rick Starkweather, Facilitator

NIPSCO

Tim Caister
Erin Whitehead
Christopher (Kit) Earle
Chris Smith
Kay Pashos

CAC

Jennifer Washburn
Jesse Wyatt

IURC

Bob Veneck
Jeremy Comeau
Brad Borum
Dale Thomas

U.S. Steel

Kris Wheeler

Jason Klaich

Joe Mays
Karl Stanley
Kurt Sangster



AGENDA

Performance Metric Collaborative Meeting #7

March 17, 2017

10:00 a.m. – 3:00 p.m. EST

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

10:00 a.m. – 10:10 a.m.	Welcome and Introductions	Erin Whitehead, NIPSCO
10:10 a.m. – 10:40 a.m.	Major Event Day Presentation Presentation Open Discussion	Ben Felton, NIPSCO
10:40 a.m. – 11:00 a.m.	C&I Metric Discussion Presentation Open Discussion	Erin Whitehead, NIPSCO Rick Starkweather, ScottMadden
11:00 p.m. – 11:30 p.m.	A&G Discussion Presentation Open Discussion	Rick Starkweather, ScottMadden
11:30 p.m. – 12:30 p.m.	Lunch	
12:30 p.m. – 2:30 p.m.	Review of draft April 1, 2017 report (as needed)	Rick Starkweather, ScottMadden
2:30 p.m. – 3:00 p.m.	Wrap-up and Review Other Open Items	Rick Starkweather, ScottMadden

Meeting #7 Attendees

Attendees

OUCC

Dwight Etheridge (phone)
Pete Boerger
Anthony Alvarez
Ty Bolinger
Tiffany Murray

Industrial Group

Jenny Terry

ScottMadden

Rick Starkweather, Facilitator

NIPSCO

Tim Caister
Erin Whitehead
Christopher (Kit) Earle
Michael Whitmore
Lou DeFelice
Mark Irving
Derric Isensee (phone)
Noreta Davis (phone)

CAC

Jesse Wyatt

IURC

Bob Pauley
Jeremy Comeau
Dale Thomas

U.S. Steel

Kris Wheeler

Ind. Muni. Utilities Group

Bob Glennon



AGENDA

Performance Metric Collaborative Meeting #8

May 18, 2017

10:00 a.m. – 2:00 p.m. EST

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

10:00 a.m. – 10:10 a.m.	Welcome and Introductions	Erin Whitehead, NIPSCO
10:10 a.m. – 11:00 a.m.	A&G Benchmarking Presentation Open Discussion	Rick Starkweather, ScottMadden
11:00 a.m. – 11:45 a.m.	NIPSCO A&G Analysis Presentation Open Discussion	Chris Cubenas, NIPSCO Derric Isensee, NIPSCO
11:45 a.m. – 12:30 p.m.	Lunch	
12:30 p.m. – 1:30 p.m.	Management Fee Analysis Presentation Open Discussion	Austin Schauer, NiSource Corporate Services Company
1:30 p.m. – 1:45 p.m.	C&I Metric Discussion	Rick Starkweather, ScottMadden
1:45 p.m. – 2:00 p.m.	Wrap-up and Review Other Open Items	Rick Starkweather, ScottMadden

Meeting #8 Attendees

OUCC

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

Industrial Group

Jenny Terry

ScottMadden

Rick Starkweather, Facilitator

NIPSCO

Tim Caister
Erin Whitehead
Kay Pashos, Ice Miller
Derric Isensee
Chris Cubenas
Austin Schauer, NiSource Corporate Services
Joe Mays (phone)
Frank Shambo

CAC

Jennifer Washburn
Emily Beckman, Intern

IURC

Jeremy Comeau
Bob Veneck
Brad Borum
Dale Thomas

U.S. Steel

Kristina Wheeler

Ind. Muni. Utilities Group

Bob Glennon



AGENDA

Performance Metric Collaborative Meeting

June 15, 2017

10:00 a.m. – 2:00 p.m. EST

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

10:00 a.m. – 10:10 a.m.	Welcome and Introductions	Erin Whitehead, NIPSCO
10:10 a.m. – 10:20 a.m.	CWIP explanation Presentation Open Discussion	Austin Schauer, NCSC
10:20 a.m. – 10:40 a.m.	C&I Metric Discussion Presentation Open Discussion	Rick Starkweather, ScottMadden Joe Mays, NIPSCO
10:40 a.m. – 11:30 a.m.	Review Draft July 1 Submission Additional O&M metrics to be included	Rick Starkweather, ScottMadden Erin Whitehead, NIPSCO
11:45 a.m. – 12:30 p.m.	Lunch	
12:30 p.m. – 1:30 p.m.	Review Draft July 1 Submission (cont) Additional O&M metrics to be included	Rick Starkweather, ScottMadden Erin Whitehead, NIPSCO
1:30 p.m. – 1:50 p.m.	Questions on ScottMadden Analysis	Rick Starkweather, ScottMadden
1:50 p.m. – 2:00 p.m.	Wrap-up and Review	Rick Starkweather, ScottMadden

Meeting #9 Attendees

OUCC

Dwight Etheridge (phone)

Tiffany Murray

Pete Boerger

Industrial Group

Jenny Terry

ScottMadden

Rick Starkweather, Facilitator

NIPSCO

Erin Whitehead

Kay Pashos, Ice Miller

Derric Isensee (phone)

Michael Whitmore

Austin Schauer, NiSource Corporate Services (phone)

Joe Mays (phone)

Frank Shambo

IURC

Jeremy Comeau

Bob Veneck

Brad Borum

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 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

June 30, 2017

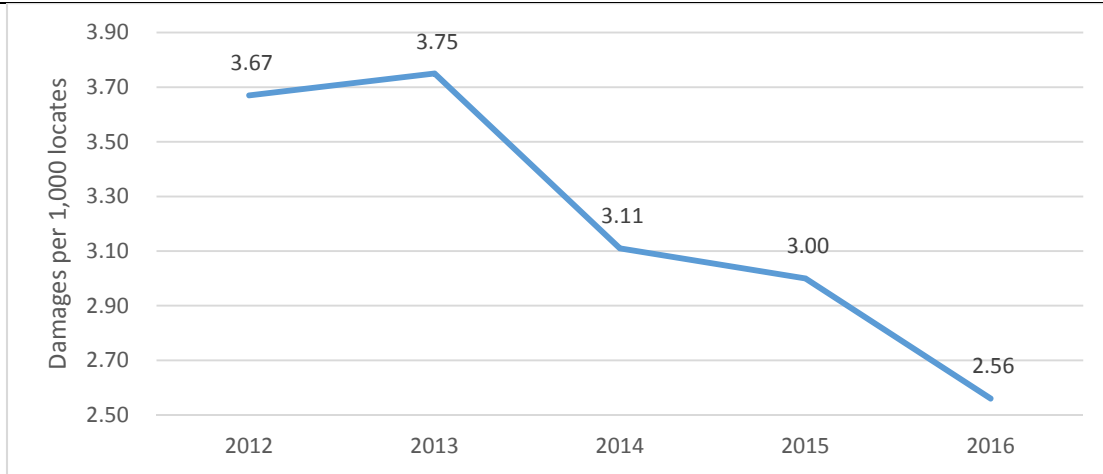
NORTHERN INDIANA PUBLIC SERVICE COMPANY
2017 ANNUAL PERFORMANCE REPORT TO IURC

Contents

Public Safety.....	2
Reliability	4
Customer Satisfaction.....	11
Operations	15
Benchmarking Analysis	22
Affordability/Pricing.....	24
Staffing.....	33

Public Safety

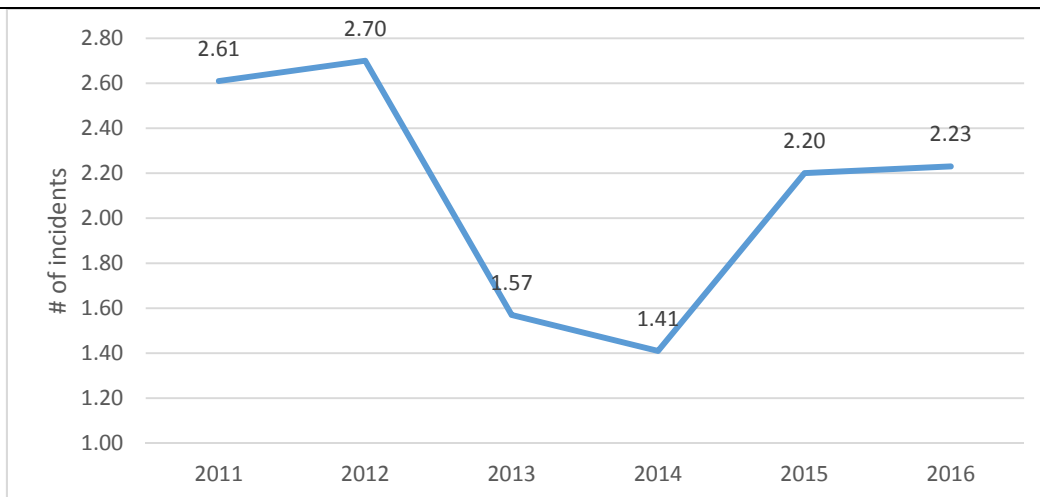
Underground Damages per 1,000 locates



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).

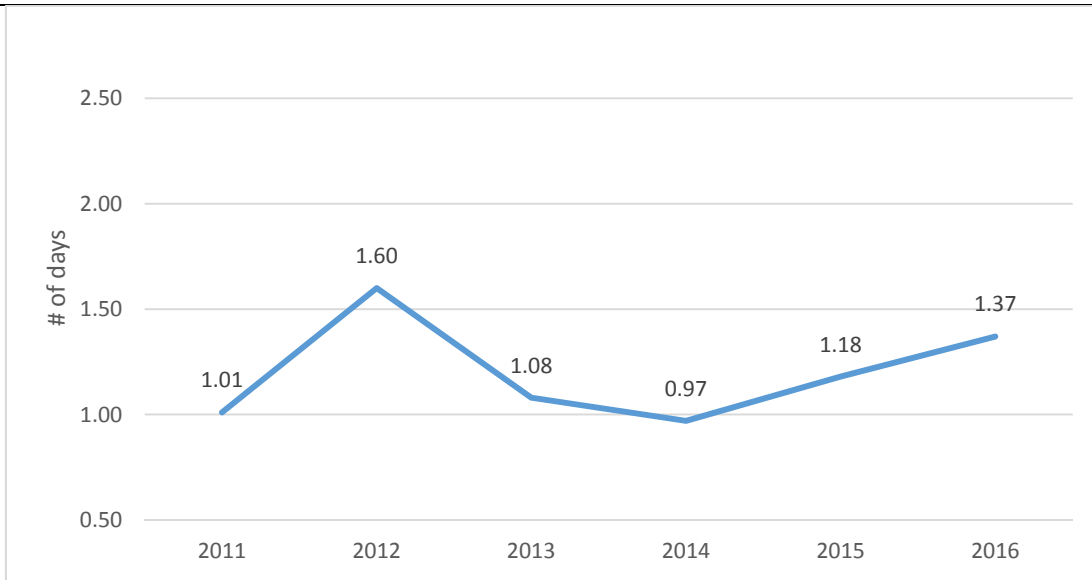
*2011 data not reported as this metric was not tracked until 2012.

OSHA Recordable Incident Rate



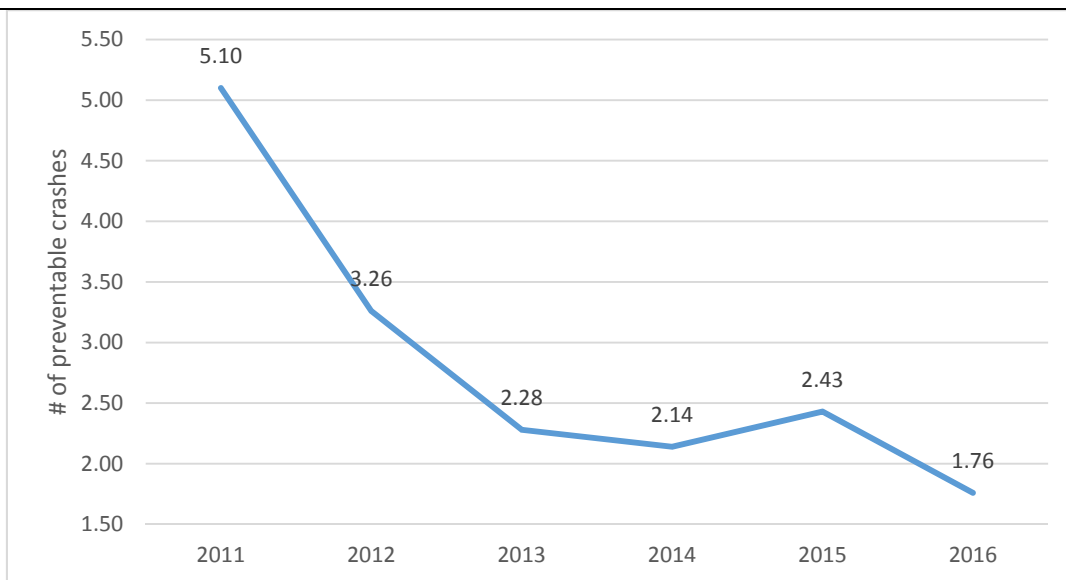
Number of employees per 100 full-time employees that have been involved in a recordable injury or illness. Most workplace injuries beyond simple first aid are recordable.

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.

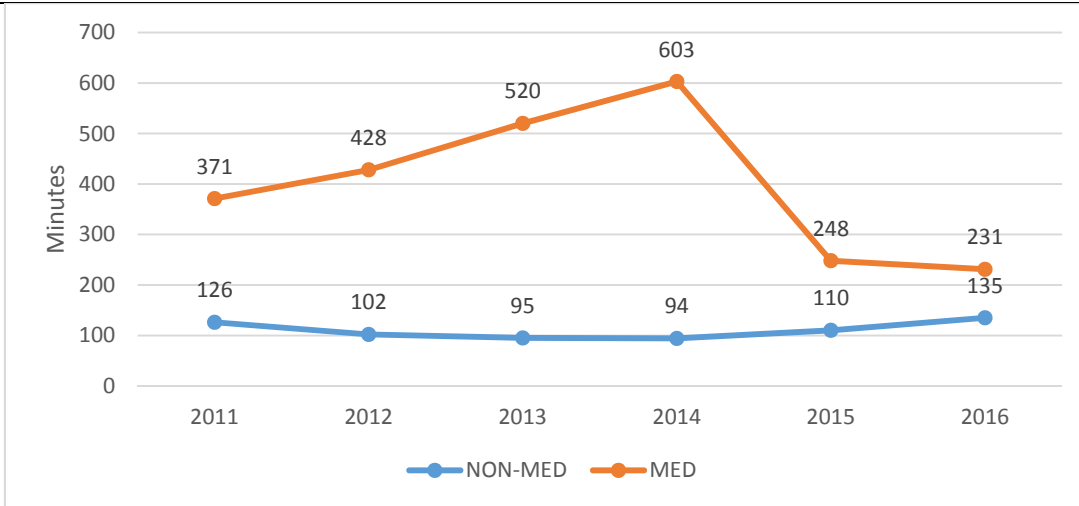
Preventable Vehicle Crash Rate



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.

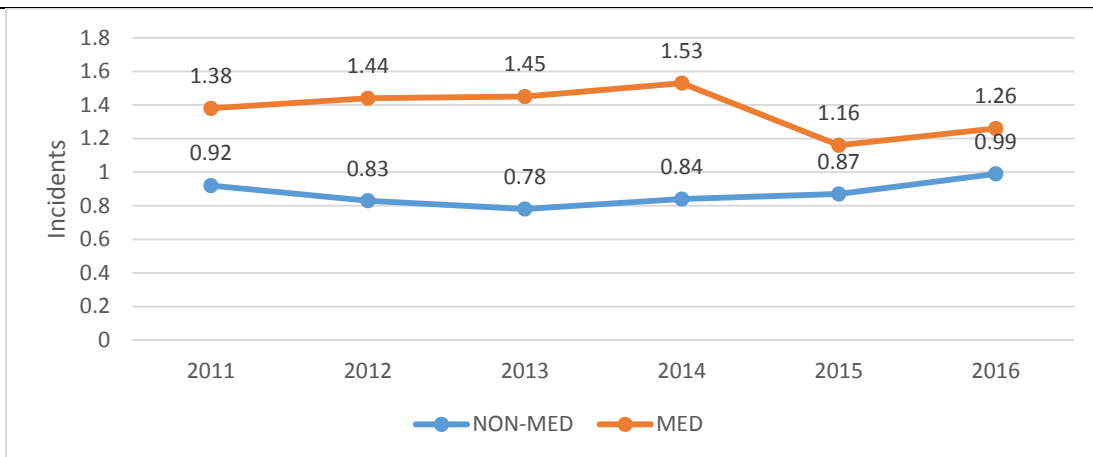
Reliability

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



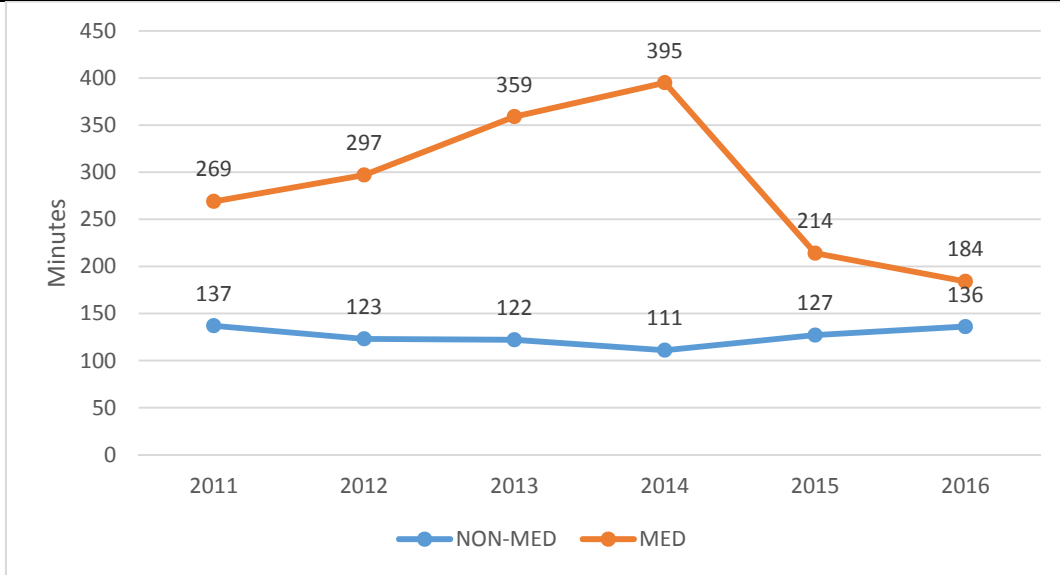
Average outage duration of each customer served. This metric is equal to the sum of all customer outage durations divided by total customers served.

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



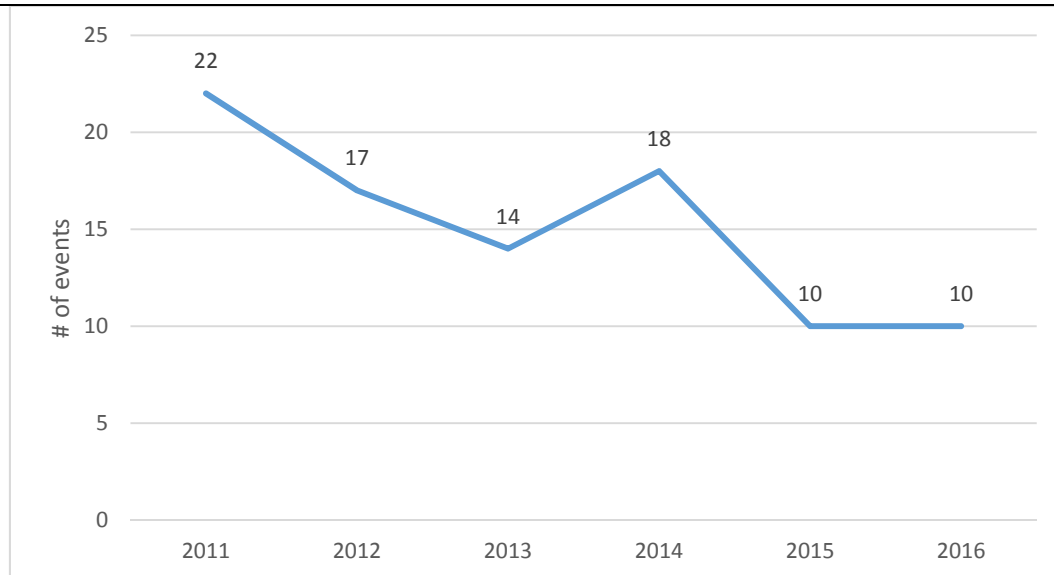
Number of times the average customer experiences an interruption in supply. An interruption is a loss in supply for longer than five minutes. Equal to number of customer interruptions divided by total number of customers.

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



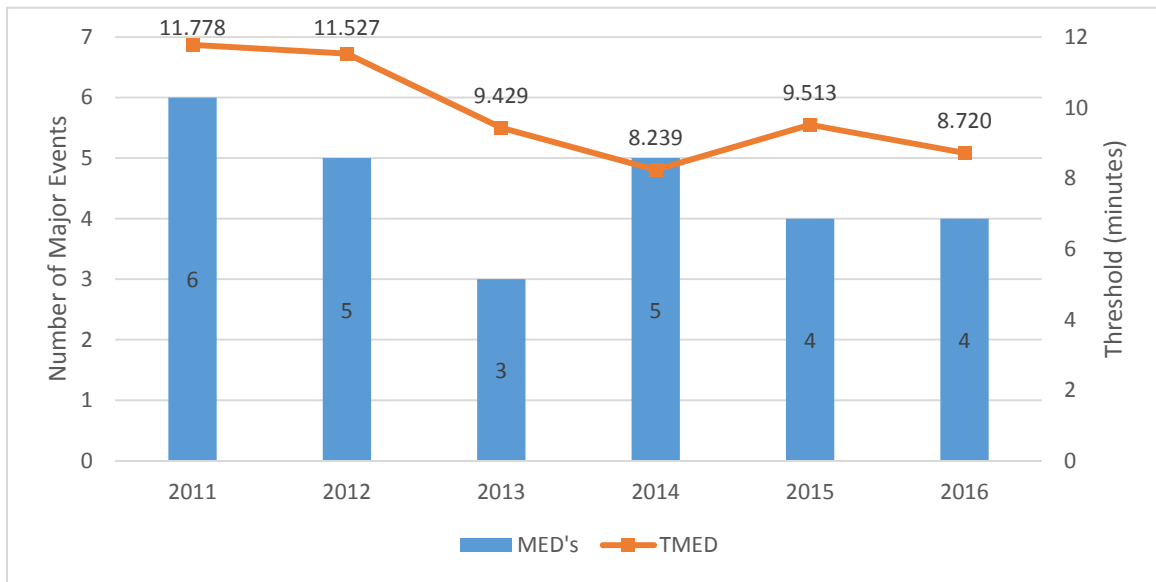
Average length of outages for customers who experience an outage at some time. Equals the total minutes the customer was without power divided by total customer interruptions.

Major Event Days



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

MED Summary



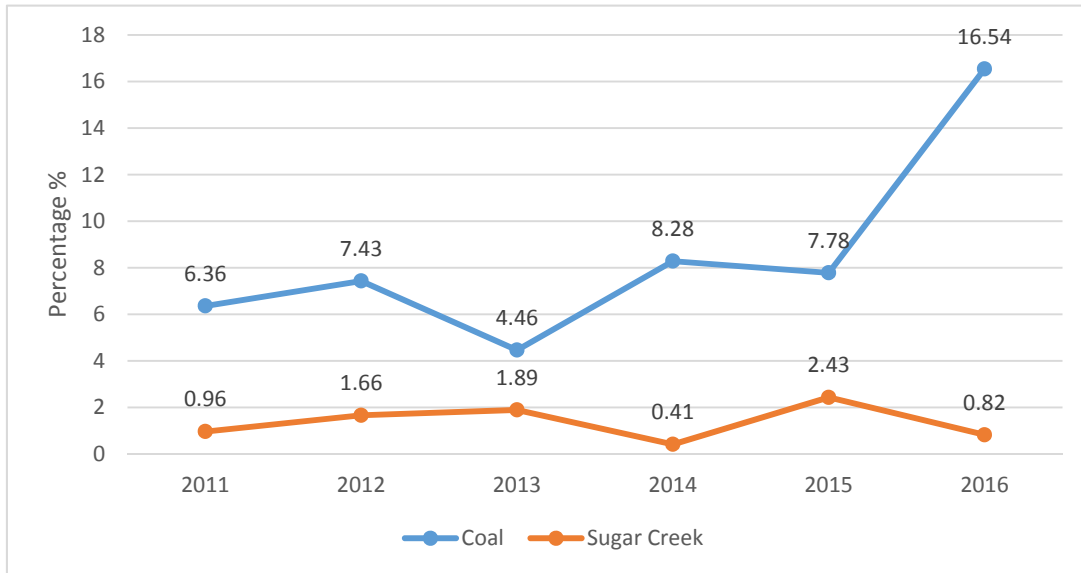
The blue bars indicate the number of major events experienced and the orange line represents the MED threshold. The table on the next page contains each major event day including daily SAIFI and SAIDI.

JUNE 30, 2017
NORTHERN INDIANA PUBLIC SERVICE COMPANY

MED Summary

DATE	SAIFI	SAIDI	DATE	SAIFI	SAIDI	DATE	SAIFI	SAIDI	DATE	SAIFI	SAIDI
2011/05/29	0.043	17.73	2012/06/29	0.078	53.74	2014/03/12	0.117	30.88	2016/02/19	0.050	9.85
2011/05/30	0.012	2.84	2012/06/30	0.019	7.13	2014/03/13	0.001	0.09	2016/02/20	0.002	0.28
2011/05/31	0.004	0.27	2012/07/01	0.028	7.34	2014/05/11	0.063	31.05	2016/02/21	0.000	0.02
2011/06/04	0.098	98.81	2012/07/02	0.003	0.30	2014/05/12	0.011	6.78	2016/02/24	0.105	56.52
2011/06/05	0.014	19.47	2012/07/05	0.055	22.23	2014/05/13	0.004	0.73	2016/02/25	0.010	3.66
2011/06/06	0.010	4.46	2012/07/06	0.006	1.90	2014/05/14	0.001	0.10	2016/02/26	0.001	0.15
2011/06/07	0.005	1.15	2012/07/07	0.005	0.29	2014/06/30	0.214	203.08	2016/07/21	0.045	9.26
2011/06/08	0.005	0.62	2012/07/18	0.053	20.07	2014/07/01	0.127	168.35	2016/07/22	0.003	0.68
2011/06/09	0.017	2.40	2012/07/19	0.028	6.38	2014/07/02	0.010	9.64	2016/12/04	0.048	15.31
2011/06/09	0.017	2.40	2012/07/19	0.028	6.38	2014/07/02	0.010	9.64	2016/12/04	0.048	15.31
2011/07/01	0.045	13.54	2012/07/20	0.001	0.10	2014/07/03	0.012	3.70	2016/12/05	0.009	1.10
2011/07/02	0.013	2.83	2012/07/24	0.167	100.63	2014/07/04	0.005	0.87			
2011/07/03	0.001	0.16	2012/07/25	0.007	3.13	2014/07/05	0.001	0.15			
2011/07/11	0.054	17.70	2012/07/26	0.006	1.49	2014/09/20	0.032	11.19			
2011/07/12	0.003	0.42	2012/08/04	0.140	93.56	2014/09/21	0.009	1.84			
2011/07/13	0.007	0.42	2012/08/05	0.013	6.66	2014/09/22	0.001	0.21			
2011/07/22	0.054	24.45	2012/08/06	0.002	0.25	2014/10/31	0.074	40.67			
2011/07/23	0.013	4.56	2012/08/07	0.001	0.13	2014/11/01	0.002	0.72			
2011/07/24	0.009	1.78	2013/06/12	0.096	40.19	2014/11/02	0.001	0.14			
2011/07/25	0.003	0.27	2013/06/13	0.013	5.53	2015/02/01	0.054	15.65			
2011/11/29	0.044	24.01	2013/06/14	0.001	0.18	2015/02/02	0.001	0.24			
2011/11/30	0.010	7.39	2013/06/24	0.215	175.91	2015/07/18	0.045	18.41			
2011/12/01	0.001	0.12	2013/06/25	0.045	38.45	2015/07/19	0.003	0.74			
			2013/06/26	0.012	12.37	2015/08/02	0.034	7.82			
			2013/06/27	0.073	51.08	2015/08/03	0.017	4.27			
			2013/06/28	0.026	7.72	2015/12/28	0.125	85.60			
			2013/06/29	0.006	0.99	2015/12/29	0.006	3.87			
			2013/11/17	0.171	89.69	2015/12/30	0.005	0.96			
			2013/11/18	0.009	5.13	2015/12/31	0.000	0.05			
			2013/11/19	0.006	0.88						
			2013/11/20	0.001	0.16						
			2013/11/21	0.002	0.30						

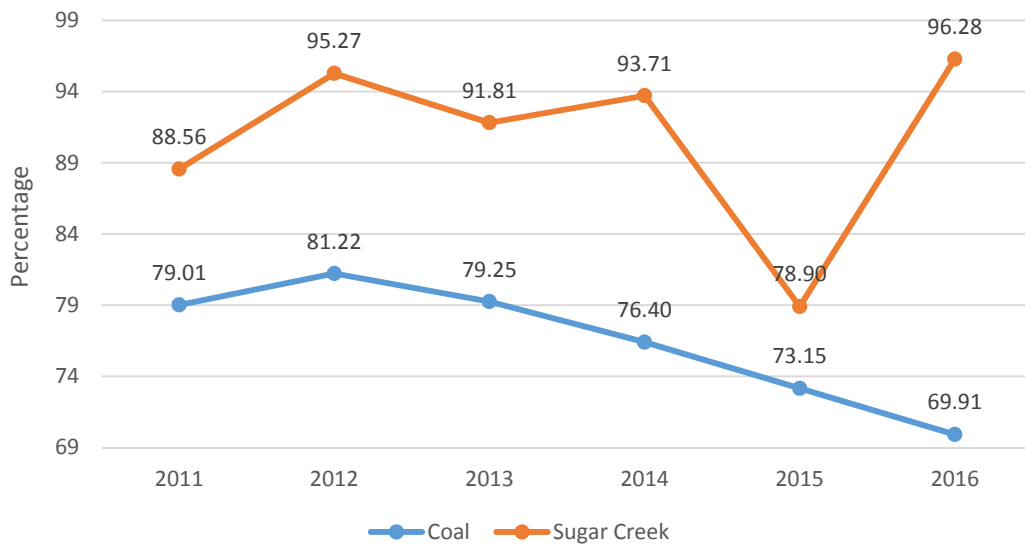
Equivalent Forced Outage Rate (EFOR)



Units	2011	2012	2013	2014	2015	2016
Michigan City 12	5.14	1.17	6.59	1.09	0.47	16.25
Bailly 7	7.47	1.88	3.95	3.45	20.69	8.32
Bailly 8	7.48	7.81	4.92	8.78	13.20	22.01
Schahfer 14	3.20	19.26	10.52	19.02	32.89	51.25
Schahfer 15	9.61	13.12	1.76	11.03	5.62	15.46
Schahfer 17	7.50	7.01	5.20	10.29	0.66	6.16
Schahfer 18	4.11	1.55	0.19	4.89	2.69	6.57
Sugar Creek	0.96	1.66	1.89	0.41	2.43	0.82

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.

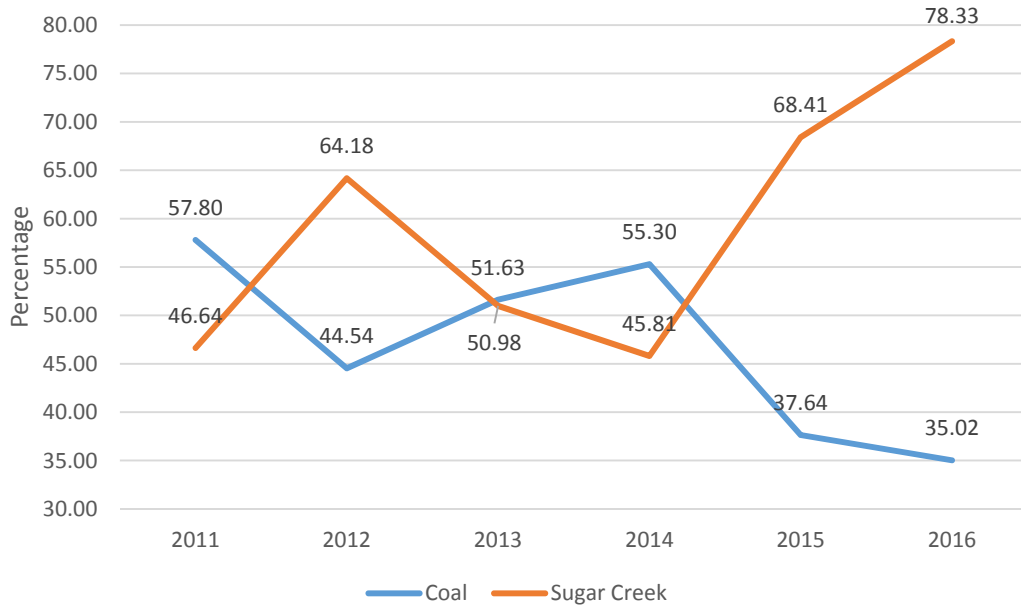
Equivalent Availability Factor (EAF)



Units	2011	2012	2013	2014	2015	2016
Michigan City 12	89.88	81.20	64.72	86.10	55.36	53.63
Bailly 7	70.81	82.09	92.36	78.74	70.13	75.29
Bailly 8	74.38	75.95	84.12	69.15	67.23	57.44
Schahfer 14	69.14	76.55	74.21	77.99	69.18	74.89
Schahfer 15	75.66	81.72	73.63	66.22	87.36	80.75
Schahfer 17	91.84	74.69	86.52	81.48	74.99	89.12
Schahfer 18	75.99	96.97	94.11	75.52	87.18	60.40

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.

Net Capacity Factor

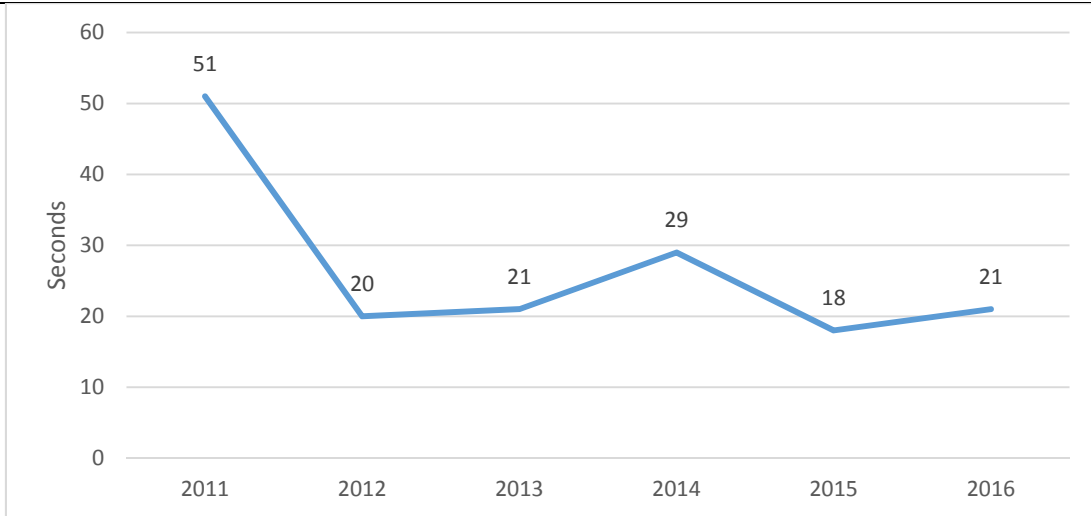


Units	2011	2012	2013	2014	2015	2016
Michigan City 12	72.10	56.82	49.25	66.67	40.17	41.30
Bailly 7	56.95	44.48	52.61	53.50	48.89	53.58
Bailly 8	60.38	41.73	54.68	50.35	26.98	36.44
Schahfer 14	52.58	27.12	40.83	40.20	13.21	12.21
Schahfer 15	59.41	55.92	54.02	47.28	45.04	24.13
Schahfer 17	47.18	30.42	41.62	65.64	38.81	49.30
Schahfer 18	52.06	51.13	71.35	63.88	56.69	44.11
Sugar Creek	46.64	64.18	50.98	45.81	68.41	78.33

The net capacity factor of a power plant is the ratio of its actual output over a period of time, to its potential output if it were possible for it to operate at full nameplate capacity continuously over the same period of time.

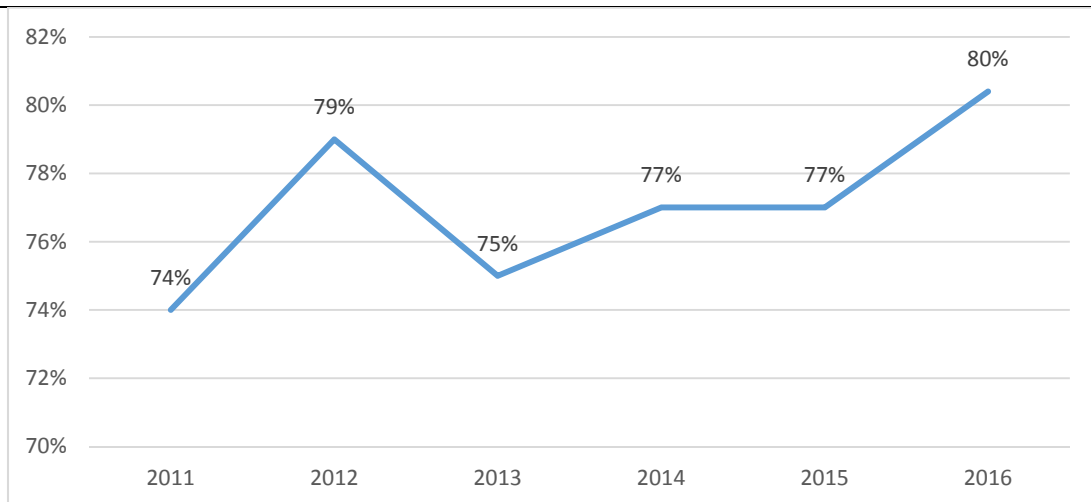
Customer Satisfaction

Average Speed of Answer (ASA)



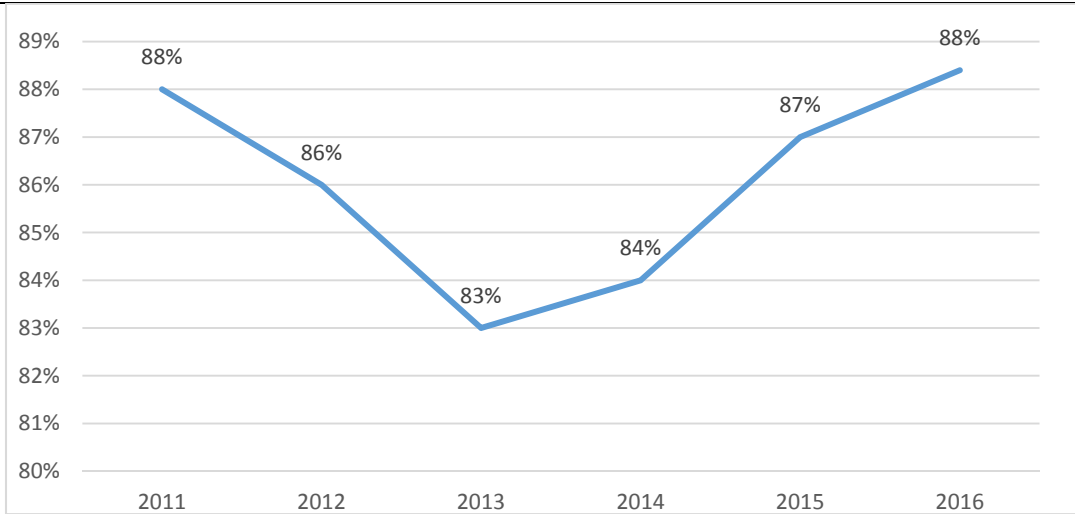
Average amount of time a caller waits before his/her call is answered by a Customer Service Representative (CSR). This does not include the time a caller is navigating through the interactive voice response ("IVR") automated phone system. This metric contains both gas and electric data.

First Call Resolution



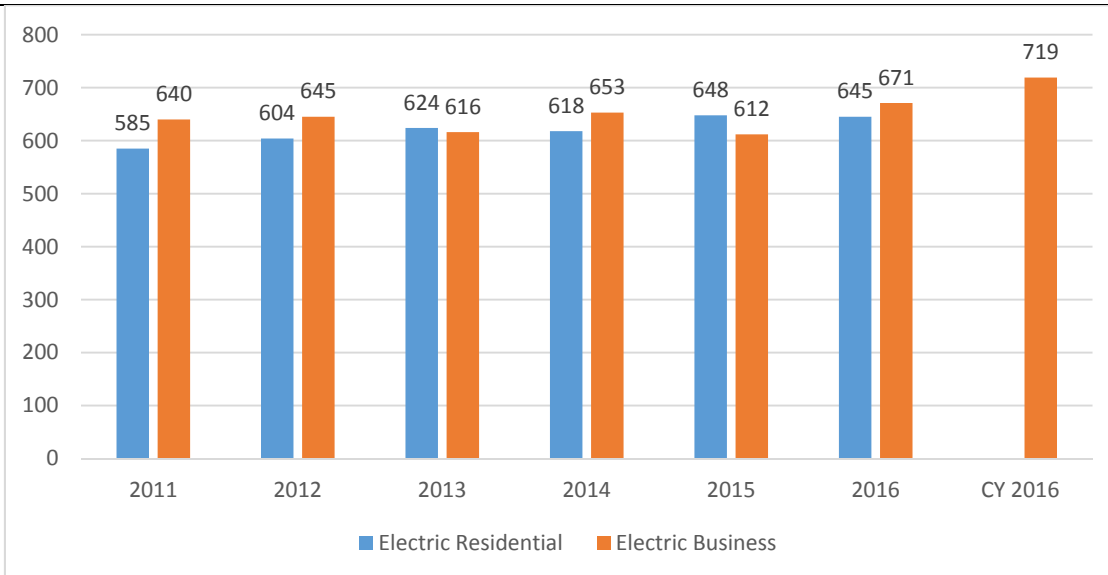
Measures if NIPSCO was able to properly address the customer's need the first time he/she calls. This metric contains both gas and electric data.

Customer Satisfaction Survey



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

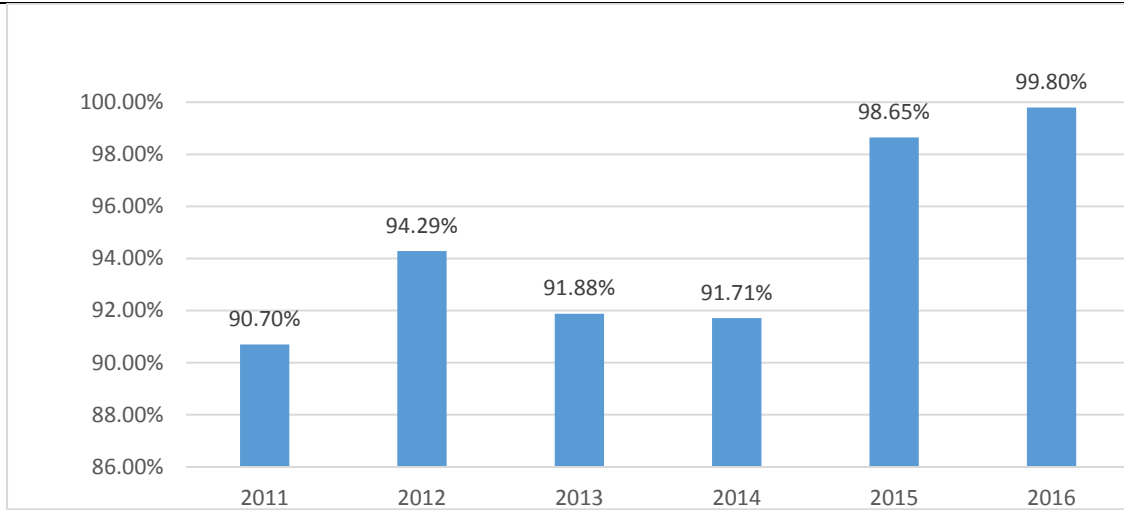
J.D. Power Scores¹



NIPSCO's annual residential and business customer satisfaction scores.

¹JD Power changed their naming convention starting with the calendar year 2016 Electric Business Results. CY 2016 results reflect customer surveys conducted during the year ended December 31, 2016. 2016 results reflect surveys conducted during 2015. Electric Residential results will be available in July 2017.

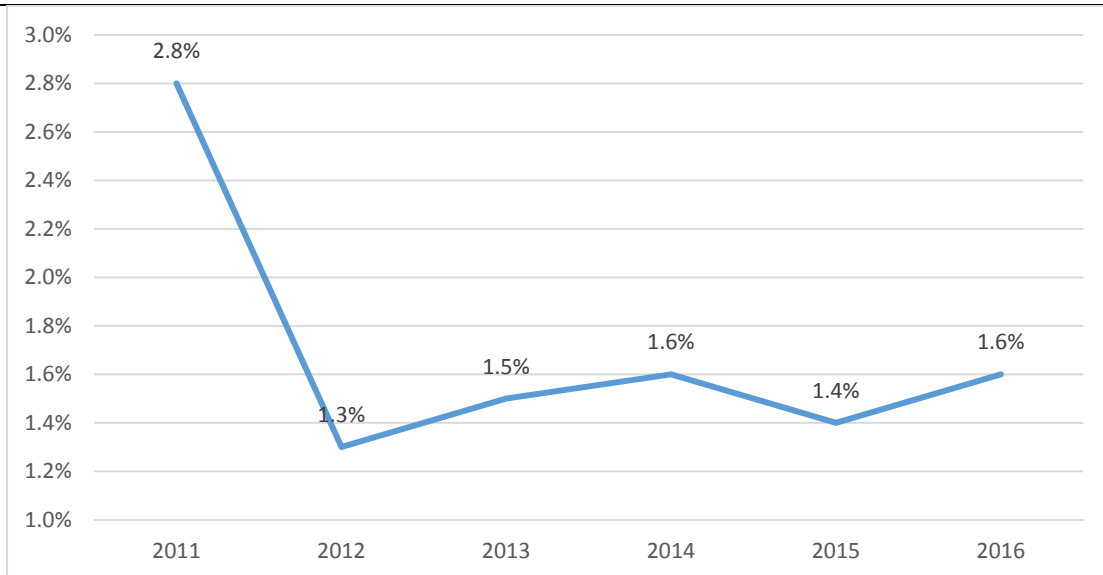
Meter Reading %



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

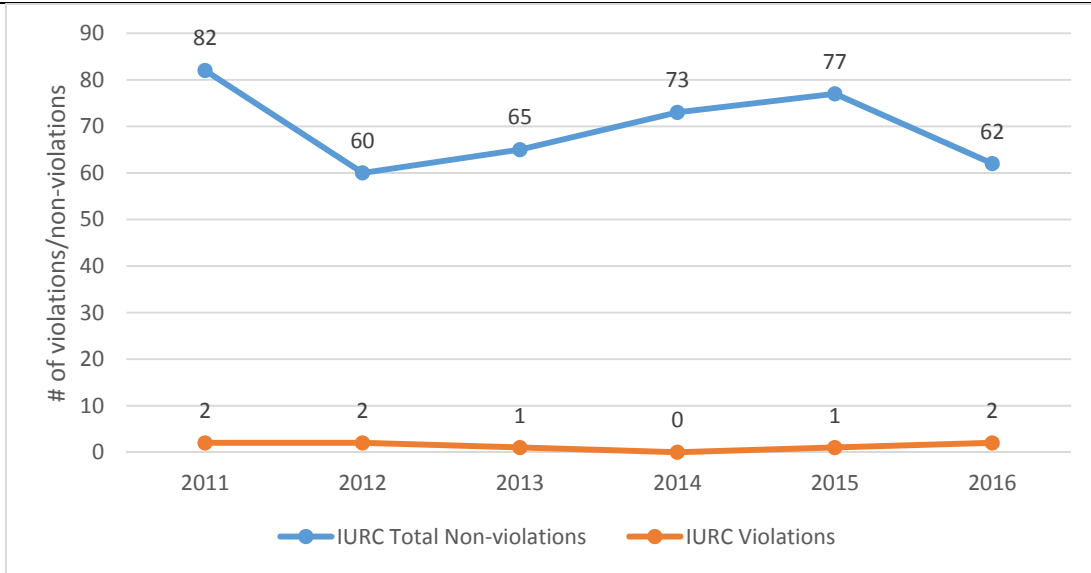
- Increase in 2015 attributed to Automated Meter Reader (AMR) Project

Abandonment Rate



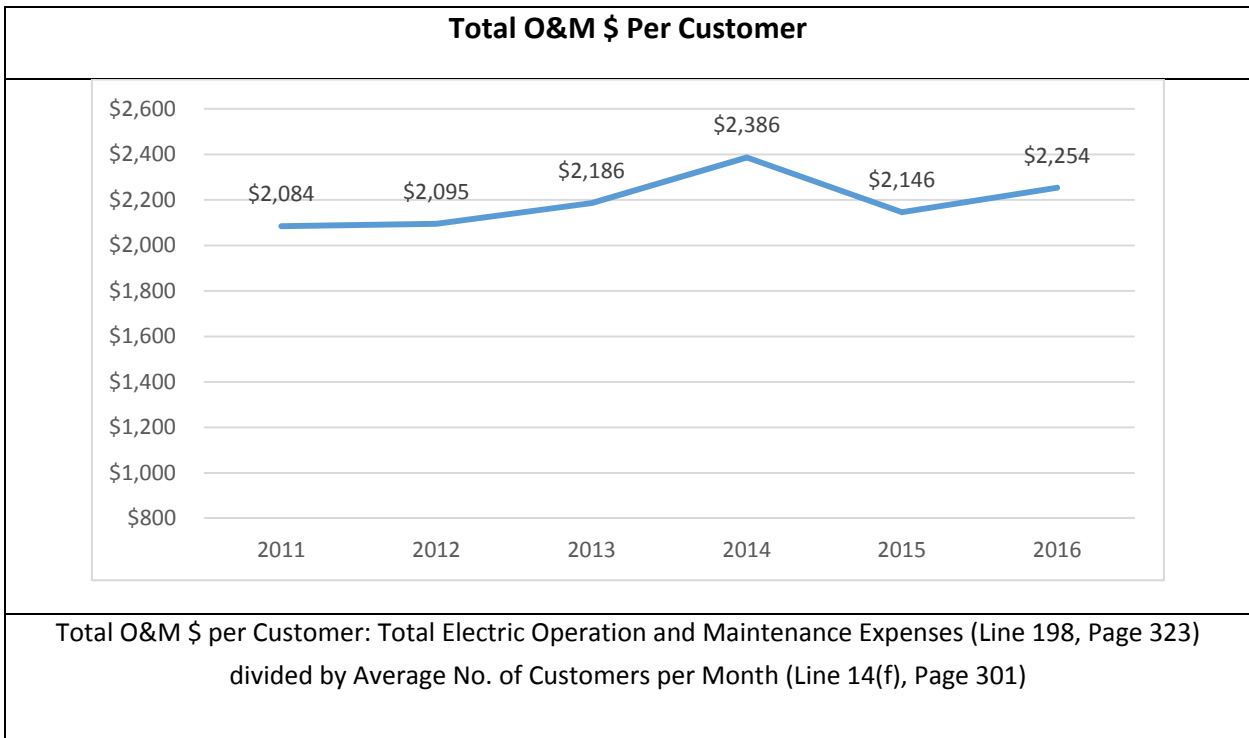
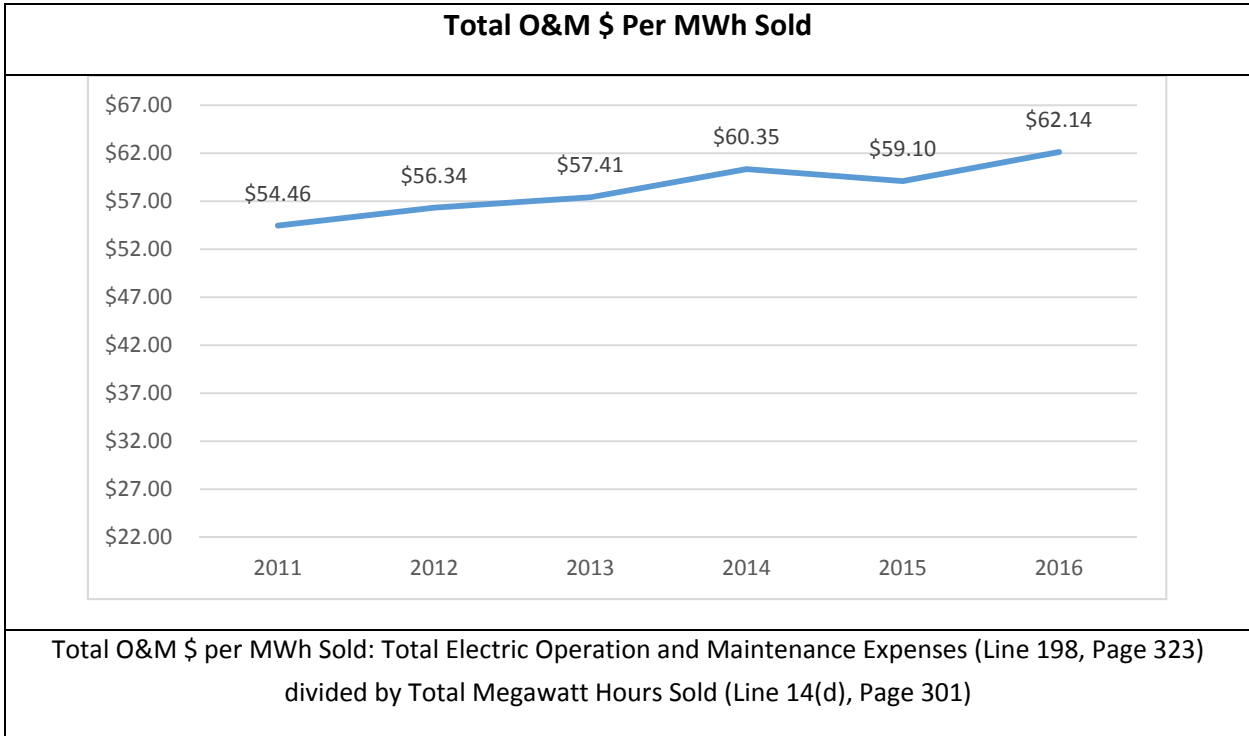
A customer abandons a call to NIPSCO when he/she hangs up before resolution of their issue. This can occur in the 'IVR' or after the CSR has answered the call.

IURC Violations and Non-violations (Electric)

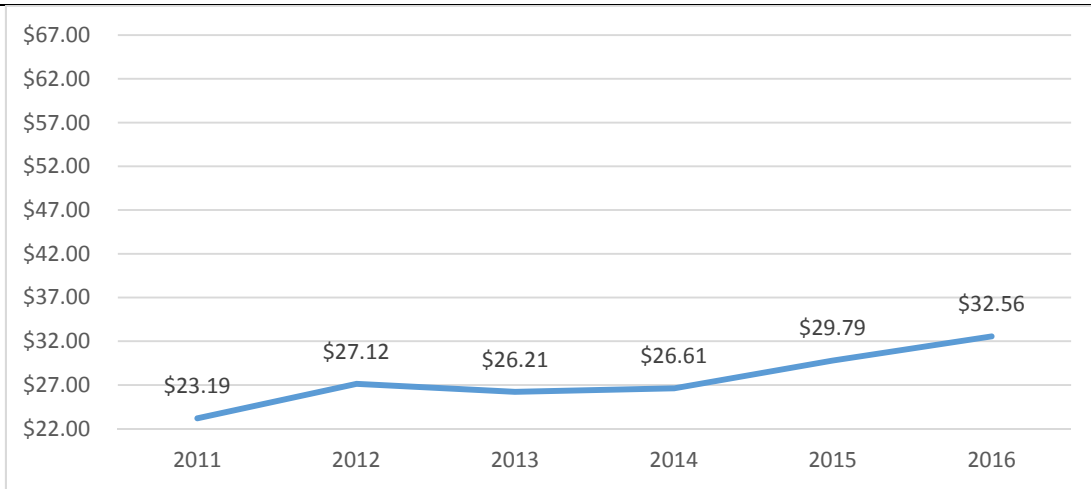


Number of electric complaints filed with the IURC against NIPSCO that the Commission's Consumer Affairs Division investigates and deems justified. Beginning in October 2016, IURC justified complaints has been changed to "violation" vs. "non-violation".

Operations O&M Expense Metrics

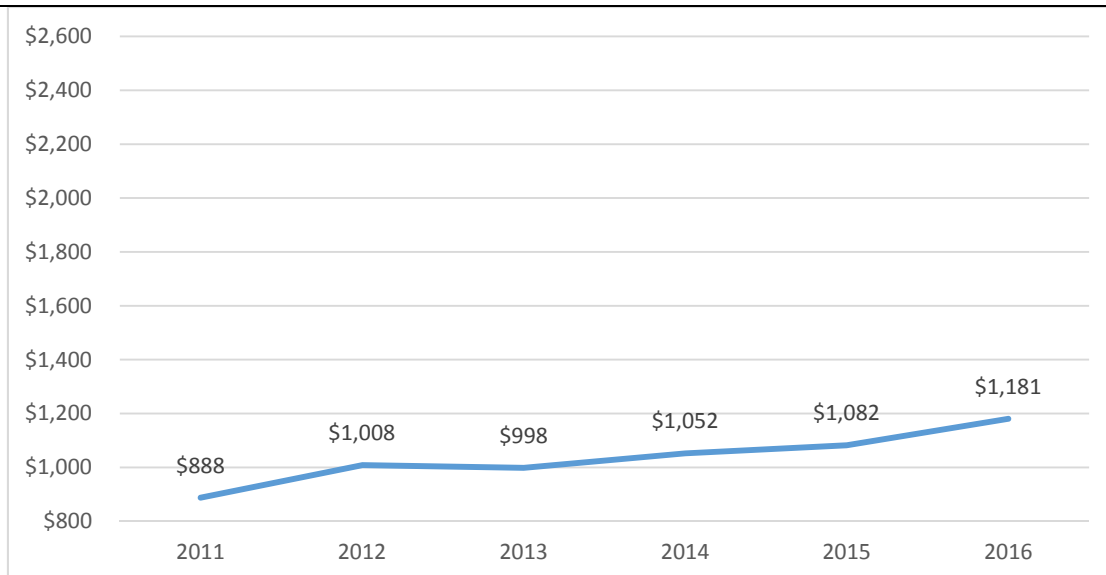


Total Non-Fuel O&M \$ Per MWh Sold



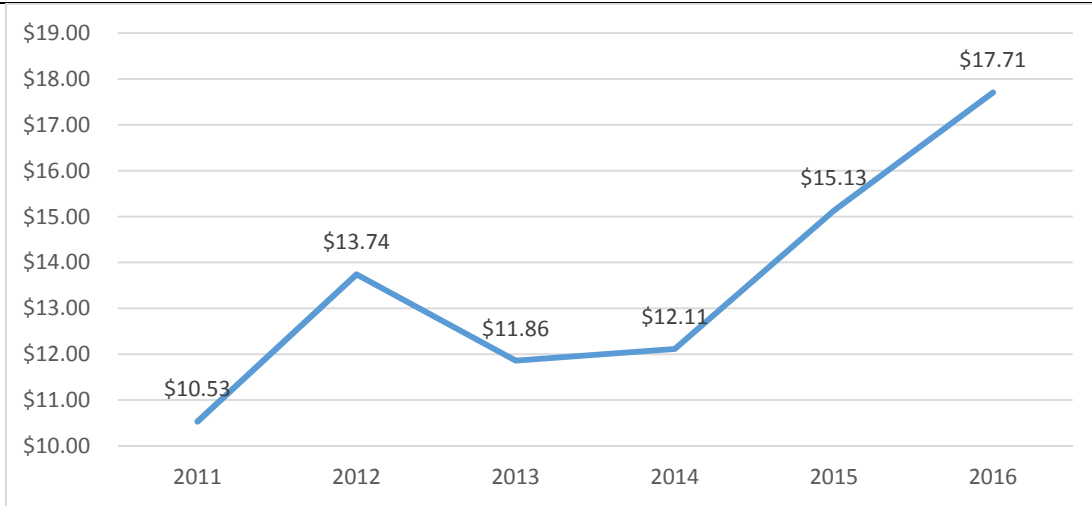
Total Non-Fuel O&M \$ per MWh Sold: Total Electric Operation and Maintenance Expenses (Line 198, Page 323) less Fuel Expense and Purchased Power (Lines 5, 25, Page 320 and Line 63, 76, Page 321) divided by Total Megawatt Hours Sold (Line 14(d), Page 301)

Total Non-Fuel O&M \$ Per Customer



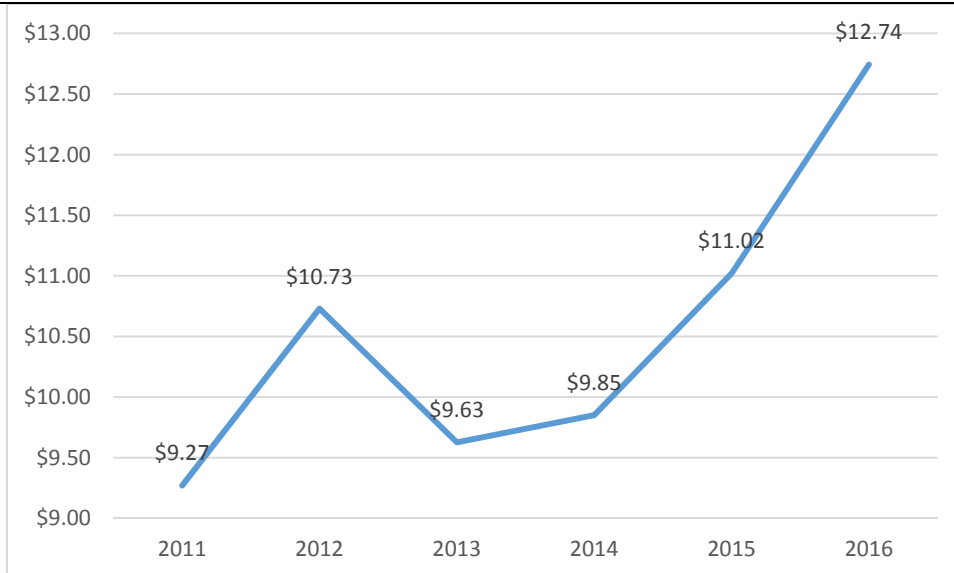
Total Non-Fuel O&M \$ per MWh Sold: Total Electric Operation and Maintenance Expenses (Line 198, Page 323) less Fuel Expense and Purchased Power (Lines 5, 25, Page 320 and Line 63, 76, Page 321) divided by Average No. of Customers per Month (Line 14(f), Page 301)

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 and Purchased Power (Lines 5, 25, Page 320 and Line 63, 76, 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 and Purchased Power (Lines 5, 25, Page 320 and Line 63, 76, Page 321) divided by Total Megawatt Hours Sold (Line 14(d), Page 301)

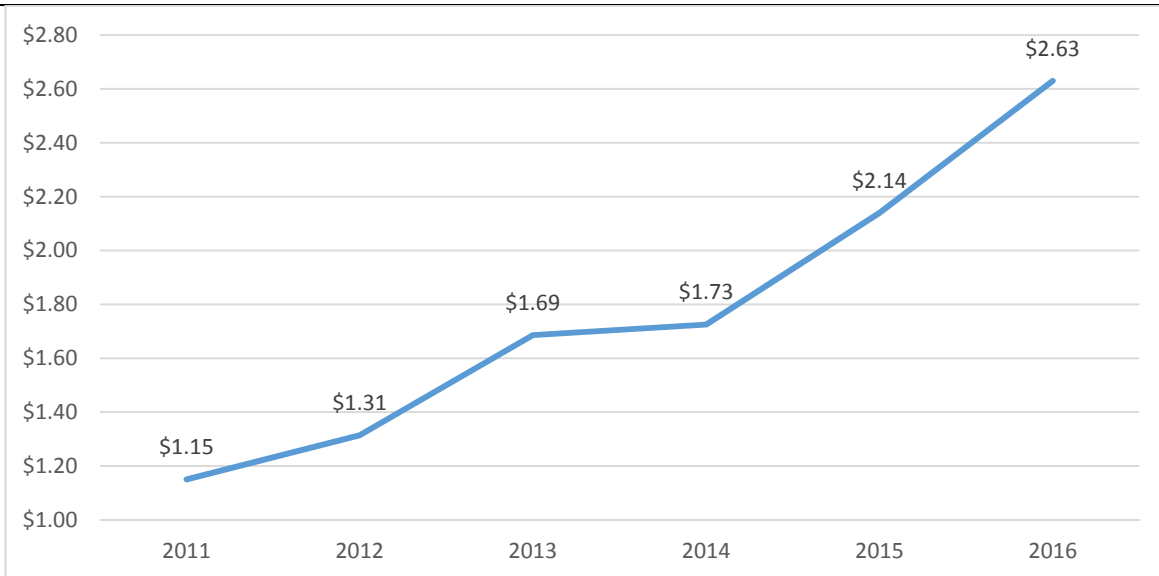
Transmission O&M \$ Per Pole Mile



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

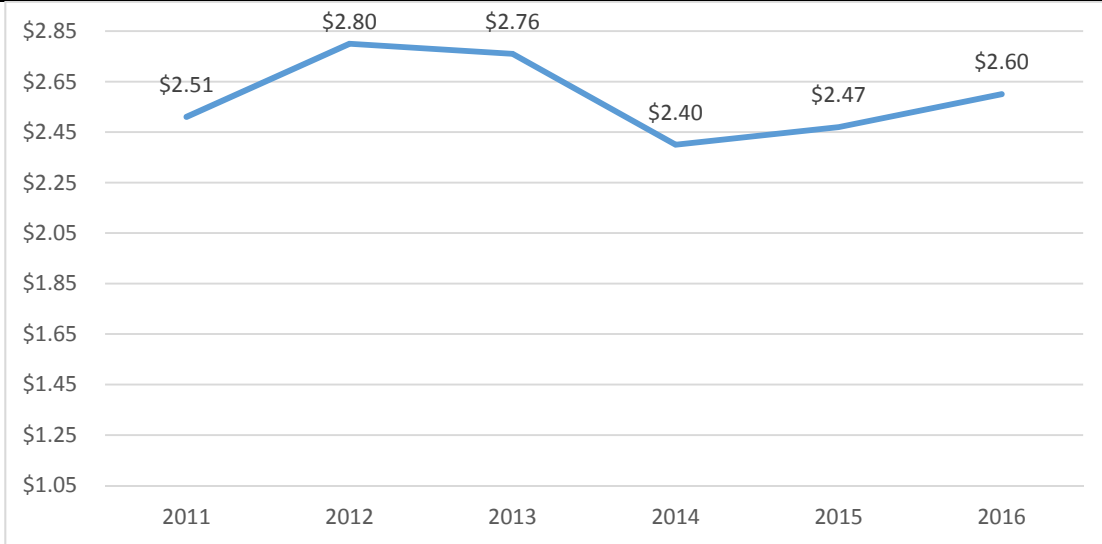
- In 2013, 69kV circuit miles were reclassified from transmission to distribution

Transmission O&M \$ per MWh Sold



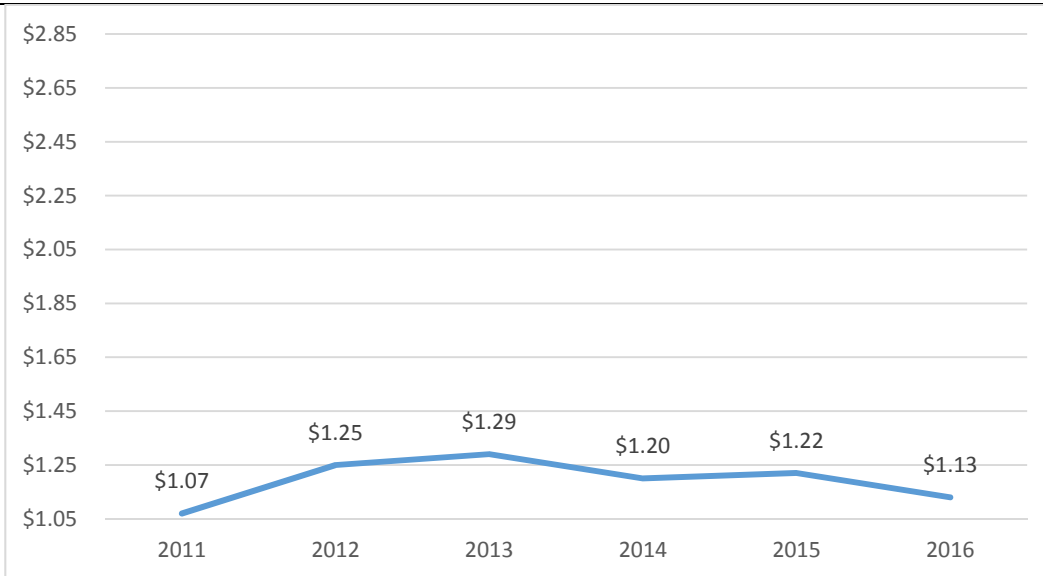
Transmission O&M \$ Per MWh Sold: Total Transmission Expenses (Line 112, Page 321) divided by Total Megawatt Hours Sold (Line 14(d), Page 301)

Distribution O&M \$ per MWh Sold



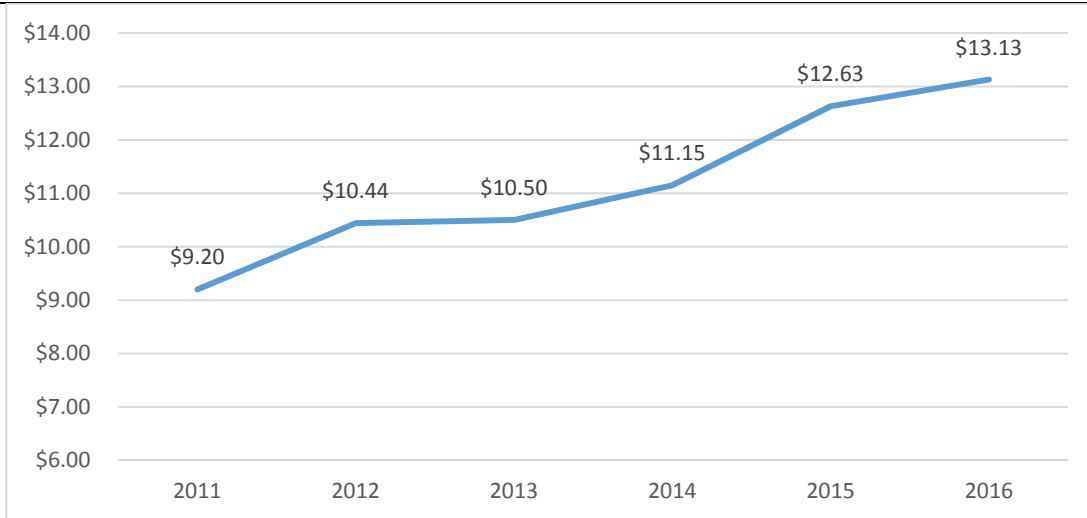
Distribution O&M \$ Per MWh Sold: Total Distribution Expenses (Line 156, Page 322) divided by Total Megawatt Hours Sold (Line 14(d), Page 301)

Customer Operations O&M \$ Per MWh Sold



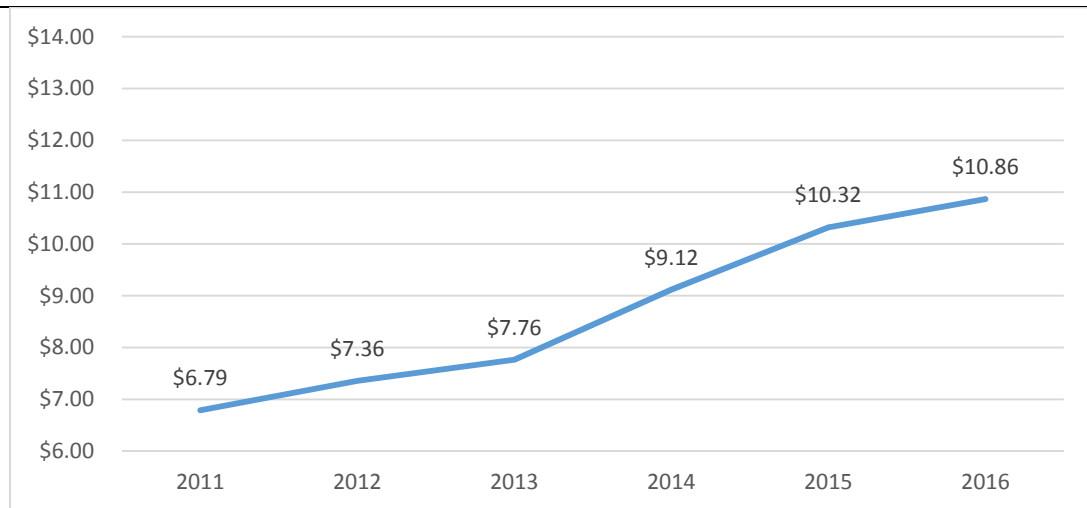
Customer Operations O&M \$ Per MWh Sold: Total Customer Operations Expenses (Line 164, Page 322) divided by Total Megawatt Hours Sold (Line 14(d), Page 301)

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)

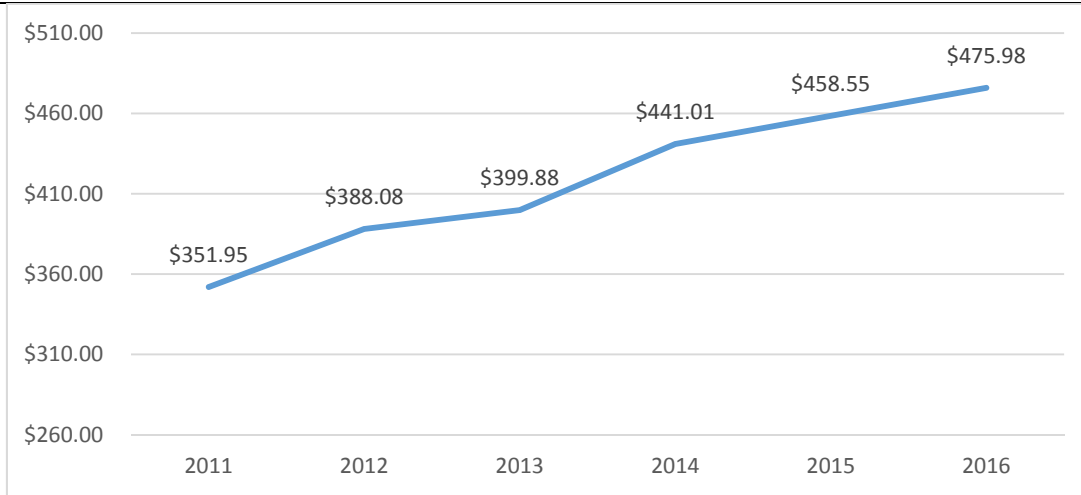
A&G O&M (Net of 926) \$ Per MWh Sold



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)*

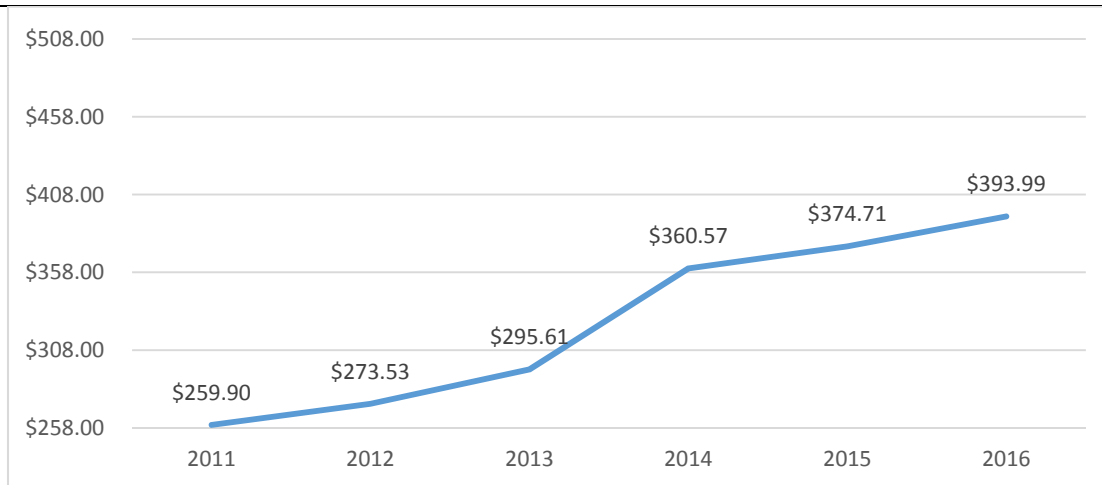
*In the previous submission, this metric included adjustments for NCS Pensions and Benefits Expenses not recorded in Line 187, Page 323. These adjustments are not included in the data above.

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

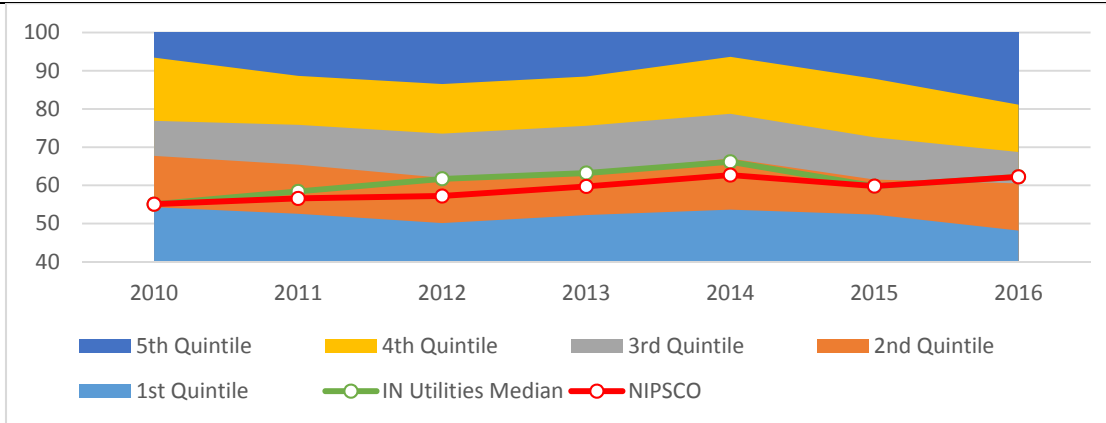


A&G (Net of 926) \$ Per Customer: Total Administrative and General Expenses (Line 197, Page 323) less Employee Pensions and Benefits Expenses (Line 187, Page 323) divided by Average No. of Customers per Month (Line 14(f), Page 301)*

*In the previous submission, this metric included adjustments for NCS Pensions and Benefits Expenses not recorded in Line 187, Page 323. These adjustments are not included in the data above.

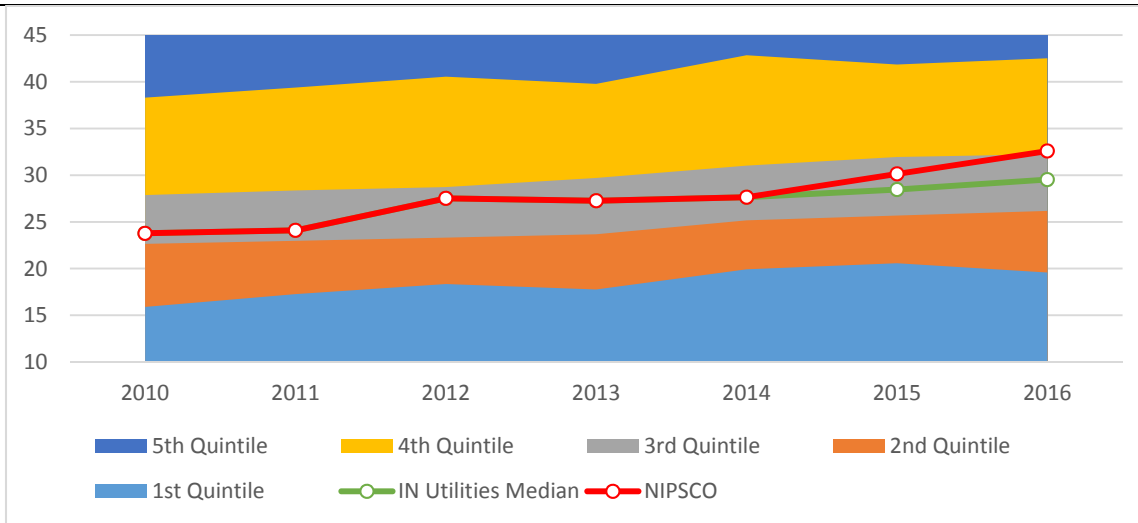
Benchmarking Analysis

Total O&M \$ Per Retail Sales



Total O&M \$ Per Retail MWh Sold: Total Electric Operation and Maintenance Expenses (line 198, Page 323) divided by Retail Sales (line 10(d), Page 301)

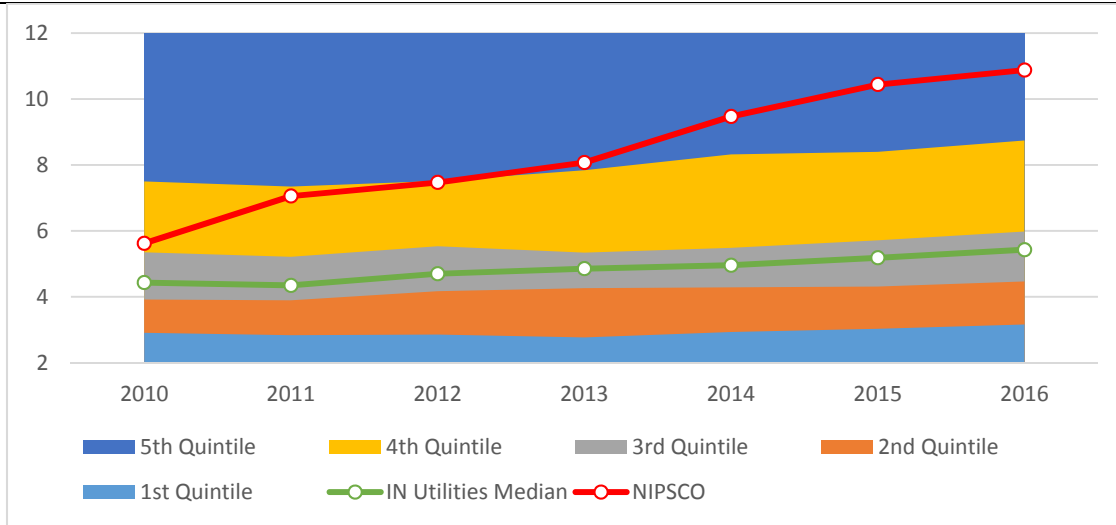
Non-Fuel O&M \$ Per Retail Sales



Non-Fuel O&M \$ Per Retail MWh Sold: Total Electric Operation and Maintenance Expenses (line 198, Page 323) less Fuel Expense and Purchased Power (Lines 5, 25, Page 320 and Lines 63, 76, Page 321) divided by Retail Sales (line 10(d), Page 301)

In 2016, NIPSCO recorded a one-time \$16M expense related to the retirement of Bailly Generating Station and the resulting termination of the Pure Air contract.

A&G O&M (Net of 926) \$ Per Retail Sales



A&G (Net of 926) \$ Per Retail MWh Sold: Total Administrative & General Expenses (Line 197, Page 323) less Employee Pensions and Benefits (Line 187, Page 323) divided by Retail Sales (line 10(d), Page 301)

NIPSCO's increase in A&G expenses from 2010 to 2016 is attributable to numerous factors. For example, certain one-time items recorded in 2015 and 2016 including the Pure Air Contract Termination and Environmental Remediation adjustments negatively affect NIPSCO's A&G expenses.

Additionally, NIPSCO notes that changes in accounting methodology and recent financial system enhancements created differences in how certain charges were recorded between NIPSCO and NCS. It is important to note that different utilities may utilize different accounting treatments for certain costs that can skew comparative benchmarking results. While NIPSCO's A&G O&M (Net of 926) costs per MWh are higher than the peer group medians, NIPSCO has a cost advantage in other functional areas such that NIPSCO's Total O&M costs per MWh are at or below the peer group medians (see page 22).

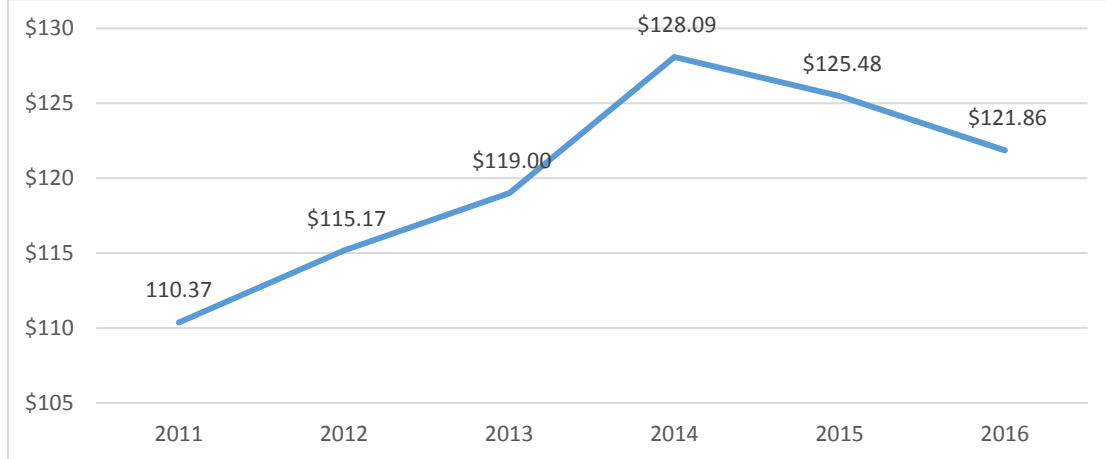
Affordability/Pricing

Average Residential Bill (698kWh, mean), rates effective 5/1/17

	<u>Unit</u>	<u>Amount</u>
Usage (kwh)	698	
Customer Charge	\$ 14.00	\$ 14.00
Energy charge	\$ 0.110433	\$ 77.08
Riders		
Rider 770 - FAC, Eff. 5/2017	\$ 0.000228	\$ 0.16
Rider 771 - RTO, Eff. 5/2017	\$ 0.001562	\$ 1.09
Rider 772 - ECRM, Eff. 5/2017	\$ 0.005123	\$ 3.58
Rider 774 - RA, Eff. 5/2017	\$ 0.003096	\$ 2.16
Rider 783 - DSM, Eff. 3/2017	\$ 0.003770	\$ 2.63
Rider 786 - GPR (if applicable)	\$ -	\$ -
Rider 787 - FMC, Eff. 2/2017	\$(0.000019)	\$ (0.01)
Rider 788 - TDSIC, Eff. 2/2017	\$ 0.000335	\$ 0.23
Base Rate Charges		\$ 91.08
Total Rider Charges		\$ 9.84
Total Bill		\$100.92

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.

Commercial and Industrial Bill Analysis

Commercial Service

Demand: Consumption:	375 kWh	1,500 kWh	40 kW 10,000 kWh	40 kW 14,000 kWh	500 kW 150,000 kWh	500 kW 180,000 kWh
Bill	\$82	\$256	\$1,527	\$1,912	\$18,628	\$21,011
Rate (\$/kWh)	\$0.2184	\$0.1704	\$0.1527	\$0.1365	\$0.1242	\$0.1167

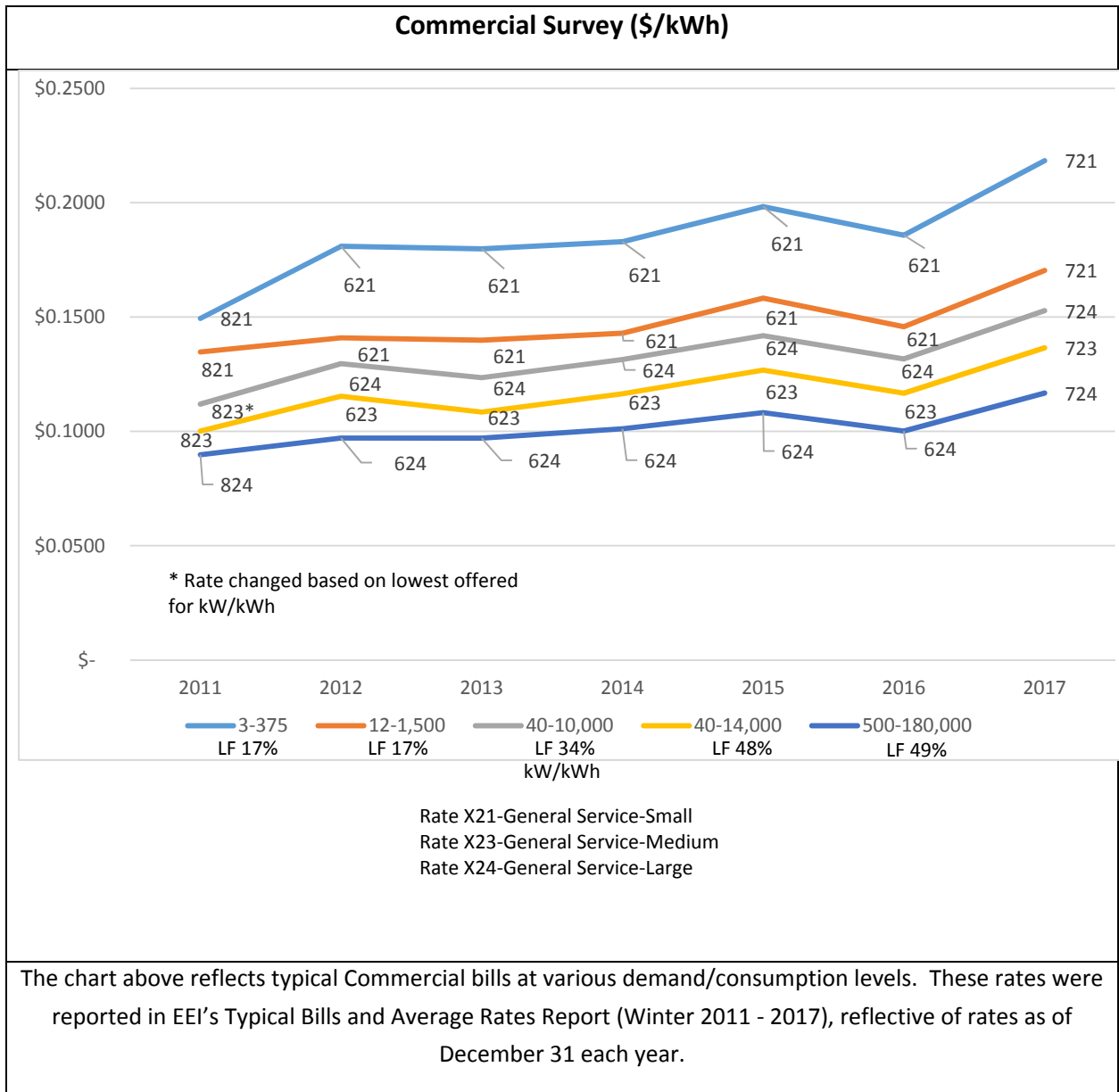
Industrial Service

Demand: Consumption:	75 kW 15,000 kWh	75 kW 30,000 kWh	75 kW 50,000 kWh	1,000 kW 200,000 kWh	1,000 kW 400,000 kWh
Bill	\$2,390	\$3,831	\$5,575	28,395	\$44,285
Rate (\$/kWh)	\$0.1593	\$0.1277	\$0.1115	\$0.1420	\$0.1107

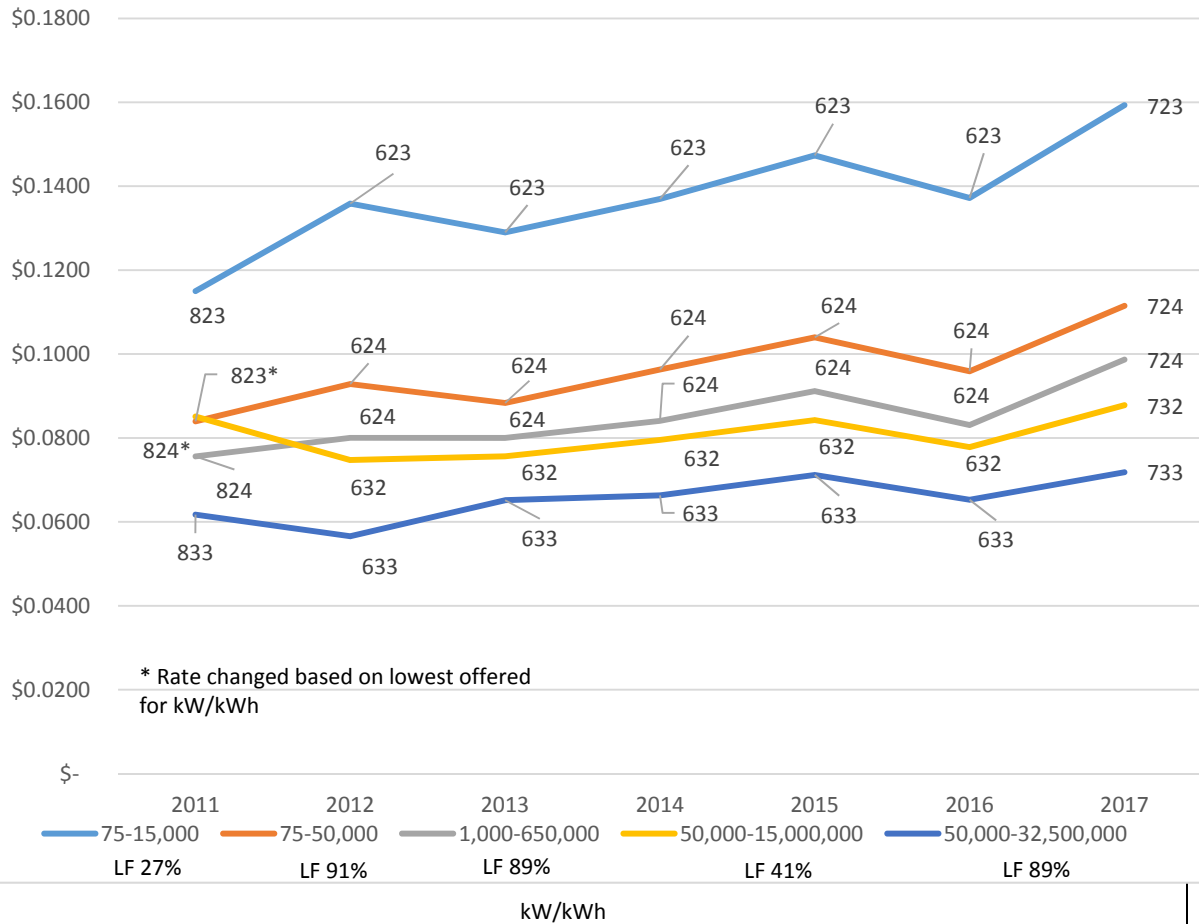
Industrial Service (continued)

Demand: Consumption:	1,000 kW 650,000 kWh	50,000 kW 15,000,000 kWh	50,000 kW 25,000,000 kWh	50,000 kW 32,500,000 kWh
Bill	\$64,146	\$1,316,955	\$1,966,030	\$2,334,518
Rate (\$/kWh)	\$0.0987	\$0.0878	\$0.0786	\$0.0718

The charts above reflect typical C&I bills at various demand/consumption levels. These rates were reported in EEI's Typical Bills and Average Rates Report (Winter 2017), reflective of rates as of December 31, 2016. Reflects lowest cost for the given billing determinants amongst the applicable rates.



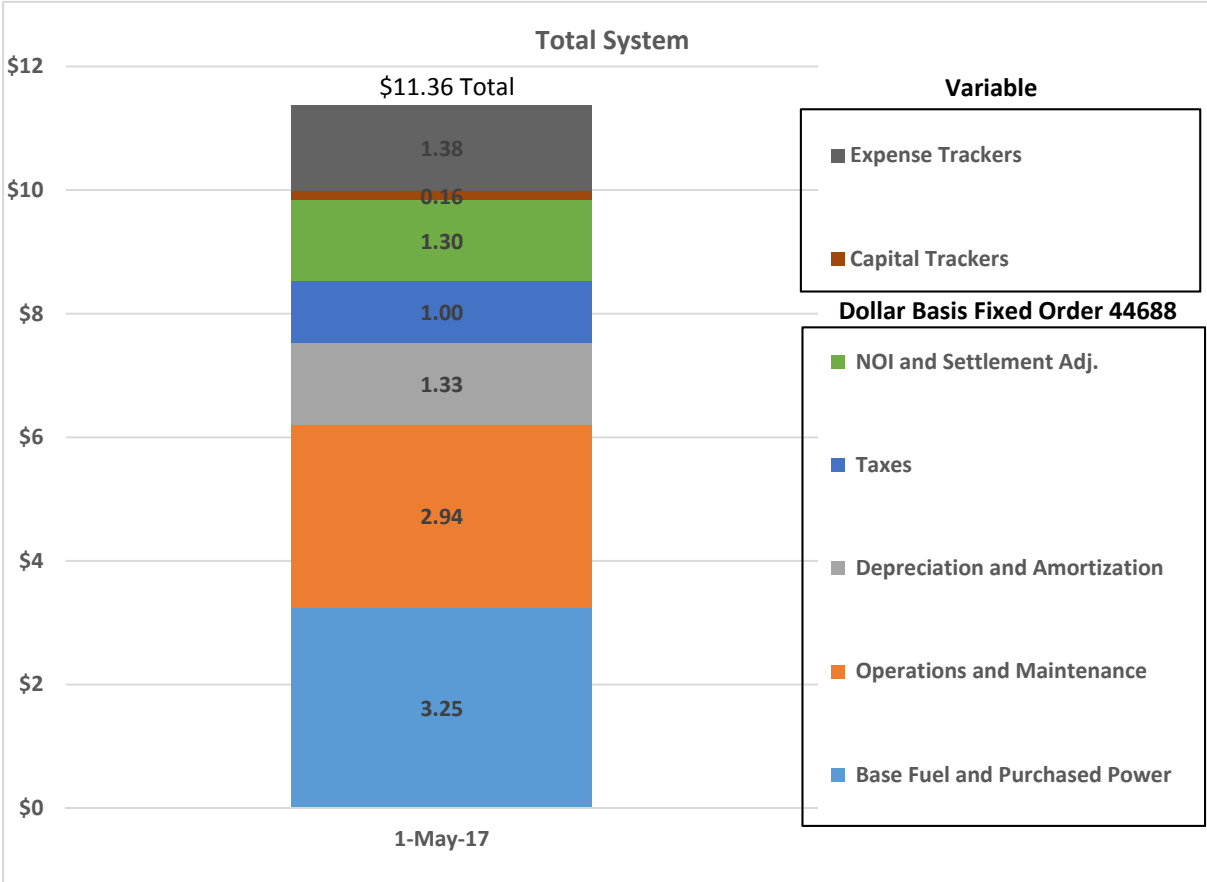
Industrial Survey (\$/kWh)



Rate X23-General Service-Medium
 Rate X24-General Service-Large
 Rate X32-Industrial Power Service (without interruptible)
 Rate X33-High Load Factor Industrial Power Service (without interruptible)

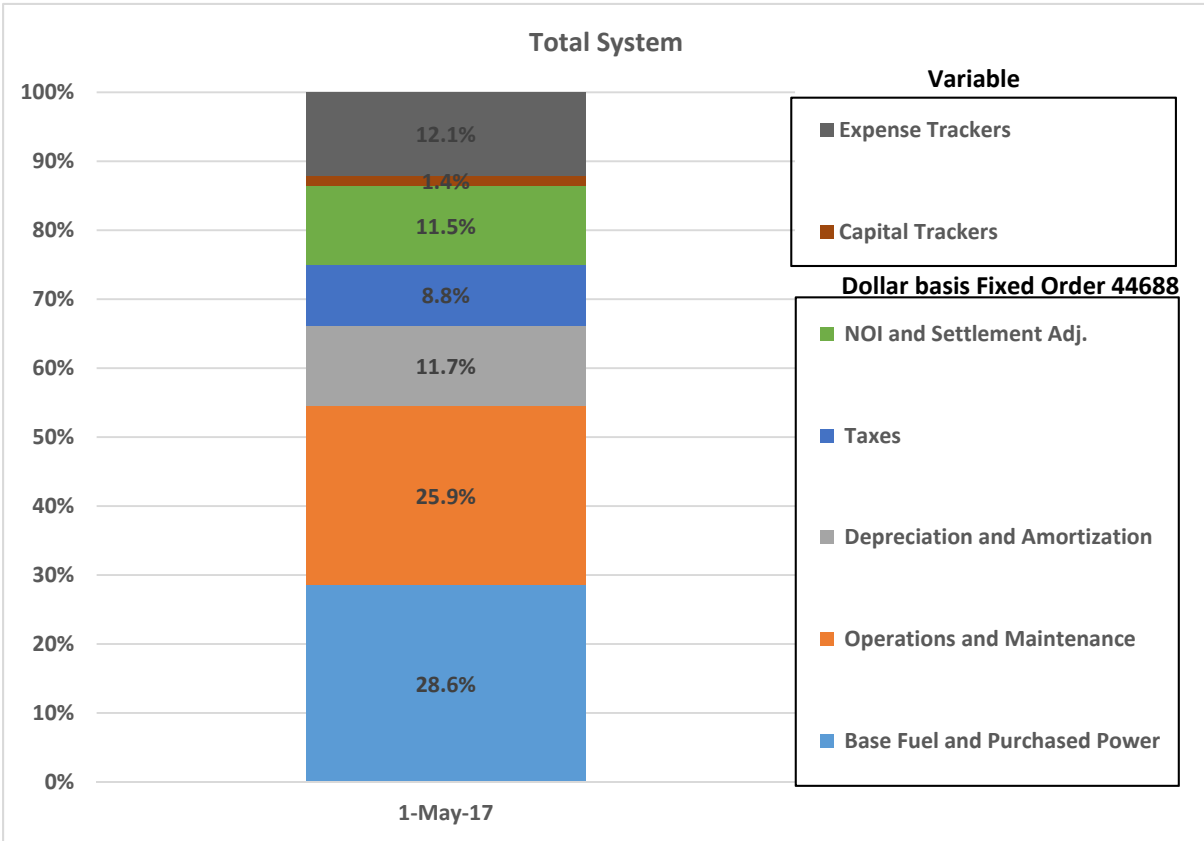
The chart above reflects typical Industrial bills at various demand/consumption levels. These rates were reported in EEI's Typical Bills and Average Rates Report (Winter 2011 - 2017), reflective of rates as of December 31 each year.

Contributing Cost Components (\$/kWh)



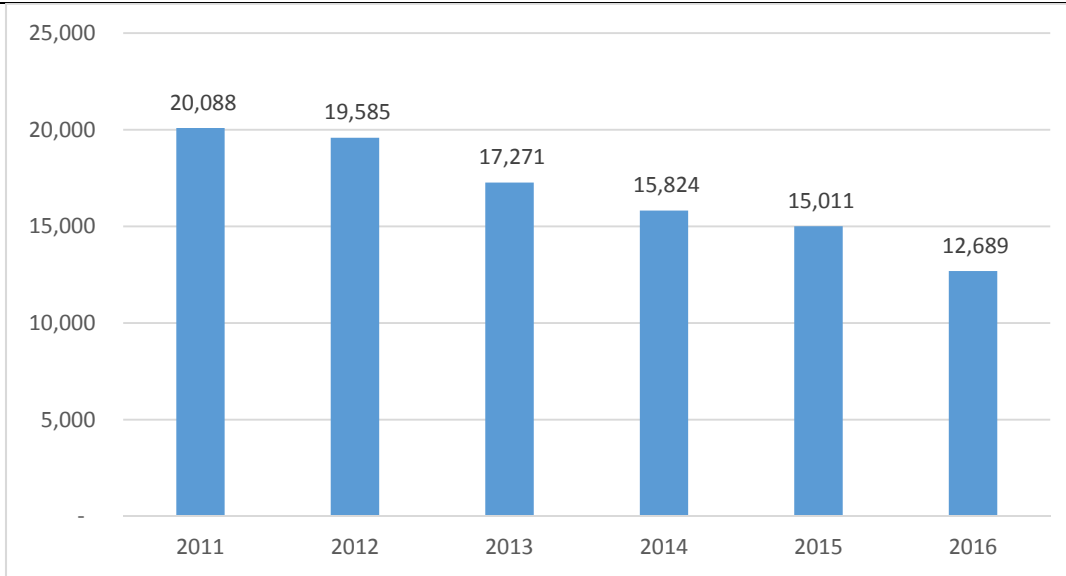
The chart above reflects the total system contributing cost components (cents/kWh) as of May 1, 2017.

Contributing Cost Components (%)



The chart above reflects the total system contributing cost components (%) as of May 1, 2017.

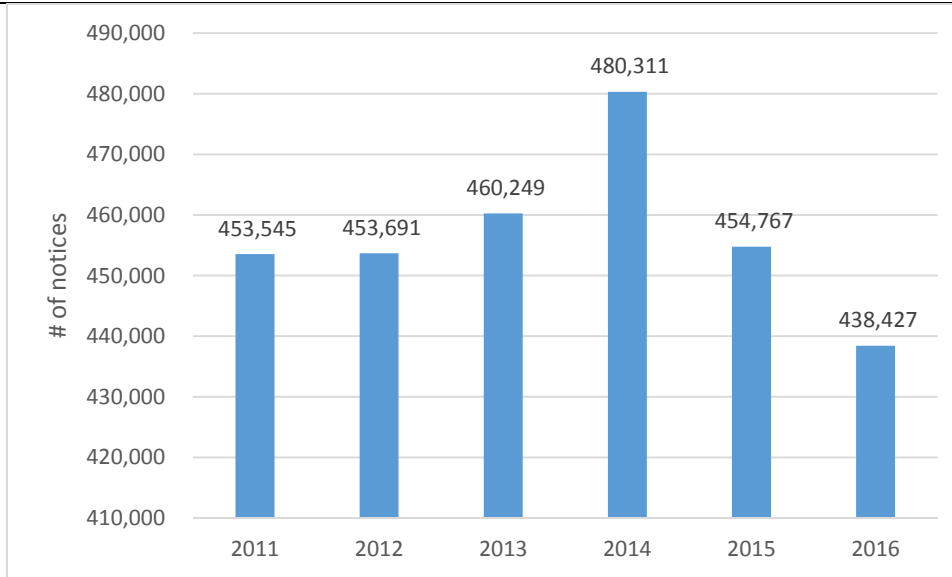
Residential Electric Service Disconnection for Non-payment



MONTH	2011	2012	2013	2014	2015	2016
January	1,408	1,875	1,466	354	863	835
February	866	1,560	1,284	219	323	912
March	2,018	1,806	1,418	1,084	1,411	1,068
April	1,751	1,655	1,892	1,653	1,635	953
May	1,748	1,571	1,580	1,665	1,318	740
June	1,711	1,339	1,145	1,635	1,393	872
July	1,482	1,029	1,323	1,353	907	885
August	1,914	1,644	1,196	1,437	1,262	1,185
September	1,607	1,471	1,061	1,425	908	951
October	1,436	1,553	1,365	1,341	1,158	939
November	1,211	1,107	796	452	999	930
December	925	963	732	1,192	819	403
Total	20,088	19,585	17,271	15,824	15,011	12,689

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

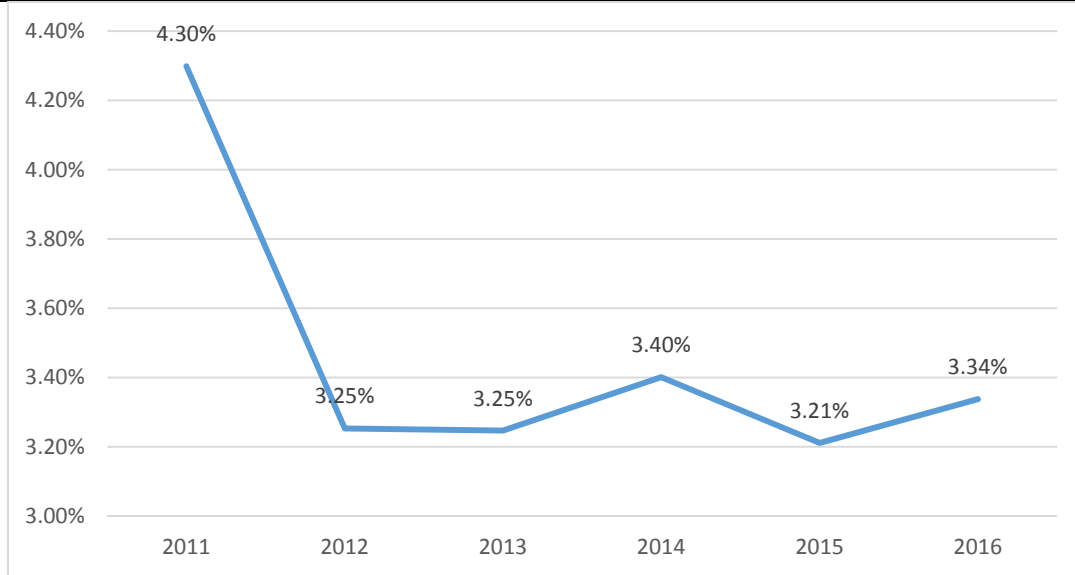
Residential Electric Service Disconnection Notices Sent



MONTH	2011	2012	2013	2014	2015	2016
January	40,067	42,386	43,531	45,591	40,405	34,914
February	31,624	33,514	34,120	38,138	40,670	41,257
March	46,781	44,223	42,335	43,773	45,650	38,407
April	36,883	37,892	43,453	41,199	41,474	35,031
May	39,387	32,219	39,975	40,001	36,981	33,759
June	36,512	34,444	33,740	35,938	34,848	31,019
July	35,177	35,971	38,976	39,805	35,746	33,882
August	40,797	46,518	37,839	41,844	36,974	39,311
September	42,555	36,273	39,446	41,449	39,232	39,512
October	33,756	39,531	36,490	41,075	36,876	38,354
November	33,069	33,907	32,097	29,914	29,501	36,005
December	34,926	34,801	36,234	39,570	34,395	34,960
Total	453,545	453,691	460,249	480,311	454,767	438,427

Total number of disconnection notices sent to NIPSCO residential electric customers for each month.
Chart reflects total disconnect notices sent for each year.

Accounts in Arrears



MONTH	2011	2012	2013	2014	2015	2016
January	5.80%	3.88%	3.54%	3.76%	3.59%	4.06%
February	6.08%	3.52%	3.50%	3.64%	3.68%	3.45%
March	5.66%	3.30%	3.11%	3.31%	3.25%	2.89%
April	4.74%	3.07%	2.68%	3.14%	2.99%	3.10%
May	4.92%	3.42%	2.79%	3.44%	3.27%	3.16%
June	3.85%	3.52%	3.35%	3.59%	3.15%	3.22%
July	3.87%	2.82%	3.05%	3.39%	3.06%	3.30%
August	3.43%	2.57%	2.91%	3.03%	2.63%	2.78%
September	2.47%	2.61%	2.81%	2.73%	2.56%	2.68%
October	2.96%	3.07%	3.03%	2.80%	3.01%	3.21%
November	3.70%	3.38%	3.75%	3.82%	3.37%	3.72%
December	4.10%	3.87%	4.44%	4.16%	3.97%	4.48%
Average	4.30%	3.25%	3.25%	3.40%	3.21%	3.34%

Percent of NIPSCO residential electric accounts in arrears greater than or equal to 60 days for each month.

Chart reflects yearly averages.

Staffing

