

ORIGINAL

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

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

**PETITION OF NORTHERN INDIANA PUBLIC)
SERVICE COMPANY LLC PURSUANT TO IND.)
CODE §§ 8-1-2-42, 8-1-2-42.7 AND 8-1-2-61 FOR (1))
AUTHORITY TO MODIFY ITS RETAIL RATES AND)
CHARGES FOR GAS UTILITY SERVICE THROUGH)
A PHASE IN OF RATES; (2) APPROVAL OF NEW)
SCHEDULES OF RATES AND CHARGES,)
GENERAL RULES AND REGULATIONS, AND)
RIDERS (BOTH EXISTING AND NEW); (3))
APPROVAL OF A NEW SALES RECONCILIATION)
ADJUSTMENT MECHANISM; (4) APPROVAL OF)
REVISED GAS DEPRECIATION RATES)
APPLICABLE TO ITS GAS PLANT IN SERVICE; (5))
APPROVAL OF NECESSARY AND APPROPRIATE)
ACCOUNTING RELIEF, INCLUDING BUT NOT)
LIMITED TO APPROVAL OF CERTAIN DEFERRAL)
MECHANISMS FOR PENSION, OTHER POST-)
RETIREMENT BENEFITS, AND LINE LOCATE)
EXPENSES; AND (6) TO THE EXTENT NECESSARY,)
APPROVAL OF ANY OF THE RELIEF REQUESTED)
HEREIN PURSUANT TO IND. CODE CH. 8-1-2.5.)**

CAUSE NO. 45967

APPROVED: JUL 31 2024

ORDER OF THE COMMISSION

Presiding Officers:

James F. Huston, Chairman

Kristin E. Kresge, Administrative Law Judge

On October 25, 2023, Northern Indiana Public Service Company LLC (“NIPSCO” or “Petitioner”) filed a Verified Petition with the Indiana Utility Regulatory Commission (“Commission”) seeking (1) authority to increase its retail rates and charges for gas utility service through the phase-in of rates; (2) approval of new schedules of rates and charges, general rules and regulations, and riders (both existing and new); (3) approval of a new Sales Reconciliation Adjustment (“SRA”) mechanism; (4) approval of revised depreciation rates applicable to its gas plant in service; and (5) approval of accounting relief.¹ Also on October 25, 2024, Petitioner filed its case-in-chief, workpapers, and information required by the minimum standard filing requirements set forth at 170 IAC 1-5. NIPSCO’s case-in-chief included testimony, attachments,

¹ On August 15, 2022, NIPSCO provided its notice of intent to file a rate case in accordance with the Commission’s General Administrative Order 2013-5.

and workpapers from the following witnesses:²

- Erin E. Whitehead, Vice President of Regulatory Policy and Major Accounts for NIPSCO;³
- Robert C. Sears, Director of Regulatory Policy and Demand Side Management for NIPSCO;
- Richard D. Weatherford, Lead Regulatory Analyst, Regulatory – Rate Case Execution for NiSource Corporate Services Company (“NCSC”);
- Elizabeth A. Dousias, Manager of Regulatory for NCSC;
- Nick Bly, Manager of Financial Planning & Analysis for NCSC;
- Gunnar J. Gode, Vice President and Chief Accounting Officer for NCSC;
- Patrick L. Baryenbruch, President of Baryenbruch & Company, LLC;
- Orville Cocking, Senior Vice President of Gas Operations for NIPSCO;
- Rick Smith, Director of Operations Support Programs for NIPSCO;
- Rosalva Robles, Manager of Planning – Regulatory Support for NIPSCO;
- Kirstie Eyre, Compensation Manager for NCSC;
- John Spanos, President of Gannett Fleming Valuation and Rate Consultants, LLC;
- Vincent V. Rea, Managing Director of Regulatory Finance Associates, LLC;
- Jonathan Bass, Director of Income Tax Planning & Controversy for NCSC;
- Melissa Bartos, Vice President at Concentric Energy Advisors;
- John D. Taylor, Managing Partner with Atrium Economics, LLC;
- Estana Davis, Lead Regulatory Studies Analyst for NCSC; and
- Andrew L. Trump, Senior Principal with West Monroe Partners, LLC.

The Indiana Office of Utility Consumer Counselor (“OUCC”) participated as a party. Petitions to Intervene were filed by Citizens Action Coalition of Indiana, Inc. (“CAC”); Direct Energy Business Marketing LLC, a subsidiary of NRG Energy, Inc. (“Direct Energy”); the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union AFL-CIO/CLC and its Locals 12775 and 13796 (the “Union”); the NIPSCO Industrial Group (“Industrial Group”)⁴; Steel Dynamics, Inc. (“SDI”); and Providence Real Estate Development and SLMD Co., Inc. (“Developers”) (collectively, the “Intervenors”). These petitions were granted without objection.

On November 30, 2023, the Commission issued a Docket Entry establishing a procedural schedule and related requirements.

² Petitioner filed revisions to its direct testimony on January 26, March 4, and March 11, 2024.

³ NIPSCO originally prefiled the Verified Direct Testimony of Michael Hooper. NIPSCO filed a Notice of Substitution of Witness on March 12, 2024. NIPSCO also late-filed Attachments 1-C and 1-D (consisting of the Proofs of Legal Notice Publications and Customer Notice of Petitioner’s Exhibit 1) on April 23, 2024.

⁴ Companies included in the Industrial Group are BP Products North America, Inc., Cleveland-Cliffs Inc., General Motors LLC, Linde, United States Steel Corporation, and University of Notre Dame.

Public field hearings were held on January 8, 2024, in Fort Wayne, Indiana, the largest municipality in Petitioner’s Indiana service area, and on January 23, 2024, in Hammond, Indiana. At these field hearings, members of the public made statements under oath to the Commission.

On January 31, 2024, the OUCC and Intervenors prefiled their respective cases-in-chief. For purposes of its case-in-chief, the OUCC prefiled the written consumer comments as well as testimony and attachments from the following witnesses:

- Mark H. Grosskopf, Senior Utility Analyst;
- Heather R. Poole, Director of the Natural Gas Division;
- David E. Dismukes, Consultant, Acadian Consulting Group;
- Zachary D. Leinheiser, Utility Analyst;
- LaCresha N. Vault, Utility Analyst II;
- Mohab M. Noureldin, Utility Analyst II;
- David J. Garrett, Managing Member of Resolve Utility Consulting, PLLC;
- Leja D. Courter, Chief Technical Advisor;
- Brien R. Krieger, Utility Analyst; and
- Jared J. Hoff, Utility Analyst.

The Industrial Group prefiled the testimony and attachments of Brian C. Collins, Managing Principal, Brubaker & Associates, Inc. and Michael P. Gorman, Managing Principal, Brubaker & Associates, Inc.

SDI prefiled testimony from Kevin C. Higgins, Principal, Energy Strategies, LLC.

Direct Energy prefiled testimony from John Mehling, Senior Regional Operations Manager at NRG Business Marketing LLC.

CAC prefiled testimony from Benjamin Inskeep, Program Director.⁵

The Union did not prefile direct testimony.

Developers intervened after the deadline for intervenors to prefile.

On February 6, 2024, the Industrial Group filed a Motion to Require NIPSCO to File Supplemental Direct Testimony and to Revise Procedural Schedule (“Motion”). On February 16, 2024, NIPSCO filed a Verified Response to the Industrial Group’s Motion. On February 23, 2024, the Industrial Group filed its Reply in Support of its Motion. By Docket Entry dated March 1, 2024, the Presiding Officers denied the Industrial Group’s Motion.

⁵ On February 2, 2024, CAC filed corrections to Mr. Inskeep’s Attachment BI-3.

On February 28, 2024, NIPSCO prefiled rebuttal testimony and exhibits from the following witnesses:

- Robert C. Sears;
- Richard D. Weatherford;
- Patrick L. Baryenbruch;
- Rick Smith;
- Rosalva Robles;
- Kirstie Eyre;
- John Spanos;
- Vincent V. Rea;
- John D. Taylor;
- Estana Davis; and
- Alan Felsenthal, Managing Director at PricewaterhouseCoopers LLP.

Also on February 28, 2024, the OUCC and Intervenors prefiled their cross-answering testimony. The OUCC prefiled cross-answering testimony of Brien R. Krieger. The Industrial Group prefiled cross-answering testimony of Brian C. Collins. SDI prefiled cross-answering testimony of Kevin C. Higgins.

On March 14, 2024, NIPSCO, CAC, Direct Energy, the Industrial Group, SDI, and the OUCC (collectively, the “Settling Parties”), filed a Joint Notice of Agreement in Principle and Request to Vacate a Portion of Evidentiary Hearing Dates (“Joint Notice”). The Joint Notice indicated the Settling Parties were in the process of reducing the agreement to writing for formal execution. The Joint Notice indicated that the Union and Developers were taking no position on the settlement agreement.

The Evidentiary Hearing commenced at 9:30 a.m. on March 18, 2024 in Room 222 of the PNC Center, 101 W. Washington Street, Indianapolis, Indiana. At the evidentiary hearing, per request of the Settling Parties, the Commission continued the hearing to a Settlement Hearing on April 24, 2024 and established other procedural matters related to presentation of the settlement and settlement testimony.

On March 20, 2024, Petitioner filed a Stipulation and Settlement Agreement (“Settlement Agreement” or “Settlement”) resolving all disputes, claims and issues raised in this Cause. On March 25, 2024, NIPSCO prefiled the settlement testimony, attachments, and workpapers of Robert D. Sears, Richard D. Weatherford, Elizabeth A. Dousias, and John D. Taylor. Also on March 25, 2024, the following witnesses filed additional testimony supporting the Settlement Agreement:

- Heather R. Poole, on behalf of the OUCC;
- Benjamin Inskeep, on behalf of the CAC;
- John Mehling, on behalf of Direct Energy;
- Brian C. Collins, on behalf of Industrial Group; and
- Michael P. Gorman, on behalf of Industrial Group.

The remaining parties, SDI, the Union and Developers, did not file testimony in support of or in opposition to the Settlement Agreement.

On April 10, 2024, the Commission issued a docket entry requesting additional information from the Settling Parties, to which they responded on April 16, 2024.

A Settlement Hearing was held on April 24, 2024, at 10:30 a.m. in Room 222 of the PNC Center, 101 W. Washington Street, Indianapolis, Indiana. At the settlement hearing, the Settlement Agreement and the direct, cross-answering, rebuttal, and settlement testimony and exhibits of each party were admitted into the record without objection. Further, the parties mutually waived cross-examination of each other's witnesses.

Based on the applicable law and evidence presented, the Commission now finds:

1. Notice and Jurisdiction. Legal and timely notice of the public hearings held in this Cause was given and published as required by law. NIPSCO is a public utility as defined in Ind. Code § 8-1-2-1(a). Pursuant to Ind. Code § 8-1-2-61, NIPSCO published the filing of its petition. Pursuant to 170 IAC 5-1-18(C), Petitioner mailed notice to its customers. In accordance with Ind. Code §§ 8-1-2-42 and 42.7, the Commission has jurisdiction over NIPSCO's rates and charges for utility service. Therefore, the Commission has jurisdiction over Petitioner and the subject matter of this proceeding.

2. Petitioner's Organization and Utility Properties. NIPSCO is a public utility with its principal place of business located at 801 East 86th Avenue, Merrillville, Indiana. NIPSCO renders natural gas public utility service to approximately 859,000 retail customers located in the following Indiana counties: Adams, Allen, Benton, Carroll, Cass, Clinton, DeKalb, Elkhart, Fulton, Howard, Huntington, Jasper, Kosciusko, LaGrange, Lake, LaPorte, Marshall, Miami, Newton, Noble, Porter, Pulaski, St. Joseph, Starke, Steuben, Tippecanoe, Tipton, Wabash, Warren, Wells, White and Whitley.

NIPSCO owns, operates, manages, and controls its utility plant, property, equipment and related facilities, which are used and useful for the convenience of the public in the production, storage, transmission, distribution, and furnishing of natural gas to the public.

3. Existing Rates. The Commission approved NIPSCO's current gas basic rates and charges in its July 27, 2022 Order in Cause No. 45621 (the "45621 Order"). The petition initiating Cause No. 45621 was filed with the Commission on September 29, 2021; therefore, in accordance with Ind. Code § 8-1-2-42(a), it has been more than 15 months since NIPSCO filed its most recent petition for an increase in basic rates and charges and the filing of NIPSCO's petition in this Cause.

NIPSCO's current gas depreciation rates were authorized by the Commission's 45621 Order. NIPSCO's current common and electric depreciation rates and last common and electric depreciation study were approved in the Commission's August 2, 2023 Order in Cause No. 45772. NIPSCO is proposing no change to its common depreciation accrual rates in this Cause.

4. Test Year and Rate Base Cutoff. As authorized by Ind. Code § 8-1-2-42.7(d)(1), Petitioner proposed a forward-looking test period using projected data, with the test year used for determining Petitioner’s projected operating revenues, expenses and operating income being the 12-month period ending December 31, 2024. NIPSCO is utilizing the test year end, December 31, 2024, as the general rate base cutoff date. The historical base period is the 12-month period ending December 31, 2022.

5. NIPSCO’s Requested Relief. NIPSCO seeks a general increase in rates and charges and approval of new schedules of rates and charges, including modifications of language in its tariff. In its Petition, NIPSCO requested approval of a new Sales Reconciliation Adjustment mechanism. NIPSCO requested Commission approval of an overall annual increase in revenues of approximately \$162 Million, or approximately 16.29%. NIPSCO proposed to implement the requested base rate revenue increase in two steps on a phased-in basis. Step 1 would be implemented upon issuance of the Commission’s Order and based upon actual rate base and capital structure as of June 30, 2024. Step 2 would be based upon actual rate base and capital structure as of the end of the test year. NIPSCO sought approval of revised gas depreciation accrual rates applicable to its gas plant in service, and approval of necessary and appropriate accounting relief (including but not limited to approval of certain deferral mechanisms for pension, other post-retirement benefits, and line locate expenses).

6. Opposition, Rebuttal, and Cross-Answering. The OUCC and Intervenors disputed several components of NIPSCO’s filing, including challenging depreciation and amortization expenses, operating revenues, rate of return, operating and maintenance (“O&M”) expenses, tariff changes, cost of service allocations, and rate design. The extent to which these parties disagreed with each other is shown in their cross-answering testimony. The extent to which NIPSCO disagreed or agreed with the OUCC and intervenors was addressed in NIPSCO’s rebuttal evidence.

7. Settlement Agreement. The Settling Parties’ presented testimony in support of the Settlement Agreement. Witnesses discussed the terms and stated the Settlement Agreement resolves all issues presented in the case, including issues related to the revenue requirement, revenue allocation, and rate design. The terms state that it is a settlement of all the issues among the Settling Parties in this Cause. The Union and Developers agreed not to oppose the Settlement.

The Settling Parties’ conveyed that the Settlement Agreement is a product of a diligent effort by all Settling Parties to reach a comprehensive result. The Settling Parties agreed that the complexity of the issues and the diversity of the Settling Parties dictated the need for compromise on the part of each party involved, and the Settlement Agreement, taken as a total package, reflects a delicate balance that accommodates the interests of all Settling Parties in a reasonable manner.

OUCC Witness Heather R. Poole testified the Settlement Agreement represents a compromise reached in the settlement negotiation process. She stated the Settling Parties devoted considerable time and effort to fairly balance NIPSCO’s interests and those of NIPSCO’s customers.

A. Overview. NIPSCO Witness Robert C. Sears explained that the specific objectives addressed in the Settlement Agreement included resolution of (1) revenue requirement and net operating income issues; (2) original cost rate base, capital structure, and fair return; (3) depreciation and amortization expense; (4) Advanced Metering Infrastructure (“AMI”) Update Project; (5) operating revenues, O&M expenses; (6) rate base update mechanism; (7) revenue allocation; (8) rate design and tariff issues; (9) affordability issues; and (10) other issues raised by Direct Energy.

Mr. Sears stated NIPSCO worked with its stakeholders, including responding to data requests and informal requests for information, and conducting informal and settlement discussions, which led to execution of the Settlement Agreement. The Settlement Agreement reflects input from the interests of a broad range of customers and industry groups.

Mr. Sears testified the Settlement Agreement was reached between NIPSCO and its stakeholders and addresses the issues raised in this Cause. He testified the Settlement Agreement is comprehensive in scope and proposes resolution to all issues and provides NIPSCO with an increase in rate revenue sufficient to enable it to meet its revenue requirement and provide an opportunity to earn an adequate return on the investments made to serve its customers. Mr. Sears stated NIPSCO agreed to a 25.29% reduction from the increase requested in its case-in-chief. He summarized the significant terms as well as parties’ positions on some key issues and explained how the issues are reasonably addressed by the Settlement Agreement.

Industrial Group Witness Brian C. Collins testified the Settlement Agreement is a comprehensive agreement that resolves both revenue and the complex allocation and rate design issues. He stated the Settlement Agreement is the product of arms-length negotiations between the Settling Parties to reach a comprehensive settlement that resolves all issues raised in this proceeding. He stated the Settlement Agreement reasonably resolves the issues raised by the Industrial Group and results in a fair and reasonable resolution for NIPSCO’s customers. He testified the Settlement Agreement allocates rate responsibility in a reasonable manner, modifies contested elements of rate design and tariff revisions to address the concerns raised in the case, and provides a sound foundation for continued service to NIPSCO’s customers on a reliable and economically efficient basis. He testified that the Settlement Agreement is a comprehensive agreement on all the issues raised in this case, and each term within the Settlement Agreement is essential to the overall reasonableness of the agreement.

Industrial Group Witness Michael P. Gorman testified the Settlement Agreement is a comprehensive agreement among the Settling Parties which resolves the revenue requirement, revenue allocation, and rate design issues raised by the parties. He stated the Settlement Agreement is the result of arms-length negotiations between the Settling Parties, all of whom were represented in the settlement discussions by competent and experienced counsel and aided by skilled experts.

NIPSCO Witness Richard D. Weatherford presented all the settlement adjustments in his settlement testimony.

B. Revenue Requirement. Ms. Poole testified NIPSCO originally proposed an increase in revenues of \$161,897,007 for a percentage increase of 16.29% (including gas costs) producing a net operating income of \$260,663,791, while the OUC recommended reducing the

revenue increase to \$80,071,726, for a percentage increase of 8.03% (including gas costs) producing a net operating income of \$233,886,511.

The Settlement Agreement provides that NIPSCO’s base rates will be designed to produce revenue at proposed rates at Step 2 of \$1,114,923,631 resulting in a proposed authorized net operating income of \$243,239,741. The agreed revenue requirement represents an increase of \$120,948,338, which reflects a reduction of \$40,948,669 from NIPSCO’s case-in-chief proposal of \$161,897,007. Mr. Weatherford described the Step 2 revenue requirement and sponsored the supporting schedules.

Mr. Gorman stated that to arrive at the reduced revenue requirement, the Settling Parties had to agree to a number of concessions as part of the bargaining process, including a \$4.9 million reduction to NIPSCO’s requested depreciation expense, a \$4.36 million decrease in amortization expense, and an \$8.24 million decrease in forecasted O&M expense from various expense categories.

C. Original Cost Rate Base, Capital Structure and Rate of Return. The Settlement Agreement provides that the weighted average cost of capital (“WACC”) times NIPSCO’s original cost rate base yields a fair return for purposes of this case. The Settlement Agreement provides that NIPSCO should be authorized a fair return of \$243,239,741 yielding an overall return for earnings test purposes of 6.98%, based upon (a) a Net Original Cost Rate Base of \$3,484,810,045; and (b) NIPSCO’s forecasted capital structure, including an authorized return on equity (“ROE”) of 9.75%. Based on NIPSCO’s capital structure and cost of debt/zero cost capital projected in its case-in-chief, and the agreed 9.75% ROE, the overall weighted average cost of capital is 6.98%.

The Settlement provides for the following forecasted capital structure at Step 2:

	% of Total	Cost %	WACC %
Common Equity	52.39%	9.75%	5.11%
Long-Term Debt	37.15%	4.94%	1.84%
Customer Deposits	0.60%	5.76%	0.03%
Deferred Income Taxes	13.41%	0.00%	0.00%
Post-Retirement Liability	0.04%	0.00%	0.00%
Prepaid Pension Asset	-3.60%	0.00%	0.00%
Post-1970 ITC	0.00%	7.75%	0.00%
Totals	100.0%		6.98%

The Settling Parties have stipulated an ROE of 9.75%. Mr. Sears testified this ROE is within the range of evidence presented by NIPSCO, the OUCC and Industrial Group. He noted the agreed ROE is also within the range of Commission authorized ROEs or negotiated ROEs for other investor-owned utilities in Indiana. Specifically, the agreed ROE is slightly lower than the negotiated NIPSCO ROE of 9.80% reflected in the settlement approved by the Commission on August 2, 2023 in Cause No. 45772; the negotiated AES Indiana ROE of 9.90% reflected in the settlement pending approval before the Commission in Cause No. 45911; and the negotiated I&M ROE of 9.85% reflected in the settlement pending approval before the Commission in Cause No.

45933.⁶ It is 10 basis points lower than NIPSCO's current ROE, which was approved by the Commission as part of a settlement in Cause No. 45621. The agreed ROE is also supported by the NIPSCO's witness Vincent V. Rea. He testified the national average of authorized ROEs granted to vertically integrated electric utilities during 2023 and 2022 were 9.80 percent and 9.75 percent, respectively.

Mr. Sears stated the authorized ROE is an important part of the overall Settlement Agreement. The Settling Parties want to ensure NIPSCO's continued financial health; a failure to do so could increase its financing costs, which would be recoverable from customers. The stipulated ROE represents a reasonable resolution of the issue in this case.

Mr. Weatherford testified the Settling Parties agreed that NIPSCO's forecasted capital structure should be used, which includes the full Prepaid Pension Asset at zero cost. This term is consistent with NIPSCO's case-in-chief and rebuttal filings. The Settling Parties agreed that the cost of equity be set at 9.75% and the overall rate of return be 6.98%.

Ms. Poole testified the Settling Parties agreed to an original cost rate base of \$3,484,810,045, which reflects NIPSCO's forecasted rate base proposed in its case-in-chief. She stated NIPSCO will exclude the net book value of technology costs to set up the billing and enrollment functionality for its Green Path Rider from its rate base at Step 1 and Step 2 as established in this Cause. Ms. Poole stated the Settling Parties agreed to a 9.75% cost of equity, representing a decrease in NIPSCO's currently authorized cost of equity of 9.85%. Ms. Poole testified the Settling Parties agree the capital structure will include NIPSCO's actual prepaid pension asset and post-retirement liability, as proposed by NIPSCO, and agree to a WACC of 6.98%. The Settling Parties stipulate and agree the WACC resulting from NIPSCO's capital structure multiplied by NIPSCO's net original cost rate base yields a fair return of no more than \$243,239,741.

Mr. Inskeep testified CAC is supportive of the reduction of NIPSCO's ROE to 9.75%.

D. Depreciation Rates and Amortization. The Settling Parties agree to a \$4,900,000 reduction to proposed depreciation expense with adjustments to originally proposed depreciation accrual rates to be determined by Mr. Spanos related to non-meter and non-meter installations service lives or net salvage adjustments, resulting in pro forma Gas Plant Depreciation expense of \$112,583,892.⁷ NIPSCO will continue to use the depreciation rates applicable to its common plant as approved by the Commission in NIPSCO's last electric general rate proceeding in Cause No. 45772.

Mr. Weatherford testified the Settlement Agreement decreases depreciation expense in the amount of \$4,900,000 as a result of making adjustments to originally proposed service lives or net

⁶ Since the pre-filing of the testimony in this matter, the settlements in Cause No. 45911 and Cause No. 45933 have been approved.

⁷ Joint Exhibit B to the Settlement Agreement reflects an actual depreciation expense of \$112,584,391, which is \$499 higher than the pro forma Gas Plant Depreciation expense of \$112,583,892. This reflects a difference between the actual depreciation adjustment made by Mr. Spanos and the level of expense in the revenue requirement under the Settlement Agreement.

salvage components of certain depreciation accrual rates, exclusive of Meters and Meter Installations. The proposed depreciation accrual rates by FERC Account that result from these changes are included in Joint Exhibit B to the Settlement Agreement. NIPSCO requests the Commission approve the modified depreciation rates by FERC account.

Ms. Poole stated the Settling Parties agree to a \$4,900,000 reduction to proposed depreciation expense resulting in depreciation accrual rates shown in Joint Exhibit B to the Settlement Agreement. She stated NIPSCO will continue to use the depreciation rates applicable to its common plant as approved by the Commission in NIPSCO's last electric general rate proceeding in Cause No. 45772.

The Settling Parties agreed to a \$4,361,479 reduction to amortization expense as follows: (1) Gas Rate Case Expense Amortization adjusted to \$375,000, reflecting a four-year amortization period with a cap of expenses of \$1,500,000, for a reduction of \$737,216 from NIPSCO's case-in-chief filing; and (2) 45621 Amortization adjusted to \$3,624,263, reflecting two additional years of amortization now ending August 2028, for a reduction of \$3,624,263. The Settling Parties agree to NIPSCO's proposed (1) four-year amortization period for the Transmission, Distribution and Storage System Improvement Charge ("TDSIC") Regulatory Asset Amortization, (2) four-year amortization period for the Federal Mandate Cost Adjustment ("FMCA") Regulatory Asset, and (3) nine-month amortization period for the Cause No. 44988 Regulatory Asset (rate case expense and then-deferred TDSIC balance). At the end of each item's agreed amortization period, NIPSCO agrees to file a compliance filing to take that amount out of base rates.

Mr. Weatherford testified the Settlement Adjustment decreases amortization expense in the amount of \$3,624,263 for the extended amortization of the Regulatory Assets previously approved in Cause No. 45621 of Rate Case Expense, TDSIC, FMCA, and COVID, to now amortize over an additional two-year period through August 2028, which deviates from the originally proposed amortization period of four years, as set out in the Cause No. 45621 Settlement Agreement. This represents a compromise among the parties on amortization expense and provides for increased administrative efficiencies by reducing the number of potential compliance filings NIPSCO would be required to make. If not already addressed by an intervening base rate case order, after the completion of the additional two-year period, NIPSCO agrees to make a tariff filing that will reflect the reduction in amortization expense in its tariff.⁸

Mr. Weatherford testified the Settlement Agreement decreases amortization expense in the amount of \$737,216 from NIPSCO's case-in-chief to reflect Gas Rate Case Expense of \$1,500,000 to amortize over a period of four years, resulting in a decrease to Gas Rate Case Expense amortization to \$375,000. This reflects a reduction to total rate case expense (due to this case being settled rather than fully litigated) and increasing the period over which the reduced total will be amortized by two years. If not already addressed by an intervening base rate case order, after the completion of the four-year period, NIPSCO agrees to make a tariff filing that will reflect the reduction in amortization expense in its tariff.

⁸ See Section B.3.(b) of the Settlement for more details on NIPSCO's proposed and the final settled amortization periods.

E. AMI Project. The Settling Parties agree to approval of NIPSCO's proposed AMI Project. The Settling Parties agree NIPSCO will prepare proposed AMI Opt-Out Language to be included in its Gas Tariff to be reviewed and included in a 30-Day Filing. The Settling Parties agree NIPSCO will make an annual compliance filing to include the requests of the OUCC in Mr. Hoff's testimony regarding the status and update of the AMI Project, as follows:

- Number of gas AMI communication modules planned to be installed in the previous calendar year;
- Number of gas AMI communication modules actually installed in the previous calendar year;
- Number of gas AMI communication modules remaining to be installed;
- Current cost estimate for the installation of the gas AMI communication modules;
- Actual costs incurred in the previous calendar year for the gas AMI Upgrade Project, any changes from the project estimates, and the identified cause;
- Total costs incurred to date for the gas AMI Upgrade Project;
- Actual costs incurred in the previous calendar year for the AMI Network deployment, any changes from the project estimates, and the identified cause; and
- Explanation of any factors that have affected costs for the AMI Upgrade Project.

The annual compliance filings are to be made by the end of the first quarter of each year, and NIPSCO will report actual information based upon the prior calendar year and estimated information about the current calendar year. This obligation shall terminate after NIPSCO has completed its AMI Project and made a subsequent compliance filing.

F. Pro Forma Net Operating Income at Present Rates. The Settlement Agreement resolved the following issues raised by the parties concerning pro forma net operating income at present rates:

(1) Revenues. The Settling Parties stipulate to NIPSCO's agreement to forego a reduction of \$2,386,129 of overstated revenue presented in Mr. Davis's rebuttal testimony, which has the effect of decreasing forecasted Retail Revenue and increasing the revenue deficiency at present rates.

(2) O&M Expenses. The Settling Parties stipulate that NIPSCO's forecasted pro forma O&M Expenses should be decreased by \$8,235,386, as follows: (a) Labor–reduction of \$341,910; (b) Uncollectible Expense – reduction of \$11,499; (c) Gas Operations Expense – reduction of \$1,945,844; and (d) Other reduction of \$5,936,131.

(3) Taxes Other Than Income Taxes: The Settling Parties stipulate that NIPSCO's forecasted pro forma Taxes Other than Income Taxes expense should be decreased by \$28,761, as follows: (a) Payroll Taxes – reduction of \$26,156; and (b) Public Utility Fee– reduction of \$2,604.

Mr. Weatherford testified that the Settlement Adjustment REV 1 increases rebuttal Retail Revenue by \$2,386,129 and results in no change from the level of revenue at present rates presented in NIPSCO's case-in-chief. This adjustment was derived by reversing the adjustment to revenue sponsored by Mr. Davis's rebuttal testimony to reduce Retail Revenue by \$2,386,129.

This reflects a compromise on the issue of revenue at present rates among the parties.

Mr. Weatherford testified the Settlement Agreement further decreases O&M expenses in the amount of \$5,936,131 in accordance with the terms of the settlement. The total adjustment to O&M expense detailed in the Settlement of \$8,235,386 comprises of additional adjustments that were included in his rebuttal testimony associated with reductions to Labor, Line Locates, and Uncollectible Expense in the amount of \$341,910; \$1,945,844; and \$11,499, respectively.

Mr. Weatherford testified the Settlement reflects a reduction to Taxes Other Than Income Tax expense in the amount of \$28,761. This reduction comprises a decrease of \$26,156 in OTX-2 Payroll Tax expense and a decrease of \$2,604 in OTX-5 Public Utility Fee expense as included and reflected in NIPSCO's rebuttal position.

Mr. Weatherford testified Settlement Adjustment ITX 1-24R-S2-S on Attachment 3-C-S2-S decreases Forward Test Year federal and state income taxes in the amount of \$1,670,909 compared to NIPSCO's rebuttal position of a decrease of \$6,055,352. The difference in pro forma income taxes from NIPSCO's rebuttal position is driven by adjustments agreed to in the Settlement.

Mr. Weatherford testified the Settlement Agreement shows the calculation of the settlement increase in gross revenue from base rates in the amount of \$120,948,338, which is calculated to provide NIPSCO the opportunity to earn a return of 6.98% on net original cost rate base of \$3,484,810,045. The revenue requirement is calculated by first determining the requested increase in operating income. The required net operating income is \$243,239,741, which results in an increase of \$90,354,969 when compared to the pro forma results based on current rates of \$152,884,772. When this amount is adjusted for (a) uncollectible accounts, (b) Public Utility Fee, and (c) federal and state income taxes ("PF Adjustments"), the overall increase is \$120,948,338.

Ms. Poole testified the Settling Parties agree NIPSCO's pro forma revenues should be the same as reflected in NIPSCO's case-in-chief and identified the reductions to pro forma O&M expenses agreed to in the Settlement Agreement. She identified the stipulated reduction of \$28,761 in NIPSCO's forecasted pro forma Taxes Other Than Income Taxes expense.

G. Rate Base Update Mechanism. The Settling Parties agree that NIPSCO should be authorized to modify its base rates and charges for natural gas utility service in two steps as described herein. The Settling Parties agree to the following process for the implementation of rates in two steps:

(1) Step 1 Rates. The first change in rates will be based on the agreed revenue requirement as adjusted to reflect the actual original cost of NIPSCO's rate base, actual capital structure, and associated annualized depreciation and amortization expense as of June 30, 2024 ("Phase 1"). Following issuance of a Final Order in this Cause approving the Settlement Agreement, Phase 1 rates will go into effect on a services rendered basis after the new tariff has been approved by the Commission's Energy Division, on an interim subject to refund basis, pending the 60-day review process all other parties shall have to review and present any objections. NIPSCO will certify its actual total rate base, capital structure, and associated annualized depreciation and amortization expenses as of June 30, 2024, and implement base rates using the

forecasted results of operation for the test year as found in the Order. If needed to resolve any objections, the Commission will conduct a hearing and rates will be trued up, retroactive to the date such rates were put into place.

(2) Step 2 Rates. NIPSCO will certify its actual total rate base, capital structure, and associated annualized depreciation and amortization expenses at test-year end (December 31, 2024). Step 2 rates will be based on the agreed revenue requirement as of December 31, 2024, as adjusted for this certification. Actual certified net original cost rate base to be reflected in Step 2 rates shall include the lesser of (a) NIPSCO's forecasted additions to test-year-end Total Utility Plant of \$1,354,396,680, or (b) NIPSCO's actual additions to Total Utility Plant as of December 31, 2024. Step 2 rates will take effect on a services rendered basis after the new rates have been approved by the Commission's Energy Division, on an interim-subject-to-refund basis, with other parties having a period of 60 days to review and present any objections. If needed to resolve any objections, the Commission will conduct a hearing, and rates will be trued up, retroactive to the date such rates were put into place. To the extent any additions to Utility Plant are excluded from net original cost rate base because NIPSCO's total additions to Utility Plant in Service ("UPIS") exceeds \$1,354,396,680, NIPSCO shall include with its submission a list of the work orders which have been placed in service, but which are not being included in rate base in this Cause. For purposes of this Settlement Agreement, "certify" means NIPSCO has determined that it has substantially completed the amount of plant indicated in its certification and the corresponding plant additions have been placed in service and are used and useful in providing utility service as of the date of certification. NIPSCO will serve all Settling Parties with its certification.

(3) To the extent the actual revenue requirement of Step 1 and Step 2 are different from \$1,114,923,631, the difference shall be reflected by changing the rates in an across-the-board fashion.

(4) The forecasted additions to UPIS serve as a cap in calculating the actual rate base that is ultimately submitted as part of NIPSCO's Step 2 Compliance Filing. However, the forecasted additions to UPIS are only a cap for purposes of this proceeding (not a cap for purposes of a future general rate case or for purposes of NIPSCO's capital trackers).

(5) NIPSCO will exclude the net book value of technology costs to set up the billing and enrollment functionality for its Green Path Rider from its rate base at Step 1 and Step 2 (cutoff as of June 30, 2024 and December 31, 2024).⁹

⁹ Mr. Sears stated that in its request for approval of its Green Path Rider in Cause No. 45730, NIPSCO made a commitment to review the remaining net book value of the capital technology costs to set up the billing and enrollment functionality for its Green Path Rider at the time of NIPSCO's next gas rate case for consideration of mutual agreement for any cost recovery treatment. NIPSCO will exclude the net book value of technology costs to set up the billing and enrollment functionality for its Green Path Rider from its rate base at Step 1 and Step 2.

Mr. Weatherford testified that in Step 1, NIPSCO proposes to recover the gross revenue amount of \$1,072,888,054 which reflects a revenue increase of \$78,912,762 as compared to test year pro forma results based on current rates. This will provide NIPSCO the opportunity to earn a return of 6.95% on net original cost rate base of \$3,153,187,306, producing a net operating income of \$219,146,518. Mr. Weatherford described that Attachment 3-A-S1-S through Attachment 3-C-S1-S represent the schedules supporting the calculation of NIPSCO’s revenue requirement based on the 12-month period ending June 30, 2024. Mr. Weatherford stated that all of the revenue, O&M, amortization, and taxes other than income Settlement Adjustments discussed for Step 2 are applicable to Step 1.

H. Revenue Allocation. The Settling Parties stipulate the allocation of the agreed \$120,948,338 revenue increase between classes as shown below.

	Margin Revenues at Current Rates	Revenue Increase	Percentage Increase on Margin
Rate 211	\$376,460,321	\$78,331,049	20.81%
Rate 215	\$2,852,398	\$593,506	20.81%
Rate 221	\$121,103,007	\$25,198,208	20.81%
Rate 225	\$17,878,181	\$3,719,958	20.81%
Rate 228 HP	\$42,228,571	\$12,039,229	28.51%
Rate 228 DP	\$17,784,217	\$1,066,388	6.00%
Rate 234	\$69,452	-	0.00%
Rate 238	\$6,043,060	-	0.00%
Total	\$584,419,207	\$120,948,338	20.70%

The Settling Parties agree that the revenue allocation for the agreed revenue requirement as included in the table set forth above, is solely for the purposes of settlement in this Cause and is without adoption or endorsement of any specified methodology. In its next gas rate case, NIPSCO will prepare alternative studies using Design Day demand and peak-and-average (“P&A”) methodologies, and all parties reserve the right to take positions on cost of service without regard to the agreed allocation in this case.

Mr. Sears stated the Settling Parties agreed on the revenue allocation for the agreed revenue requirement set out above, without adoption or endorsement of any specified methodology. NIPSCO’s case-in-chief position was to use the P&A methodology to allocate Transmission Mains, but NIPSCO also submitted a cost of service model using the Design Day methodology. Based on NIPSCO’s case-in-chief, all classes except Large Transport Rate 228 DP, Interruptible Rate 234, and General Transport Rate 238, required increases to reach cost of service. To mitigate the proposed increase under its proposed cost-of-service methodology to Large Transportation Rate 228 HP, NIPSCO limited the total increase so that class would receive an increase no greater than 150% of the overall system average. The OUCC supported NIPSCO’s proposed allocation and mitigation proposal, and CAC testified in support of the use of the P&A methodology. The Industrial Group and SDI, however, supported the use of the Design Day methodology. The consumer parties were able to arrive at a revenue allocation that they all agreed represents a fair and reasonable revenue allocation, without adopting a specific methodology. NIPSCO agrees with

that conclusion. Given the divergent views on cost of service and mitigation, the agreed upon revenue allocation, and the resulting TDSIC allocators, the Settling Parties believe the compromise is fair and equitable and should be approved.

Mr. Taylor testified that in its case-in-chief, NIPSCO presented an allocated cost of service study showing that all classes except Large Transport Rate 228 DP, Interruptible Rate 234, and General Transport Rate 238 were being charged rates that recover less than their indicated costs of service. To balance several factors including cost to serve, customer bill impacts, and gradualism, NIPSCO proposed limiting the Large Transport Rate 228 HP increase to 150% of the overall system increase. The remaining increase was proposed to be recovered from those classes that were below their cost to serve (Residential 211, Multi-Family 215, General Small 221, and General Large 225), while those above their cost to serve (Large Transport 228 DP, Interruptible 234, and General Transport 238) saw no change in their total revenues.

Mr. Taylor said the Settling Parties agreed to a revenue allocation without endorsement or adoption of a specific cost-of-service methodology, as there was a difference of opinion on the proper methodology to use. The results of the agreed revenue apportionment have most classes receiving an increase slightly above the overall system average, with Rate 228 HP receiving an increase slightly below the 150% of the overall system average recommended in NIPSCO's case-in-chief.

Mr. Collins stated NIPSCO presented evidence using a P&A methodology as well as an alternative study based on Design Day Peak Demand. The Industrial Group and SDI supported the use of a Design Day Peak Demand allocation of transmission lines. The OUCC and CAC supported NIPSCO's P&A proposal. In the Settlement, the parties were able to reach agreement on reasonable allocations among classes, without the adoption or endorsement of a particular cost of service methodology, which is similar to the approach taken in Cause No. 45621. The resulting revenue increases under the Settlement Agreement reflect the range of evidence and alternative proposals presented in this case, and appropriately reflect the issues and concerns raised by the Industrial Group. Mr. Collins stated that given all the facts and circumstances in this case and viewing the settlement as an entire package, in his opinion the agreed upon allocations are reasonable and fair.

I. Rate Design. The Settling Parties agree to monthly customer charges for residential and small general service (Rates 311, 315, 321) as follows:

Residential:	\$16.50
Multi Family:	\$20.75
General Service Small:	\$67.00

The Settling Parties agree to increase monthly customer charges for Large Transportation and Balancing Service, Rate 328 HP and 328 DP to:

Rate 328 HP	\$4,500
Rate 328 DP	\$4,000

The Settling Parties agree a third volume block is being created for Large Transportation and Balancing Service, Rate 328 HP, for volumes over 500,000 therms per month with the following volumetric rates per block per therm:

1 st Block	0-300,000 Therms	\$0.047735
2 nd Block	300,001-500,000 Therms	\$0.010838
3 rd Block	Over 500,000 Therms	\$0.010189

Mr. Sears stated while NIPSCO requested and advocated for higher customer charges, NIPSCO recognizes the parties' positions. NIPSCO's agreement in the settlement, coupled with the other steps NIPSCO took in its case-in-chief, help to maintain affordable bills for its customers. Accordingly, he said the customer charges are within the scope of the evidence and are in the public interest.

Mr. Taylor stated that currently, the monthly customer charge for Rate 228 customers is \$2,995.09 for both DP and HP customers. The Settling Parties agreed to differentiate the monthly customer charge between the HP and DP customer groups by establishing a monthly customer charge of \$4,500 for HP customers and \$4,000 for DP customers. This aligns with the higher costs of providing fixed facilities and higher customer-related costs for HP customers than DP customers. In addition, the Settling Parties agreed to restructure the block volumetric rates for Rate 228 HP by moving the two-block rate structure to three blocks. As reflected in the Settlement Agreement, the Settling Parties agreed to change this structure to a three-block structure where the first block rate is applied to the first 300,000 therms of monthly usage, the second block rate is applied to monthly therms between 300,001 and 500,000, and the third block rate is for monthly usage above 500,000 therms.

Mr. Taylor stated that as reflected in the Settlement Agreement, the Settling Parties agreed that the customer charge for Rate 211 Residential will be \$16.50 per month. Based on its cost-of-service study, NIPSCO proposed to increase this charge to \$25.50, to which CAC and the OUCC objected. In the Settlement Agreement, the Settling Parties agreed to a minimal increase in the customer charge. In addition, the Settling Parties agreed that the monthly customer charge for Rate 215 Multi-Family will be \$20.75, and the charge for Rate 221 Small General Service will be \$67.00.

Mr. Collins stated the Settlement Agreement maintains the existing HP and DP subclasses under Rate 328, which were established in Cause No. 44988 in order to differentiate customers served directly high-pressure transportation system as opposed to those using the lower pressure distribution system. Under the Settlement Agreement, the monthly customer charges are being increased to \$4,000 for DP subclass and \$4,500 for the HP subclass, comparable to the agreed percentage increase in the monthly charge for Rate 325, the large commercial class. Additionally, for the HP subclass, a third volume block is being added for volumes above 500,000 therms per month. Mr. Collins stated NIPSCO's rate proposals specific to Rate 328 were challenged in certain

respect by his testimony on behalf of the Industrial Group and were separately challenged by SDI. He testified the rate design terms for Rate 328 included in the Settlement Agreement reasonably resolves the issues and concerns raised in his testimony.

The Settling Parties' Response to the April 10, 2024 Docket Entry stated that the rate design for Rate 228 HP and DP resolved a dispute between Mr. Taylor and Mr. Collins regarding internal allocation within that rate. The new monthly customer charges for HP and DP reflect a compromise between the litigation positions of those two witnesses, mitigating the increase to HP without affecting any class other than Rate 228.

Mr. Inskeep testified CAC is supportive of the Settlement Agreement term to keep the customer charge for residential, multifamily, and general service small to the amounts approved in the last base rate case, which mitigates many substantial drawbacks compared to cost recovery through variable per-therm rates.

J. Regulatory Mechanisms.

(1) Balancing Accounts. NIPSCO's proposed pension/other post-employment benefits ("OPEB") and line locate balancing accounts are withdrawn.

Mr. Weatherford stated that as provided in the Settlement Agreement, and consistent with NIPSCO's rebuttal testimony, NIPSCO withdraws its request for Pension/OPEB and Line Locates balancing accounts.

Ms. Poole stated the Settling Parties agree NIPSCO's proposed pension/OPEB, and line locate balancing accounts are withdrawn from this case.

(2) Weather Normalization Adjustment. NIPSCO's proposed Sales Reconciliation Adjustment is withdrawn and replaced by the annual Weather Normalization Adjustment ("WNA") mechanism. The Settling Parties agree to NIPSCO's methodology of the WNA mechanism presented in the Rebuttal Testimony of Mr. Taylor with the following changes:

(a) The billed amount for Rates 311, 315, 321, and/or 325 Customer (including Riders 351, 380, 381) shall be subject to the WNA for each customer's usage starting on October 1 through May 31. This is dependent on NIPSCO's ability to only apply the WNA to customer's usage starting on October 1 and ending on May 31. Inclusion of May in NIPSCO's WNA for purposes of this Agreement is in recognition of the distinctive characteristics of NIPSCO's service territory, including, but not limited to, the weather patterns unique to its service territory during May, particularly the lake effect weather during May.

(b) NIPSCO will calculate the weather normalization revenue adjustment for each month of the period indicated above and will accumulate those to be filed in an annual WNA filing in June or July each year. The filing will have at least a 60-day timeline - 30 days for the OUCC and other interested parties to review and 30 days for the Commission to issue an order, which is similar to NIPSCO's gas cost adjustment ("GCA") process. NIPSCO will provide workpapers to the OUCC monthly, to facilitate the OUCC's review of the filing when made, as it does for the OUCC in the GCA. NIPSCO will also make workpapers available to all intervenors in each proceeding, subject to the appropriate non-disclosure protections for any

confidential information.

(c) The WNA will be charged to customers over the same time period it was accumulated (starting on October 1 and ending on May 31) to ensure, to the extent practical, customers who use no gas in the summer months are not providing a subsidy.

(d) The second year of the WNA filing and all subsequent years will include a reconciliation of the filed WNA revenue and actual WNA revenue from the prior winter period set out in the prior year filing, with that variance returned to or recovered from customers in the next winter period.

(e) If NIPSCO implements a new billing system, NIPSCO will evaluate the new system to determine its ability to calculate weather normalization on a real time basis and apply the WNA to customers' bills in real time as is generally the practice of other Indiana gas utilities. If NIPSCO implements a new billing system without the ability to calculate the WNA on a real time basis, NIPSCO shall, upon selecting such billing system, provide explanations to the OUCC and CAC as to why a billing system with that capability was not chosen.

NIPSCO will continue to recover lost margins related to NIPSCO's 2024-2026 Gas Energy Efficiency Plan via the existing demand side management ("DSM") tracking mechanism.

Mr. Sears included the proposed form of tariff for the WNA, which replaced the proposed form of SRA included in the proposed tariff included with his direct testimony.

Ms. Dousias supported and provided additional details relating to the WNA mechanism agreed to in the Settlement Agreement. She stated Mr. Taylor described the rationale and the benefits to NIPSCO customers of a WNA mechanism. The WNA will be filed on an annual basis and includes a reconciliation of historical (or actual) base rate weather normalized revenues to the NIPSCO Authorized Test Year Weather Normalized Revenues as approved in this Cause. The adjustment will be calculated on a per therm basis, be collected from, or returned to, residential and commercial customer rate classes only, and will track the actual WNA Revenues to the monthly Authorized Test Year Normal Use per Customer and WNA Revenues, as adjusted for actual customer changes.

Ms. Dousias testified that as part of approval of the Settlement Agreement, NIPSCO requests the Commission approve the monthly Normal Use per Customer for each of the four affected classes. The monthly Normal Use per Customer will be computed from Forward Test Year weather normalized usage and customer counts and is based upon the Weather Normalization Process sponsored by Ms. Bartos. The next input into the calculation will be the Actual Customer Count amounts. The next input will be a calculation to derive the difference in Heating Degree Days ("HDD"). The Normal HDDs are based upon the Weather Normalization Process sponsored by Ms. Bartos. The Actual HDDs will be obtained from NIPSCO's actual monthly experience. The Difference between the Normal and Actual HDDs will create a monthly Difference in HDDs. The next input will be the Monthly Heating Coefficient based upon the Weather Normalization Process sponsored by Ms. Bartos. The Calculated Therm Impact is derived from multiplying the Actual Customer Count times the Difference in HDDs times the Monthly Heating Coefficient, and that product is multiplied by the applicable Rate Class delivery charge to arrive at the Monthly

WNA Revenue Adjustment.

Ms. Dousias stated NIPSCO will make an annual filing combining the monthly WNA Revenue Adjustments from October through May and calculate the WNA Adjustment that resulted for each eligible rate class. In the case of over collection, this amount will be credited to customers in the eligible classes through a reduction in the WNA Factor. Alternatively, in the case of an under collection, a surcharge will be assessed to customers in the eligible classes through an increase in the WNA Factor. The intent is to match the actual weather normalized revenue per customer with the authorized weather normalized revenue per customer approved in this Cause. The WNA Factor will be calculated by taking the annual WNA Revenue Adjustment and dividing it by the future eight months of adjusted expected monthly usage. This WNA Factor will then be applied to usage over the next 8-month period and be combined with other approved WNA Variance Factors.

Ms. Dousias stated that the target amounts as noted above be adjusted for actual customer changes. She stated the Calculated Therm Impact includes the Actual Customer Count in the computation monthly to determine the WNA Revenue Adjustment reflecting customer count changes.

Ms. Dousias stated that NIPSCO seeks authority as part of approval of the Settlement to defer the difference between the NIPSCO monthly WNA Revenues and Actual WNA Revenues authorized in this Cause as adjusted for actual customer changes on a monthly basis from the date of the Step 1 implementation of new rates until they are recovered in the proposed adjustment. To the extent the final Order in this Cause makes changes to the revenue requirement proposed by NIPSCO, NIPSCO plans to update its compliance filing to reflect the findings in the Commission's Order. After initial approval of the WNA mechanism in this Cause, the compliance filing in future general rate cases would include a similar submission. Based on a 300-day procedural schedule in this Cause, NIPSCO anticipates a Commission Order would be received August 20, 2024, with Step 1 rates becoming effective no later than September 1, 2024. Based on that assumption, NIPSCO expects to file its first annual WNA filing in July 2025 for the months of October 2024 through May 2025.

Ms. Dousias stated that as indicated above, pursuant to the Settlement Agreement, the Settling Parties have agreed to a 60-day timeline - 30 days for the OUCC and other interested parties to review and 30 days for the Commission to issue an order. NIPSCO will also provide workpapers to the OUCC monthly to facilitate the OUCC's review of the filing when made, as it does for the OUCC in the GCA, and make workpapers available to all intervenors in each proceeding, subject to appropriate non-disclosure protections for any confidential information.

Ms. Dousias stated NIPSCO's initial filing will include eight months of WNA amounts and be recovered over the following eight-month period. Each annual filing will include a reconciliation of the monthly WNA Revenue Adjustments for the previous eight-month period. The second tracker would be filed in July 2026 for recovery of reconciliations for the period October 2025 through May 2026 and be recovered over the eight-month period of October 2026 through May 2027.

Ms. Dousias stated that NIPSCO proposes to calculate the recovery of these amounts using the Authorized Monthly Normal Use per Customer, Normal HDDs, Monthly Heating Coefficients, and actual Base Rate Delivery Charges authorized in this Cause, as adjusted for customer changes for residential and commercial. NIPSCO will use its established processes similar to the mechanisms used today for the GCA and other tracker filings such as TDSIC and FMCA for including prior period variances in subsequent filings. A reconciliation of any actual to reconciled amounts will be completed on a 12-month lag.

Mr. Gorman testified that although the WNA is not as wide-ranging as the original proposal, it is a revenue stability mechanism and will reduce the variable effects of weather on NIPSCO's revenue from its weather-sensitive customers.

Mr. Inskeep testified the WNA has a narrower scope than the SRA because it only decouples NIPSCO's margin related to sales variations resulting from heating season weather fluctuations, whereas the SRA would have been impacted by factors affecting residential and general service rate class sales. He stated that the Settlement Agreement addresses or mitigates CAC concerns by not creating any disincentives for NIPSCO with respect to customer electrification, by being narrowly tailored to addressing weather-related impacts on its margin, addressing a specific issue outside of NIPSCO's direct control, while moderating potential impacts to customers relative to the much broader SRA. He noted the WNA does not require modification to NIPSCO's DSM rider and is generally aligned with other Indiana gas utility weather normalization decoupling mechanisms.

K. Tariff Changes.

(1) Bank Account Capacity Charge: The Settling Parties agree to a Bank Account Capacity Charge of \$0.0600 per Therm of capacity per month.

Mr. Sears testified this increase is consistent with NIPSCO's objective of increasing this charge subject to appropriate gradualism.

Mr. Collins notes that NIPSCO proposed a significant increase in the Bank Capacity Charge. Through the Settlement Agreement, the current Bank Capacity Charge of \$0.0406 per therm per month will be increased to a new charge of \$0.0600 per therm per month. The agreed charge falls within the range of litigation positions presented in this case on that issue, and reasonably resolves that issue.

Mr. Inskeep stated the substantial increase in the Bank Capacity Charge reflected in the Settlement helps address the cross-subsidization concern CAC raised in its direct testimony, which will benefit residential and other GCA customers.

(2) Universal Service Program ("USP") Rider: The Settling Parties agree that NIPSCO will fund 35% of the USP program expenses. NIPSCO's contribution to USP expenses will not exceed \$650,000 in any program year, but its administrative expenses are not included in the \$650,000 contribution. The Settling Parties agree that NIPSCO will increase the discount for the three tiers used to determine the assistance amount for customers that are at or below 60% of state median income to 15% (Tier 1), 26% (Tier 2), and 32% (Tier 3).

Mr. Sears stated NIPSCO did not propose any changes to its USP Rider in its case-in-chief. Mr. Inskeep recommended increasing discounts for USP customers to an amount that he believed would eliminate the rate increase as a result of this Cause. In rebuttal, NIPSCO agreed to increase the discounts to match the percentage approved by the Commission for two other Indiana utilities that offer a USP. This additional funding by NIPSCO and the change to the tiers on which assistance levels are based are intended to directly assist a group of NIPSCO’s customers who often are challenged when the cost of their utility service increases.

Mr. Inskeep testified CAC strongly supports the changes to the USP Rider, which brings NIPSCO into alignment with CenterPoint’s gas USP discount levels. He stated these changes will provide more targeted assistance to the low-income customers who need the most help, noting that low-income customers are among the most vulnerable of all NIPSCO’s customers, and the least likely to be able to afford any rate increase, making the adjustment to the discount levels reasonable and necessary to better protect these highly vulnerable customers from the negative impacts of a rate increase.

L. Other Affordability Issues. The Settlement Agreement addresses various issues relating to affordability specific to NIPSCO’s residential gas customers as follows:

(1) INCAA Funding: NIPSCO will provide Indiana Community Action Association with \$100,000 in both 2024 and 2025 to assist NIPSCO’s low-income customers. NIPSCO’s revenue deficiency in this Cause will not be adjusted to include the incremental costs of this contribution, and such contributions shall not be recoverable from ratepayers.

(2) Disconnection Policy: NIPSCO currently uses a policy to determine the relative risk of residential accounts and which accounts will be prioritized for disconnection or other collection activity after a bill becomes delinquent (“Disconnection Policy”). With regard to the Disconnection Policy, the Settling Parties agree that NIPSCO will change Dollar Threshold Levels for its Disconnection Policy as follows:

	NIPSCO Current Practice	NIPSCO Revised Practice
Good Risk	N/A	N/A
Low Risk	Arrears > \$700	Arrears > \$700
Medium Risk	Arrears > \$120	Arrears > \$240
High Risk	Arrears > \$60	Arrears > \$150

Following issuance of a final order in this proceeding, NIPSCO will remove the following two criteria from its Disconnection Policy: (1) Prior NSF [Not Sufficient Funds] Checks; and (2) Bankruptcy.

NIPSCO shall, through a third-party, conduct a review of policies and procedures for disconnecting and reconnecting customers for nonpayment, in consultation with CAC, the OUCC, and other interested stakeholders. NIPSCO will allow appropriate time for participants to provide verbal and written feedback on the equity impacts of those policies and procedures and will work in good faith to meaningfully address feedback and resolve concerns.

NIPSCO will not perform residential gas disconnections for nonpayment on Fridays, Saturdays, Sundays, and Holidays.

NIPSCO will not disconnect residential gas customers during the winter moratorium (as defined in Ind. Code § 8-1-2-121) if the customer can show they have an appointment to apply for the federally funded Energy Assistance Program (“EAP”) with a local EAP intake office.

Mr. Inskeep testified that NIPSCO’s disconnection policy and the way NIPSCO assessed customer risk to prioritize issuance of disconnection notices was an important issue for CAC. He stated that although the Commission rules already forbid disconnections on Friday afternoons, Saturdays, Sundays, and Holidays, stopping disconnections for nonpayment on Friday mornings will allow families a better opportunity to gather funds over the weekend to stay connected to this essential human service. Mr. Inskeep stated that NIPSCO’s agreement to not disconnect residential gas customers during the winter moratorium if the customer can show they have an appointment to apply for assistance allows the customer the time needed to qualify and stay connected. He also stated that NIPSCO shareholders’ agreement to provide INCAA with \$100,000 in both 2024 and 2025 will ensure the funds will reach NIPSCO low-income customers in the most needed and meaningful way.

M. Other Issues. The Settlement Agreement addresses two concerns involving the transport customer tariffs on eligibility and telemetry raised by Direct Energy as follows:

(1) Threshold for Transport Service: As part of preparing cost of service for its next gas base rate case, NIPSCO will study operational and usage characteristics of potential gas transportation customers to determine if adjustments to the existing gas transportation rates or the creation of another gas transportation rate with a lower minimum volumetric threshold would be appropriate. This review will include, but will not be limited to, a review of the appropriate minimum daily volumetric threshold level for participation in Rate 338 and a comparison of NIPSCO’s threshold levels to other similar Indiana utilities, including CenterPoint Energy Indiana. This may lead NIPSCO to ultimately propose something similar or something different than what is currently available.

(2) NIPSCO Telemetry Field Trial: NIPSCO will allow up to five of Direct Energy’s transportation customers to participate in NIPSCO’s 2024 field trial of telemetry technology under mutually agreeable terms.

Mr. Mehling testified the Settlement Agreement addresses Direct Energy’s two main concerns and recommends that the Commission find the Settlement is reasonable, equitable, and in the public interest.

N. Other Relief Requested by NIPSCO. The Settlement Agreement provides that matters for which NIPSCO requested relief in this Cause that are not addressed herein, but were expressly supported by testimony, are resolved as NIPSCO proposed, without waiving the right to challenge such resolution prospectively. This type of provision is common in Settlement Agreements before this Commission and reasonably identifies the starting point for purposes of the ratemaking and accounting authority being granted. In general, the relief sought by NIPSCO is summarized in Paragraph 5 of this Order.

O. Typical Bill Comparison. Mr. Sears presented the average residential customer's monthly gas bill and how that compares to the estimated impact on customers in NIPSCO's case-in-chief. He stated for the average customer using 72 therms their bill would increase approximately 7.1% following Step 2 rate implementation in March of 2025. Under NIPSCO's case-in-chief, the increase was an estimated 10.63% following Step 2 rate implementation. He testified that NIPSCO recognizes that a rate increase of any amount will impact its customers, including those with limited or fixed incomes. However, all things considered, including the very significant capital investment NIPSCO has already made and will have made by the end of 2024, NIPSCO believes the Settlement Agreement and resulting impact on all customers represents a reasonable, fair resolution to this case.

P. Public Interest. Mr. Sears testified the Settlement Agreement reached is consistent with the public interest. The regulatory compact is by necessity a balancing of interests between the utility and its stakeholders. As a general matter, negotiated resolutions to complex issues are consistent with the public interest because the result is the byproduct of input and compromise by the various parties that are directly impacted by the outcome. With respect to the issues addressed in this Cause, NIPSCO was able to reach an agreement that provides for rates and charges sufficient to allow for the recovery of the cost of providing service to its customers, as well as a return of and on its investments in plant and equipment needed to serve its customers. The issues discussed above are examples that demonstrate the value of compromise in the context of the public interest and the balancing of interest inherent in the regulatory compact and the public interest that are reflected in the Settlement Agreement. Mr. Sears stated the resolution of the various issues addressed in the Settlement Agreement are well within the boundaries of the evidence submitted by NIPSCO and its stakeholders, including detailed ratemaking and accounting schedules that document the agreed-upon result.

Ms. Poole testified the Settling Parties each made material concessions when they entered into the proposed agreement. The resulting agreement includes a residential, multi-family and small commercial customer rate that lessens the rate increase impact and prevents rate shock to those captive customers. The terms of the agreement demonstrate the give and take of settlement negotiations in resolving multiple contested issues in a manner acceptable to all Settling Parties. The agreement reduces the risk and expense of litigation of multiple issues. She said the Settlement Agreement, considered in its entirety, serves the public interest and the ratepayers of NIPSCO by guaranteeing ratepayer savings of \$40.9 million annually compared to NIPSCO's case as initially filed. The agreement promotes judicial and administrative efficiency. Therefore, the OUCC considers the agreement to be both reasonable and in the public interest.

Ms. Poole testified the Settlement Agreement reflects a reasonable compromise and addresses affordability by reducing the rate increase impact, preventing rate shock to customers, and keeping monthly customer charges for residential, multi-family and small commercial to pre-utility receipts tax repeal levels. The Settlement Agreement also includes other miscellaneous provisions addressing affordability as outlined above.

Mr. Collins testified the Settlement Agreement is reasonable and in the public interest. He said the Settlement Agreement reasonably resolves the issues raised by the Industrial Group in this rate case and results in a fair and reasonable resolution for all of NIPSCO's customers. The Settlement allocates rate responsibility in a reasonable manner, modifies contested elements of

rate design and tariff revisions to address the concerns raised in the case, and provides a sound foundation for continued service to NIPSCO's customers on a reliable and economically efficient basis. Furthermore, the Settlement is a comprehensive agreement on all of the issues raised in this case, and each term within the Settlement Agreement is essential to the overall reasonableness of the agreement.

Mr. Gorman testified the Settlement Agreement is reasonable and in the public interest. He said the Settlement Agreement is a reasonable resolution to the issues raised in this proceeding and represents a fair balance between the needs of NIPSCO and the interest of the ratepayers. It also results in a reasonable revenue increase which reflects a fair return of and on capital investment made by NIPSCO and enables NIPSCO to continue to provide reliable service to its customers on an economical basis. The Settlement is a comprehensive agreement among the various parties, all of the issues in the case, with each term essential to the overall reasonableness and arrived at as part of the give and take of the negotiating process. The Settling Parties were represented by counsel experienced in utility matters who were supported by similarly experienced experts.

8. Commission Discussion and Findings. At the outset, we acknowledge—as NIPSCO has since filing its case-in-chief—that NIPSCO has invested in its gas system, largely through Commission-approved mechanisms, such as NIPSCO's TDSIC and FMCA, resulting in an increase to its depreciation expense and capital costs, and its O&M expenses also increased since its rates were set in Cause No. 45621.

Even with the size and importance of this proceeding noted above, the Settling Parties were able to reach an agreement resolving all issues in this proceeding among them, as reflected in the Settlement Agreement filed in this proceeding. The Settlement Agreement represents a wide variety of interests and types of customers, including residential, commercial, and industrial customers. A complete copy of the terms and conditions of the Settlement Agreement can be found in Attachment A to this Order, which is incorporated into and made a part of this Order by reference.

Settlement is a reasonable means of resolving a controversial proceeding in a manner that is fair and balanced to all concerned. The Settlement Agreement represents the Settling Parties' proposed resolution of the issues in this Cause. As the Commission has previously discussed, settlements presented to the Commission are not ordinary contracts between private parties. *U.S. Gypsum, Inc. v. Ind. Gas Co.*, 735 N.E.2d 790, 803 (Ind. 2000). When the Commission approves a settlement, that settlement “loses its status as a strictly private contract and takes on a public interest gloss.” *Id.* (quoting *Citizens Action Coal. v. PSI Energy, Inc.*, 664 N.E.2d 401, 406 (Ind. Ct. App. 1996)). Thus, the Commission “may not accept a settlement merely because the private parties are satisfied; rather [the Commission] must consider whether the public interest will be served by accepting the settlement.” *Citizens Action Coal.*, 664 N.E.2d at 406.

Further, any Commission decision, ruling, or order, including approval of a settlement, must be supported by specific findings of fact and sufficient evidence. *U.S. Gypsum*, 735 N.E.2d at 795 (citing *Citizens Action Coal. v. Public Service Co.*, 582 N.E.2d 330 (Ind. 1991)). 170 IAC 1-1.1-17(d) requires that settlement be supported by probative evidence. Before the Commission can approve the Settlement Agreement, the Commission must determine whether the evidence in this Cause sufficiently supports the conclusion that the Settlement Agreement is reasonable, just,

and consistent with the purpose of Ind. Code ch. 8-1-2 and that such agreements serve the public interest.

The Commission has before it substantial evidence from which to determine the reasonableness of the terms of the Settlement Agreement, including the Settling Parties' agreement on all issues, including Petitioner's rate base, methodology to be used in determining Petitioner's rate increase, agreed allocation of the increase, agreed rate design, agreement on ROE and capital structure, and the other terms of the Settlement Agreement. The Settlement Agreement is supported by the Settlement Agreement attachments, as well as explanatory testimony, and therefore, we have substantive information from which to discern the basis for the components of the increase in NIPSCO's base rates and charges under the Settlement Agreement and find the evidence supports that they are reasonable. Important as well is the fact that all parties in the proceeding either support or do not oppose the Settlement Agreement. These parties represent varied and competing customer groups and interests, encompassing practically, if not, in fact, all of NIPSCO's rate classes.

The Settlement Agreement filed in this proceeding resolves all the issues presented. As further discussed in Paragraph 7 of this Order, the Settling Parties made numerous compromises in order to reach an agreement. NIPSCO, in its initial case-in-chief filed October 25, 2023, supported a revenue deficiency of \$161,897,007, reflective of an overall 16.29% revenue increase. The Settling Parties agree that NIPSCO's base rates will be designed to produce \$1,114,923,631 prior to application of surviving Riders. The increase in base rates results in an increase from current base rates of approximately \$120,948,338. This increase is a reduction of \$40,948,669 from the amount originally requested by NIPSCO in its case-in-chief. The Settlement Agreement also reduced NIPSCO's original request of 10.7% for ROE to 9.75%.

The revenue allocation shall be as set forth in the Settlement Agreement. This revenue allocation is based upon the projected rate base and capital structure; the actual revenue allocation shall be based upon the actual rate base, and capital structure at the time, following the two-step mitigation process set forth in the Settlement Agreement. We find that based upon the projected capital structure and rate base and the tracker allocations are appropriate and should be approved.

Additionally, the Settlement Agreement reduced the monthly customer charges for Residential customers, Multi-Family customers, and Small General Service customers. Initially NIPSCO requested the customer charge for Residential customers be \$25.50; the Settling Parties agreed to reduce this to \$16.50. For Multi-Family customers, NIPSCO requested a customer charge of \$32.50; the Settling Parties agreed to reduce this to \$20.75. For Small General Service customers, NIPSCO requested a customer charge of \$96.00, which the Settling Parties agreed to reduce to \$67.00. The Settlement Agreement increased the monthly customer charge for Large Transportation and Balancing Service (Rate 328) customers. Initially, NIPSCO requested a monthly customer charge of \$3,000 for both subclasses. For Rate 328 HP customers, the Settling Parties have agreed to increase the monthly customer charge to \$4,500 and for Rate 328 DP customers to \$4,000.

We further find that the depreciation accrual rates set forth in the Settlement Agreement should be approved.

The proposed WNA, using the filing methodology, frequency, and timeline described by Ms. Dousias and summarized herein, is also supported by substantial evidence and should likewise be approved.

The Settlement Agreement provides that matters for which NIPSCO requested relief in this Cause that are not addressed in the Settlement, but were expressly supported by testimony, are resolved as NIPSCO proposed. This includes all of the relief summarized in Paragraph 5 of this Order that has not otherwise been modified by the Settlement. The Commission finds this provision of the Settlement Agreement to be reasonable, and it is approved with the entirety of the Settlement Agreement.

We therefore find that NIPSCO should be authorized to increase its base rates and charges in two steps, calculated to produce additional annual base rate revenue of \$120,948,338, total base rate revenue of \$1,114,923,631, and total net operating income of \$243,239,741. This is based upon a projected test year ending net original cost rate base of \$3,484,810,045 as follows:

Net Utility Plant	\$ 3,357,253,623
Cause No. 44988 & 45621 Regulatory Assets	\$ 11,798,908
TDSIC Regulatory Asset	\$ 14,874,792
FMCA Regulatory Asset	\$ 8,503,778
Materials & Supplies	\$ 17,337,093
Gas Stored Underground–Current A/C 164 (13-mo avg)	\$ 70,092,430
Gas Stored Underground–Non-Current A/C 117	\$ 4,949,422
	\$ 3,484,810,045

We further find that a fair return should be authorized based upon this net original cost rate base and a projected weighted average cost of capital of 6.98%, as follows:

	Dollars	Cost %	WACC %
Common Equity	\$ 5,879,498,162	9.75%	5.11%
Long-Term Debt	4,168,964,776	4.94%	1.84%
Customer Deposits	67,265,050	5.76%	0.03%
Deferred Income Taxes	1,505,117,107	0.00%	0.00%
Post-Retirement Liability	4,449,551	0.00%	0.00%
Prepaid Pension Asset	(403,801,782)	0.00%	0.00%
Post-1970 ITC	391,628	7.75%	0.00%
Totals	\$ 11,221,884,492		6.98%

The rate increase authorized herein should be implemented in two steps as set forth below:

(1) Step 1 Rates Subject to Refund: The first change in rates will be based on the agreed revenue requirement as adjusted to reflect the actual original cost of NIPSCO’s rate base, actual capital structure, and associated annualized depreciation and amortization expense as of June 30, 2024 (“Phase 1”). Following issuance of a Final Order in this Cause approving this

Agreement, Phase 1 rates will go into effect on a services rendered basis after the new tariff has been approved by the Commission's Energy Division, on an interim subject to refund basis, pending the 60-day review process all other parties shall have to review and present any objections. NIPSCO will certify its actual total rate base, capital structure, and associated annualized depreciation and amortization expenses as of June 30, 2024, and implement base rates using the forecasted results of operation for the test year as found in the Order. If needed to resolve any objections, the Commission will conduct a hearing and rates will be trued up, retroactive to the date such rates were put into place.

(2) Step 2 Rates Subject to Refund: NIPSCO will certify its actual total rate base, capital structure, and associated annualized depreciation and amortization expenses at test-year end (December 31, 2024). Step 2 rates will be based on the agreed revenue requirement as of December 31, 2024, as adjusted for this certification. Actual certified net original cost rate base to be reflected in Step 2 rates shall include the lesser of (a) NIPSCO's forecasted additions to test-year-end Total Utility Plant of \$1,354,396,680, or (b) NIPSCO's actual additions to Total Utility Plant as of December 31, 2024. Step 2 rates will take effect on a services rendered basis after the new rates have been approved by the Commission's Energy Division, on an interim-subject-to-refund basis, with other parties having a period of 60 days to review and present any objections. If needed to resolve any objections, the Commission will conduct a hearing, and rates will be trued up, retroactive to the date such rates were put into place. To the extent any additions to Utility Plant are excluded from net original cost rate base because NIPSCO's total additions to UPIS exceeds \$1,354,396,680, NIPSCO shall include with its submission a list of the work orders which have been placed in service, but which are not being included in rate base in this Cause. "Certify" means NIPSCO has determined that it has substantially completed the amount of plant indicated in its certification and the corresponding plant additions have been placed in service and are used and useful in providing utility service as of the date of certification. NIPSCO will serve all Settling Parties with its certification.

The Commission further finds and concludes that the Settlement Agreement is reasonable, supported by substantial evidence, and in the public interest. Accordingly, the Settlement Agreement is approved.

9. Effect of Settlement Agreement. The parties agree that the Settlement Agreement is not to be used as precedent in any other proceeding or for any other purpose except to the extent necessary to implement or enforce its terms; consequently, with regard to future citation of the Settlement Agreement or of this Order, the Commission finds our approval herein should be construed in a manner consistent with our finding in *Richmond Power & Light*, Cause No. 40434, 1997 WL 34880849 at *7-8 (IURC March 19, 1997).

10. Confidentiality. NIPSCO filed a motion for protection and nondisclosure of confidential and proprietary information on October 25, 2023. The motion was supported by affidavits showing certain documents to be submitted to the Commission contain confidential, proprietary, competitively sensitive, and/or trade secrets as defined under Ind. Code §§ 23-2-3-2 and 5-14-3-4. A Docket Entry was issued on November 14, 2023 finding such information to preliminarily be confidential, after which the information was submitted under seal. The Commission finds all such information preliminary granted confidential treatment is confidential under Ind. Code §§ 5-14-3-4 and 8-1-2-29, is exempt from public access and disclosure by Indiana

Law and shall continue to be held by the Commission as confidential and protected from public access and disclosure.

IT IS THEREFORE ORDERED BY THE INDIANA UTILITY REGULATORY COMMISSION that:

1. The Settlement Agreement, a copy of which is attached to this Order, is approved.
2. Petitioner is authorized to increase its rates and charges for gas utility service in two steps as described in Finding Paragraph 8 herein.
3. The depreciation accrual rates set forth in Joint Exhibit B to the Settlement Agreement are approved.
4. Petitioner's new schedules of rates and charges shall be effective upon approval by the Commission's Energy Division, on an interim subject to refund basis, pending the 60-day review process, during which all other parties shall have to review and present any objections.
5. Petitioner shall certify its net plant, original cost rate base, and capital structure at June 30, 2024 (Step 1) and December 31, 2024 (Step 2) and calculate the resulting rates and charges, which shall be made effective upon filing in accordance with the findings herein, subject to being contested and trued-up consistent with the Settlement Agreement.
6. Petitioner is authorized to file updated factors for its rate adjustment mechanisms in accordance with this Order, and such changes shall be effective simultaneously with approval of NIPSCO's new basic rates.
7. The proposed WNA, using the filing methodology, frequency, and timeline described herein, is approved.
8. Petitioner's proposed form of Gas Service Tariff is approved, consistent with the Settlement Agreement and this Order, inclusive of the associated General Rules and Regulations and Standard Contracts and the proposed form of tariff for the WNA.
9. Petitioner is directed to file in this docket all information required by the Settlement Agreement.
10. The information filed in this Cause pursuant to Petitioner's motions for protection and nondisclosure of confidential and proprietary information is deemed confidential under Ind. Code § 5-14-3-4, is exempt from public access and disclosure by Indiana law and shall be held confidential and protected from public access and disclosure by the Commission.
11. This Order shall be effective on and after the date of its approval.

HUSTON, BENNETT, FREEMAN, VELETA AND ZIEGNER CONCUR:

APPROVED: JUL 31 2024

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

**Dana Kosco
Secretary of the Commission**

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF NORTHERN INDIANA PUBLIC SERVICE)
COMPANY LLC PURSUANT TO IND. CODE §§ 8-1-2-42, 8-1-)
2-42.7 AND 8-1-2-61 FOR (1) AUTHORITY TO MODIFY ITS)
RETAIL RATES AND CHARGES FOR GAS UTILITY)
SERVICE THROUGH A PHASE IN OF RATES; (2))
APPROVAL OF NEW SCHEDULES OF RATES AND)
CHARGES, GENERAL RULES AND REGULATIONS, AND) CAUSE NO. 45967
RIDERS (BOTH EXISTING AND NEW); (3) APPROVAL OF)
A NEW SALES RECONCILIATION ADJUSTMENT)
MECHANISM; (4) APPROVAL OF REVISED GAS)
DEPRECIATION RATES APPLICABLE TO ITS GAS PLANT)
IN SERVICE; (5) APPROVAL OF NECESSARY AND)
APPROPRIATE ACCOUNTING RELIEF, INCLUDING BUT)
NOT LIMITED TO APPROVAL OF CERTAIN DEFERRAL)
MECHANISMS FOR PENSION, OTHER POST-)
RETIREMENT BENEFITS, AND LINE LOCATE EXPENSES;)
AND (6) TO THE EXTENT NECESSARY, APPROVAL OF)
ANY OF THE RELIEF REQUESTED HEREIN PURSUANT)
TO IND. CODE CH. 8-1-2.5.)

STIPULATION AND SETTLEMENT AGREEMENT

This Stipulation and Settlement Agreement (“Agreement”) is entered into as of this 20th day of March, 2024, by and among Northern Indiana Public Service Company LLC (“NIPSCO”), Citizens Action Coalition of Indiana, Inc. (“CAC”), Direct Energy Business Marketing (“Direct Energy”), NIPSCO Industrial Group (“Industrial Group”),¹ Steel Dynamics, Inc. (“SDI”), and the Indiana Office of Utility Consumer Counselor (the “OUCC”) (collectively the “Settling Parties”). The Settling Parties, solely for purposes

¹ The customers comprising the Industrial Group are BP Products North America, Inc., Cleveland-Cliffs Inc., General Motors LLC, Linde, United States Steel Corporation, and University of Notre Dame.

of compromise and settlement, stipulate and agree that the terms and conditions set forth below represent a fair and reasonable resolution of the issues in this Cause subject to incorporation into a Final Order of the Indiana Utility Regulatory Commission (“Commission”) without any modification or condition that is not acceptable to each of the Settling Parties regarding the issues resolved herein. The Settling Parties agree this Agreement resolves all disputes, claims, and issues arising from the general gas rate case proceeding currently pending in Cause No. 45967 as among the Settling Parties. The Settling Parties agree that matters for which NIPSCO requested relief in this Cause that are not addressed herein, but were expressly supported by testimony, are resolved as NIPSCO proposed, without waiving the right to challenge such resolution prospectively.

A. Background²

1. NIPSCO’s Current Basic Rates and Charges. The Commission’s July 27, 2022 Order in Cause No. 45621 (the “45621 Rate Case Order”) approved a Stipulation and Settlement Agreement among NIPSCO, the OUCC, and the majority of intervenors in that proceeding (the “45621 Settlement”).³ The 45621 Rate Case Order approved a two-step change in rates. Step 1 rates took effect on September 1, 2022 based upon rate

² This “Background” section is included to provide context for the Agreement and does not reflect any term of the Settling Parties’ agreement.

³ The 45621 Settlement was entered into on March 2, 2022, by and among NIPSCO, the Industrial Group, SDI, and the OUCC. The other parties did not oppose the 45621 Settlement.

base as of June 30, 2022. Step 2 rates took effect March 1, 2023, based upon rate base as of December 31, 2022.

2. NIPSCO's Alternative Regulatory Plan. NIPSCO has operated under the terms of an approved alternative regulatory plan ("ARP") pursuant to Ind. Code ch. 8-1-2.5 since the Commission's Order dated October 8, 1997 in Cause No. 40342. The ARP was renewed and modified in Cause No. 41338, consolidated Cause Nos. 42800 and 42884, and Cause No. 43837. The ARP was most recently extended and modified and became a permanent part of NIPSCO's tariff on March 15, 2012 in Cause No. 44081.

3. NIPSCO's Gas Cost Adjustment ("GCA") Proceedings. Pursuant to Ind. Code § 8-1-2-42(g), NIPSCO files a quarterly Gas Cost Adjustment ("GCA") proceeding in Cause No. 43629-GCA-XXX to adjust its rates to account for fluctuation in its gas costs. The cost of bad debt expense associated with the cost of gas is reflected in NIPSCO's GCA. Pursuant to the Commission's November 4, 2010 Order in Cause No. 43894 and through an annual update to Appendix E – Unaccounted for Gas Percentage ("UAFG"), NIPSCO also recovers through its GCA the actual cost of UAFG up to a maximum percentage of 0.90%. NIPSCO proposes to continue both of these recoveries through the GCA as modified by the terms of this Agreement.

4. NIPSCO's Other Tracking Mechanisms.

(a) Pursuant to the Commission's December 7, 2011 Order in Cause No. 44094, NIPSCO files an annual update to Appendix D – Universal Service Program (USP) Factors in a compliance filing in Cause No. 44094 to be applicable starting with the billing month of October.

(b) Pursuant to the Commission's December 28, 2011 Order in Cause No. 44001, NIPSCO files an annual proceeding in Cause No. 44001-GDSM-XX for recovery of program costs associated with approved demand side management and energy efficiency programs through its Rider 272 – Gas Demand Side Management (GDSM) Rider and Appendix C - GDSM Factors (the "GDSM Mechanism").⁴

(c) Pursuant to the Commission's January 28, 2015 Order in Cause No. 44403-TDSIC-1, NIPSCO has filed a semi-annual proceeding in Cause No. 44403-TDSIC-XX to recover 80% of approved capital expenditures and TDSIC costs incurred in connection with NIPSCO's eligible transmission, distribution, and storage system improvements ("TDSIC Projects") through its Rider 288 – Adjustment of Charges for Transmission, Distribution and Storage System Improvement Charge and Appendix F –

⁴ The Commission's May 9, 2007 Order in Cause No. 43051 initially approved the GDSM Mechanism. The Commission's December 28, 2011 Order in Cause No. 44001 approved NIPSCO's request to change to a semi-annual reconciliation. The Commission's February 22, 2017 Order in Cause No. 44001-GDSM-10 approved NIPSCO's request to change from a semi-annual to annual filing. The Commission's November 21, 2018 Order in Cause No. 45012 approved NIPSCO's request for recovery of lost revenues through the GDSM Mechanism.

Transmission, Distribution and Storage System Improvement Charge Adjustment Factor (“TDSIC Mechanism”). Pursuant to the Commission’s July 22, 2020 Order in Cause No. 45330, NIPSCO now files the TDSIC Mechanism in Cause No. 45330-TDSIC-XX.

(d) Pursuant to the Commission’s September 19, 2018 Order in Cause No. 45007, NIPSCO has filed a semi-annual proceeding in Cause No. 45007-FMCA-XX to recover 80% of approved federally mandated costs through its Rider 290 – Federally Mandated Cost Adjustment Rider and Appendix G – FMCA Factors (“FMCA Mechanism”). Pursuant to the Commission’s December 1, 2021 Order in Cause No. 45560, NIPSCO has also filed the FMCA Mechanism in Cause No. 45560-FMCA-XX. Pursuant to the Commission’s December 28, 2022 Order in Cause No. 45703, NIPSCO now files the FMCA Mechanism in Cause No. 45703-FMCA-XX.

5. This Proceeding. On October 25, 2023, NIPSCO filed its Verified Petition with the Commission requesting the Commission issue an order: (1) authorizing NIPSCO to modify its retail rates and charges for gas utility service through a phase-in of rates; (2) approving new schedules of rates and charges, general rules and regulations, and riders (both existing and new); (3) approval of a new Sales Reconciliation Adjustment mechanism; (4) approving revised gas depreciation rates applicable to its gas plant in service; (5) approving necessary and appropriate accounting relief, including but not limited to approval of certain deferral mechanisms

for pension, other post-retirement benefits (“OPEB”), and line locate expenses; and (6) other requests as described in the Verified Petition. NIPSCO filed its case-in-chief testimony and exhibits on October 25, 2023. On January 31, 2024, the OUCC and intervenors filed their respective cases-in-chief. NIPSCO filed its rebuttal testimony and evidence, and the OUCC, Industrial Group, and SDI filed cross-answering testimony, on February 28, 2024.

As discussed within NIPSCO’s Verified Petition, and the testimony of various NIPSCO witnesses, this rate case filing was driven by several developments subsequent to the 45621 Rate Case Order. Since the 45621 Rate Case Order, NIPSCO’s cost of providing service has increased. NIPSCO has made significant capital expenditures for additions, replacements, and improvements to its Utility Property to maintain safe and reliable service. Further, NIPSCO has incurred increasing operations and maintenance expenses to maintain safe and reliable service.

6. NIPSCO’s Current Depreciation and Accrual Rates. NIPSCO’s current gas depreciation rates are based on the depreciation study approved in the 45621 Rate Case Order. NIPSCO’s current common and electric depreciation rates and last common and electric depreciation study were approved in the Commission’s August 2, 2023 Order in Cause No. 45772.

B. Settlement Terms and Conditions

1. Revenue Requirement and Net Operating Income.

(a) Revenue Requirement: The Settling Parties agree that NIPSCO's base rates will be designed to produce revenue at proposed rates of \$1,114,923,631 as adjusted for the Rate Base Update Mechanism set forth in Paragraph B.9. This Revenue Requirement represents an increase of \$120,948,338, which is a decrease of \$40,948,669 (25.29%) from the amount NIPSCO requested in its case-in-chief (\$161,897,007). Joint Exhibit A attached hereto represents the schedules supporting the calculation of NIPSCO's revenue requirement based on the 12-month period ending December 31, 2024.

(b) Net Operating Income: Subject to the Rate Base Update Mechanism set forth in Paragraph B.9., 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 \$243,239,741.

2. Original Cost Rate Base, Capital Structure, and Fair Return.

(a) Original Cost Rate Base. NIPSCO has agreed that its weighted cost of capital times its original cost rate base yields a fair return for purposes of this case. Based upon this Agreement and the Rate Base Update Mechanism set forth in Paragraph B.9., the Settling Parties agree that NIPSCO should be authorized a fair

return of \$243,239,741 yielding an overall return for earnings test purposes of 6.98%, based upon: (a) a Net Original Cost Rate Base of \$3,484,810,045; and (b) NIPSCO's forecasted capital structure, including an authorized return on equity ("ROE") of 9.75%.

(b) Capital Structure and Fair Return: Based on the following capital structure, the 9.75% ROE, and the cost of debt/zero cost capital as filed, the overall weighted average cost of capital is computed as follows:

	% of Total	Cost %	WACC %
Common Equity	52.39%	9.75%	5.11%
Long-Term Debt	37.15%	4.94%	1.84%
Customer Deposits	0.60%	5.76%	0.03%
Deferred Income Taxes	13.41%	0.00%	0.00%
Post-Retirement Liability	0.04%	0.00%	0.00%
Prepaid Pension Asset	-3.60%	0.00%	0.00%
Post-1970 ITC	0.00%	7.75%	0.00%
Totals	100.0%		6.98%

The Settling Parties agree that fair return under the Agreement will be calculated based upon the actual capital structure and rate base as described in the Rate Base Update Mechanism set forth in Paragraph B.9 and that the actual capital structure will include NIPSCO's actual prepaid pension asset and post-retirement liability as proposed by NIPSCO.

3. Depreciation and Amortization Expense.

(a) Depreciation Expense. The Settling Parties agree to a \$4,900,000 reduction to proposed depreciation expense with adjustments to originally proposed depreciation accrual rates to be determined by NIPSCO Witness Spanos related to non-meter and non-meter installations service lives or net salvage adjustments, resulting in pro forma Gas Plant Depreciation expense of \$112,583,892.⁵ The resulting depreciation accrual rates to which the Settling Parties agree are shown in Joint Exhibit B. NIPSCO will continue to use the depreciation rates applicable to its common plant as approved by the Commission in NIPSCO's last electric general rate proceeding in Cause No. 45772.

(b) Amortization Expense. The Settling Parties agree to a \$4,361,479 reduction to amortization expense as follows: (1) Gas Rate Case Expense Amortization adjusted to \$375,000, reflecting a 4-year amortization period with a cap of expenses of \$1,500,000, for a reduction of \$737,216 from NIPSCO's case-in-chief filing; and (2) 45621 Amortization adjusted to \$3,624,263, reflecting two additional years of amortization now ending August 2028, for a reduction of \$3,624,263. The Settling Parties agree to NIPSCO's proposed (1) 4-year amortization period for the TDSIC Regulatory Asset

⁵ Joint Exhibit B reflects an actual depreciation expense of \$112,584,391, which is \$499 higher than the pro forma Gas Plant Depreciation expense of \$112,583,892. This reflects a difference between the actual depreciation adjustment made by NIPSCO Witness Spanos and the level of expense in the revenue requirement under the Agreement.

Amortization, (2) 4-year amortization period for the FMCA Regulatory Asset, and (3) 9-month amortization period for the Cause No. 44988 Regulatory Asset (rate case expense and then-deferred TDSIC balance). At the end of each item's agreed amortization period, NIPSCO agrees to file a compliance filing to take that amount out of base rates.

4. AMI Project. The Settling Parties agree to approval of NIPSCO's proposed AMI Project. The Settling Parties agree that NIPSCO will prepare proposed AMI Opt-Out Language to be included in its Gas Tariff to be reviewed and included in a 30-Day Filing. The Settling Parties agree NIPSCO will make an annual compliance filing to include the requests in the Testimony of OUCC Witness Jared J. Hoff (Public's Exhibit No. 10) regarding the status and update of the AMI Project, as follows:

- The number of gas AMI communication modules planned to be installed in the previous calendar year;
- The number of gas AMI communication modules actually installed in the previous calendar year;
- The number of gas AMI communication modules remaining to be installed;
- The current cost estimate for the installation of the gas AMI communication modules;
- The actual costs incurred in the previous calendar year for the gas AMI Upgrade Project, any changes from the project estimates, and the identified cause;
- The total costs incurred to date for the gas AMI Upgrade Project;

- The actual costs incurred in the previous calendar year for the AMI Network deployment, any changes from the project estimates, and the identified cause; and
- An explanation of any factors that have affected costs for the AMI Upgrade Project.

The foregoing annual compliance filings are to be made by the end of the first quarter of each year, and NIPSCO will report actual information based upon the prior calendar year and estimated information about the current calendar year. This obligation shall terminate after NIPSCO has completed its AMI Project and made a subsequent compliance filing.

5. Operating Revenues. The Settling Parties stipulate to NIPSCO's agreement to forego a reduction of \$2,386,129 of overstated revenue presented in NIPSCO Witness Davis's rebuttal testimony, which had the effect of decreasing forecasted Retail Revenue and increasing the revenue deficiency at present rates.

6. O&M Expenses: The Settling Parties stipulate that NIPSCO's forecasted pro forma O&M Expenses should be decreased by \$8,235,386, as follows: (a) Labor (Adjustment OM 1) – reduction of \$341,910 from \$71,905,040 to \$71,563,130; (b) Uncollectible Expense (Adjustment OM 11) – reduction of \$11,499 from \$2,114,495 to \$2,102,996; (c) Gas Operations Expense (Adjustment OM 2) – reduction of \$1,945,844 from \$45,853,342 to \$43,907,498; and (d) Other reduction of \$5,936,131.

7. Taxes Other Than Income Taxes: The Settling Parties stipulate that NIPSCO's forecasted pro forma Taxes Other than Income Taxes expense should be decreased by \$28,761, as follows: (a) Payroll Taxes (Adjustment OTX-2) – reduction of \$26,156 from \$5,053,367 to \$5,027,211; and (b) Public Utility Fee (Adjustment OTX-5) – reduction of \$2,604 from \$1,433,771 to \$1,431,167.

8. Implementation. The Settling Parties agree the rate change will be implemented on a services rendered basis after NIPSCO's new tariff has been approved by the Commission's Energy Division.

9. Rate Base Update Mechanism. The Settling Parties agree that NIPSCO should be authorized to modify its base rates and charges for natural gas utility service in two steps as described herein. The Settling Parties agree to the following process for the implementation of rates in two steps:

(a) Step 1 Rates. The first change in rates will be based on the agreed revenue requirement as adjusted to reflect the actual original cost of NIPSCO's rate base, actual capital structure, and associated annualized depreciation and amortization expense as of June 30, 2024 ("Phase 1"). Following issuance of a Final Order in this Cause approving this Agreement, Phase 1 rates will go into effect on a services rendered basis after the new tariff has been approved by the Commission's Energy Division, on an interim subject to refund basis, pending the 60-day review process all

other parties shall have to review and present any objections. NIPSCO will certify its actual total rate base, capital structure, and associated annualized depreciation and amortization expenses as of June 30, 2024, and implement base rates using the forecasted results of operation for the test year as found in the Order. If needed to resolve any objections, the Commission will conduct a hearing and rates will be trued up, retroactive to the date such rates were put into place.

(b) Step 2 Rates. NIPSCO will certify its actual total rate base, capital structure, and associated annualized depreciation and amortization expenses at test-year end (December 31, 2024). Step 2 rates will be based on the agreed revenue requirement as of December 31, 2024, as adjusted for this certification. Actual certified net original cost rate base to be reflected in Step 2 rates shall include the lesser of (a) NIPSCO's forecasted additions to test-year-end Total Utility Plant of \$1,354,396,680, or (b) NIPSCO's actual additions to Total Utility Plant as of December 31, 2024. Step 2 rates will take effect on a services rendered basis after the new rates have been approved by the Commission's Energy Division, on an interim-subject-to-refund basis, with other parties having a period of 60 days to review and present any objections. If needed to resolve any objections, the Commission will conduct a hearing, and rates will be trued up, retroactive to the date such rates were put into place. To the extent any additions to Utility Plant are excluded from net original cost rate base because NIPSCO's total additions to Utility Plant in Service exceeds \$1,354,396,680, NIPSCO

shall include with its submission a list of the work orders which have been placed in service, but which are not being included in rate base in this Cause. For purposes of this Paragraph B.9., “certify” means NIPSCO has determined that it has substantially completed the amount of plant indicated in its certification and the corresponding plant additions have been placed in service and are used and useful in providing utility service as of the date of certification. NIPSCO will serve all Settling Parties with its certification.

(c) To the extent the actual revenue requirement resulting from either paragraph (a) or (b) of this section is different from \$1,114,923,631 as provided in Paragraph B.1(a) herein, the difference shall be reflected by changing the rates set forth in NIPSCO Witness Sears’ Attachment 2-S-A in an across-the-board fashion.

(d) As set forth in the Verified Rebuttal Testimony of Richard D. Weatherford (Petitioner’s Exhibit No. 3-R), the forecasted additions to Utility Plant in Service (“UPIS”) serve as a cap in calculating the actual rate base that is ultimately submitted as part of NIPSCO’s Step 2 Compliance Filing. However, the forecasted additions to UPIS are only a cap for purposes of this proceeding (not a cap for purposes of a future general rate case or for purposes of NIPSCO’s capital trackers).

(e) NIPSCO will exclude the net book value of technology costs to set up the billing and enrollment functionality for its Green Path Rider from its rate base at

Step 1 and Step 2 (cutoff as of June 30, 2024 and December 31, 2024) as established in this Cause.

10. Revenue Allocation. The Settling Parties stipulate to the allocation of the agreed \$120,948,338 revenue increase between classes as shown below. The TDSIC allocators are as shown on Joint Exhibit C attached hereto.

	Margin Revenues at Current Rates	Revenue Increase	Percentage Increase on Margin
Rate 211	\$376,460,321	\$78,331,049	20.81%
Rate 215	\$2,852,398	\$593,506	20.81%
Rate 221	\$121,103,007	\$25,198,208	20.81%
Rate 225	\$17,878,181	\$3,719,958	20.81%
Rate 228 HP	\$42,228,571	\$12,039,229	28.51%
Rate 228 DP	\$17,784,217	\$1,066,388	6.00%
Rate 234	\$69,452	-	0.00%
Rate 238	\$6,043,060	-	0.00%
Total	\$584,419,207	\$120,948,338	20.70%

The Settling Parties agree that the revenue allocation for the agreed revenue requirement as included in the table set forth above, is solely for the purposes of settlement in this Cause and is without adoption or endorsement of any specified methodology. In its next gas rate case, NIPSCO will prepare alternative studies using Design Day demand and peak-and-average methodologies, and all parties reserve the right to take positions on cost of service without regard to the agreed allocation in this case.

11. Rate Design. The Settling Parties agree to monthly customer charges for residential and small general service (Rates 311, 315, 321) as follows:

Residential:	\$16.50
Multi Family:	\$20.75
General Service Small:	\$67.00

The Settling Parties agree to increase monthly customer charges for Large Transportation and Balancing Service, Rate 328 HP and 328 DP to:

Rate 328 HP	\$4,500
Rate 328 DP	\$4,000

The Settling Parties agree a third volume block is being created for Large Transportation and Balancing Service, Rate 328 HP, for volumes over 500,000 therms per month with the following volumetric rates per block per therm:

1 st Block	0-300,000 Therms	\$0.047735
2 nd Block	300,001-500,000 Therms	\$0.010838
3 rd Block	Everything over 500,000 Therms	\$0.010189

12. Regulatory Mechanisms.

(a) Balancing Accounts. NIPSCO's proposed pension/OPEB and line locate balancing accounts are withdrawn.

(b) Weather Normalization Adjustment. NIPSCO's proposed Sales Reconciliation Adjustment is withdrawn and replaced by the annual Weather

Normalization Adjustment (“WNA”) mechanism. The Settling Parties agree to NIPSCO’s methodology of the WNA mechanism presented in the Verified Rebuttal Testimony of John D. Taylor (Petitioner’s Exhibit No. 16-R), with the following changes:

(i) The billed amount for Rates 311, 315, 321, and/or 325 Customer (including Riders 351, 380, 381) shall be subject to the WNA for each customer’s usage starting on October 1 through May 31. This is dependent on NIPSCO’s ability to only apply the WNA to customer’s usage starting on October 1 and ending on May 31. Inclusion of May in NIPSCO’s WNA for purposes of this Agreement is in recognition of the distinctive characteristics of NIPSCO’s service territory, including, but not limited to, the weather patterns unique to its service territory during May, particularly the lake effect weather during May.

(ii) NIPSCO will calculate the weather normalization revenue adjustment for each month of the period indicated above and will accumulate those to be filed in an annual WNA filing in June or July each year. The filing will have at least a 60-day timeline - 30 days for the OUCC and other interested parties to review and 30 days for the Commission to issue an order, which is similar to NIPSCO’s GCA process. NIPSCO will provide workpapers to the OUCC monthly, to facilitate the OUCC’s review of the filing when made, as it does for the OUCC in the GCA. NIPSCO will also make workpapers available to

all intervenors in each proceeding, subject to the appropriate non-disclosure protections for any confidential information.

(iii) The WNA will be charged to customers over the same time period it was accumulated (starting on October 1 and ending on May 31) to ensure, to the extent practical, customers who use no gas in the summer months are not providing a subsidy.

(iv) The second year of the WNA filing and all subsequent years will include a reconciliation of the filed WNA revenue and actual WNA revenue from the prior winter period set out in the prior year filing, with that variance returned to or recovered from customers in the next winter period.

(v) If NIPSCO implements a new billing system, NIPSCO will evaluate the new system to determine its ability to calculate weather normalization on a real time basis and apply the WNA to customers' bills in real time as is generally the practice of other Indiana gas utilities. If NIPSCO implements a new billing system without the ability to calculate the WNA on a real time basis, NIPSCO shall, upon selecting such billing system, provide explanations to the OUCC and CAC as to why a billing system with that capability was not chosen.

(c) NIPSCO will continue to recover lost margins related to NIPSCO's 2024-2026 Gas Energy Efficiency Plan via the existing DSM tracking mechanism.

13. Tariff Changes.

(a) Bank Account Capacity Charge: The Settling Parties agree to a Bank Account Capacity Charge of \$0.0600 per Therm of capacity per month.

(b) Universal Service Program ("USP") Rider: The Settling Parties agree that NIPSCO will fund 35% of the USP program expenses. NIPSCO's contribution to USP expenses will not exceed \$650,000 in any program year, but the Company's administrative expenses are not included in the \$650,000 contribution. The Settling Parties agree that NIPSCO will increase the discount for the three tiers used to determine the assistance amount for customers that are at or below 60% of state median income to 15% (Tier 1), 26% (Tier 2), and 32% (Tier 3).

14. Other Affordability Issues.

(a) INCAA Funding: NIPSCO will provide Indiana Community Action Association with \$100,000 in both 2024 and 2025 to assist NIPSCO's low-income customers. NIPSCO's revenue deficiency in this Cause will not be adjusted to include the incremental costs of this contribution, and such contributions shall not be recoverable from ratepayers.

(b) Disconnection Policy: NIPSCO currently uses a policy to determine the relative risk of residential accounts and which accounts will be prioritized for disconnection or other collection activity after a bill becomes delinquent (“Disconnection Policy”). With regard to the Disconnection Policy, the Settling Parties agree that NIPSCO will change Dollar Threshold Levels for its Disconnection Policy as follows:

	NIPSCO Current Practice	NIPSCO Revised Practice
Good Risk	N/A	N/A
Low Risk	Arrears > \$700	Arrears > \$700
Medium Risk	Arrears > \$120	Arrears > \$240
High Risk	Arrears > \$60	Arrears > \$150

(c) Following issuance of a final order in this proceeding, NIPSCO will remove the following two criteria from its Disconnection Policy: (1) Prior NSF [Not Sufficient Funds] Checks; and (2) Bankruptcy.

(d) NIPSCO shall, through a third-party, conduct a review of policies and procedures for disconnecting and reconnecting customers for nonpayment, in consultation with CAC, the OUCC, and other interested stakeholders. NIPSCO will allow appropriate time for participants to provide verbal and written feedback on the equity impacts of those policies and procedures and will work in good faith to meaningfully address feedback and resolve concerns.

(e) NIPSCO will not perform residential gas disconnections for nonpayment on Fridays, Saturdays, Sundays, and Holidays.

(f) NIPSCO will not disconnect residential gas customers during the winter moratorium (as defined in Ind. Code § 8-1-2-121) if the customer can show they have an appointment to apply for the federally funded Energy Assistance Program (“EAP”) with a local EAP intake office.

15. Other Issues.

(a) Threshold for Transport Service: As part of preparing cost of service for its next gas base rate case, NIPSCO will study operational and usage characteristics of potential gas transportation customers to determine if adjustments to the existing gas transportation rates or the creation of another gas transportation rate with a lower minimum volumetric threshold would be appropriate. This review will include, but will not be limited to, a review of the appropriate minimum daily volumetric threshold level for participation in Rate 338 and a comparison of NIPSCO’s threshold levels to other similar Indiana utilities, including CenterPoint Energy Indiana. This may lead NIPSCO to ultimately propose something similar or something different than what is currently available.

(b) NIPSCO Telemetry Field Trial. NIPSCO will allow up to five (5) of Direct Energy's transportation customers to participate in NIPSCO's 2024 field trial of telemetry technology under mutually agreeable terms.

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. 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 a 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 Attorneys' Conference to be convened to establish a procedural schedule for the continued litigation of this proceeding.

4. The Settling Parties acknowledge that this Settlement Agreement addresses all issues in this proceeding, including the appropriate revenue requirement and allocation of costs, and includes compromises upon the part of each Settling Party. The Settling Parties agree that this Agreement and each term, condition, amount, methodology, and exclusion contained herein (a) reflects a fair, just, and reasonable resolution and compromise for the purpose of settlement; (b) has accounted for the overall level of risk presented to NIPSCO by the Settlement Agreement; and (c) 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 resolve disputes and avoid litigation with attendant unknowns, 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. The Settling Parties further agree that the respective cases-in-chief of NIPSCO, the OUCC, the Industrial Group, Direct Energy, CAC, and SDI may be admitted into the evidentiary record, and each of the Settling Parties waives cross-examination with respect thereto.

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 a Final Order approving this Agreement without any unacceptable modification 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 any such 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 terms set forth in this Agreement are the complete and final agreement among the Settling Parties. 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 confidential and privileged.

ACCEPTED AND AGREED this 20th of March, 2024.

[SIGNATURE PAGES FOLLOW]

Northern Indiana Public Service Company LLC




Erin A. Whitehead

Vice President

Regulatory and Major Accounts

Indiana Office of Utility Consumer Counselor




Thomas R. Harper

Deputy Consumer Counselor

Indiana Office of Utility Consumer Counselor

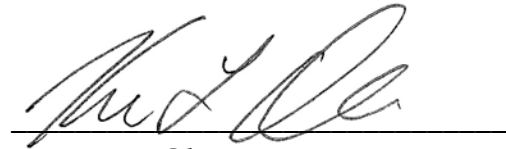
NIPSCO Industrial Group

A handwritten signature in blue ink, reading "Joseph P. Ryzek", is written over a horizontal line. The signature is fluid and cursive, with the first name "Joseph" and last name "Ryzek" clearly legible.

Steel Dynamics, Inc.

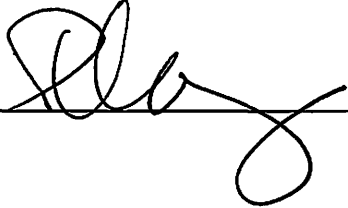
A handwritten signature in black ink, appearing to read "Steel Dynamics".

Citizens Action Coalition of Indiana, Inc.

A handwritten signature in black ink, appearing to read "K. L. Olson", is written over a solid horizontal line.

Kerwin L. Olson
Executive Director

Direct Energy Business Marketing

by  _____

Northern Indiana Public Service Company LLC
Statement of Operating Income
Actual, Pro forma, and Proposed
For the Twelve Month Period Ending December 31, 2024

Line No.	Description	Actual	Pro forma Adjustments Increases (Decreases)	Attachment 3-B Reference ¹	Pro forma Results Based on Current Rates	Pro forma Adjustments Increases (Decreases)	Attachment 3-C Reference	Pro forma Results Based on Proposed Rates
	A	B	C	D	E	F	G	H
1	Operating Revenue							
2	Revenue (Actual / Pro Forma)	\$ 1,055,517,597		REV, Col A	\$ 993,975,293	120,948,338	PF - 1 -S2 - S	\$ 1,114,923,631
3	Pro forma Adjustments December 31, 2022		(70,781,929)	REV, Col B+C				
4	2023 Year-Over-Year Increase/(Decrease)		39,686,855	REV-S, Col E				
5	2024 Year-Over-Year Increase/(Decrease)		(39,546,474)	REV-S, Col G				
6	Ratemaking Adjustments December 31, 2024		9,099,244	REV, Col I				
7	Settlement Adjustments December 31, 2024		-	REV-S, Col K				
8	Total Operating Revenue	\$ 1,055,517,597	\$ (61,542,304)		\$ 993,975,293	\$ 120,948,338		\$ 1,114,923,631
9	Gas Costs (Trackable)							
10	Fuel and Purchase Power Cost (Actual / Pro Forma)	\$ 556,693,605		COGS, Col A	\$ 400,343,545	-		\$ 400,343,545
11	Pro forma Adjustments December 31, 2022		(114,094,280)	COGS, Col B+C				
12	2023 Year-Over-Year Increase/(Decrease)		18,351,607	COGS Col E				
13	2024 Year-Over-Year Increase/(Decrease)		(62,872,469)	COGS, Col G				
14	Ratemaking Adjustments December 31, 2024		2,265,081	COGS, Col I				
15	Total Gas Costs	\$ 556,693,605	\$ (156,350,060)		\$ 400,343,545	\$ -		\$ 400,343,545
16	Gross Margin	\$ 498,823,991	\$ 94,807,756		\$ 593,631,748	\$ 120,948,338		\$ 714,580,086
17	Operations and Maintenance Expenses							
18	Operations and Maintenance Expenses (Actual / Pro Forma)	\$ 248,884,633		O&M, Col A	\$ 250,538,738	504,400	PF - 2 - S2 - S	\$ 251,043,139
19	Pro forma Adjustments December 31, 2022		(6,733,284)	O&M, Col B				
20	2023 Year-Over-Year Increase/(Decrease)		11,631,700	O&M, Col D				
21	2024 Year-Over-Year Increase/(Decrease)		8,986,283	O&M, Col F				
22	Ratemaking Adjustments December 31, 2024		(6,294,463)	O&M-R, Col H				
23	Settlement Adjustments December 31, 2024		(5,936,131)	O&M-S, Col J				
24	Total Operations and Maintenance Expense	\$ 248,884,633	\$ 1,654,105		\$ 250,538,738	\$ 504,400		\$ 251,043,139
25	Depreciation Expense							
26	Depreciation Expense (Actual / Pro Forma)	\$ 75,110,862		DEPR, Col A	\$ 116,647,848			\$ 116,647,848
27	Pro forma Adjustments December 31, 2022		(485,698)	DEPR, Col B				
28	2023 Year-Over-Year Increase/(Decrease)		8,087,212	DEPR, Col D				
29	2024 Year-Over-Year Increase/(Decrease)		16,105,636	DEPR, Col F				
30	Ratemaking Adjustments December 31, 2024		22,729,836	DEPR, Col H				
31	Settlement Adjustments December 31, 2024		(4,900,000)	DEPR-S, Col J				
32	Total Depreciation Expense	\$ 75,110,862	\$ 41,536,986		\$ 116,647,848	\$ -		\$ 116,647,848

Northern Indiana Public Service Company LLC
Statement of Operating Income
Actual, Pro forma, and Proposed
For the Twelve Month Period Ending December 31, 2024

Line No.	Description	Actual	Pro forma Adjustments Increases (Decreases)	Attachment 3-B Reference ¹	Pro forma Results Based on Current Rates	Pro forma Adjustments Increases (Decreases)	Attachment 3-C Reference	Pro forma Results Based on Proposed Rates
	A	B	C	D	E	F	G	H
33	Amortization Expense							
34	Amortization Expense (Actual / Pro Forma)	\$ 10,239,228		AMTZ, Col A	\$ 33,559,344			\$ 33,559,344
35	Pro forma Adjustments December 31, 2022		4,321,930	AMTZ, Col B				
36	2023 Year-Over-Year Increase/(Decrease)		9,638,192	AMTZ, Col D				
37	2024 Year-Over-Year Increase/(Decrease)		4,564,844	AMTZ, Col F				
38	Ratemaking Adjustments December 31, 2024		9,201,629	AMTZ-R, Col H				
39	Settlement Adjustments December 31, 2024		(4,406,479)	AMTZ-S, Col J				
40	Total Amortization Expense	\$ 10,239,228	\$ 23,320,116		\$ 33,559,344	\$ -		\$ 33,559,344
41	Taxes							
42	Taxes Other than Income							
43	Taxes Other than Income (Actual / Pro Forma)	\$ 27,775,008		OTX, Col A	\$ 24,110,580			\$ 24,110,580
44	Pro forma Adjustments December 31, 2022		(8,126,834)	OTX, Col B				
45	2023 Year-Over-Year Increase/(Decrease)		2,210,193	OTX, Col D				
46	2024 Year-Over-Year Increase/(Decrease)		2,007,955	OTX, Col F				\$ -
47	Ratemaking Adjustments December 31, 2024		244,258	OTX-R, Col H		177,504	PF - 3 - S2 - S	\$ 177,504
48	Total Taxes Other Than Income	\$ 27,775,008	\$ (3,664,428)		\$ 24,110,580	\$ 177,504		\$ 24,288,084
49	Operating Income Before Income Taxes	\$ 136,814,260	\$ 31,960,976		\$ 168,775,236	\$ 120,266,433		\$ 289,041,670
50	Income Taxes							
51	Federal and State Taxes (Actual / Pro Forma)	\$ 17,561,373	(1,670,909)	Attachment 3-C-S, ITX 1-S	\$ 15,890,464	29,911,465	PF - 4 - S2 - S	\$ 45,801,929
52	Total Taxes	\$ 45,336,381	\$ (5,335,337)		\$ 40,001,044	\$ 30,088,969		\$ 70,090,013
53	Total Operating Expenses including Income Taxes	\$ 379,571,104	\$ 61,175,871		\$ 440,746,975	\$ 30,593,369		\$ 471,340,345
54	Required Net Operating Income	\$ 119,252,887	\$ 33,631,885		\$ 152,884,772	\$ 90,354,969		\$ 243,239,741

Footnote 1 - Unless otherwise noted

**Northern Indiana Public Service Company LLC
Calculation of Proposed Revenue Increase
Based on Pro forma Operating Results
Original Cost Rate Base Estimated at December 31, 2024**

Line No.	Description			<u>Revenue Deficiency</u>
1	Net Original Cost Rate Base			\$ 3,484,810,045
2	Rate of Return			6.98%
3	Net Operating Income			<u>243,239,741</u>
4	Pro forma Net Operating Income			<u>152,884,772</u>
5	Increase in Net Operating Income (NOI Shortfall)			90,354,969
6	Effective Incremental Revenue/ NOI Conversion Factor			<u>74.705%</u>
7	Increase in Revenue Requirement (Based on Net Original Cost Rate Base) (Line 5 / Line 6)			<u>\$ 120,948,338</u>
8	One	1.000000		
9	Less: Public Utility Fee	0.001468		
10	Less: Bad Debt	<u>0.004170</u>		
11	State Taxable Income		0.994362	
12	Taxable Adjusted Gross Income Tax	0.994362		
13	Adjusted Gross Income Tax Rate	<u>0.049000</u>		
14	Adjusted Gross Income Tax		<u>0.048724</u>	
15	Line 11 less line 14			0.945638
16	One		1.000000	
17	Less: Federal Income Tax Rate		<u>0.210000</u>	
18	One Less Federal Income Tax Rate			0.790000
19	Effective Incremental Revenue / NOI Conversion Factor			74.705%

Northern Indiana Public Service Company LLC
 Summary of Rate Base
 As Of December 31, 2024

<u>Line No.</u>	<u>Description</u>	<u>As Of December 31, 2024</u>	<u>Attachment 3-B-S2 Reference</u>
	<u>Gas Rate Base</u>		
1	Utility Plant	\$ 4,959,411,735	RB, Col I
2	Common Allocated	264,958,780	RB, Col I
3	Total Gas Utility Plant	5,224,370,516	RB, Col I
4	Utility Plant Accumulated Depreciation and Amortization	(1,706,665,078)	RB, Col I
5	Common Allocated Accumulated Depreciation and Amortization	(160,451,815)	RB, Col I
6	Total Gas Accumulated Depreciation and Amortization	(1,867,116,893)	RB, Col I
7	Net Gas Utility Plant	\$ 3,357,253,623	RB, Col I
8	Cause No. 44988 & 45621 Regulatory Assets	11,798,908	RB, Col I
9	TDSIC Regulatory Asset	14,874,792	RB, Col I
10	FMCA Regulatory Asset	8,503,778	RB, Col I
11	Materials & Supplies	17,337,093	RB, Col I
12	Gas Stored Underground - Current A/C 164 (13-mo avg)	70,092,430	RB, Col I
13	Gas Stored Underground - Non-Current A/C 117	4,949,422	RB, Col I
14	Total Gas Rate Base	\$ 3,484,810,045	RB, Col I

Northern Indiana Public Service Company LLC
Capital Structure
As Of December 31, 2024

Line No.	Description	Total Company Capitalization	Percent of Total	Cost	Weighted Average Cost
	A	B	C	D	E
1	Common Equity	\$ 5,879,498,162	52.39%	9.75%	5.11%
2	Long-Term Debt	4,168,964,776	37.15%	4.94%	1.84%
3	Customer Deposits	67,265,050	0.60%	5.76%	0.03%
4	Deferred Income Taxes	1,505,117,107	13.41%	0.00%	0.00%
5	Post-Retirement Liability	4,449,551	0.04%	0.00%	0.00%
6	Prepaid Pension Asset	(403,801,782)	-3.60%	0.00%	0.00%
7	Post-1970 ITC	391,628	0.00%	7.75%	0.00%
8	Totals	\$ 11,221,884,492	100.00%		6.98%

Cost of Investor Supplied Capital

	Description	Total Company Capitalization	Percent of Total	Cost	Weighted Average Cost
	A	B	C	D	E
9	Common Equity	\$ 5,879,498,162	58.51%	9.75%	5.70%
10	Long-Term Debt	4,168,964,776	41.49%	4.94%	2.05%
11	Totals	\$ 10,048,462,938	100.00%		7.75%

NORTHERN INDIANA PUBLIC SERVICE COMPANY

TABLE 1. SUMMARY OF ESTIMATED SURVIVOR CURVE, NET SALVAGE PERCENT, ORIGINAL COST, BOOK DEPRECIATION RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO GAS PLANT AS OF DECEMBER 31, 2024

ACCOUNT (1)	PROBABLE RETIREMENT DATE (2)	SURVIVOR CURVE (3)	NET SALVAGE PERCENT (4)	ORIGINAL COST AS OF DECEMBER 31, 2024 (5)	BOOK DEPRECIATION RESERVE (6)	FUTURE ACCRUALS (7)	CALCULATED ANNUAL ACCRUAL (8)		COMPOSITE REMAINING LIFE (10)=(8)/(9)	
							AMOUNT (8)	RATE (9)=(8)/(5)		
DEPRECIABLE PLANT										
UNDERGROUND STORAGE PLANT										
350.20	LEASEHOLDS	06-2042	75-R4 *	0	377,041.79	377,042	0	0	- ***	-
350.40	RIGHTS OF WAY	06-2042	75-R4 *	0	187,343.01	111,381	75,962	4,397	2.35	17.3
351.10	WELL STRUCTURES	06-2042	70-R4 *	(10)	18,848.51	17,741	2,992	181	0.96	16.5
351.20	COMPRESSOR STATION STRUCTURES	06-2042	70-R4 *	(10)	402,897.05	315,590	127,597	7,324	1.82	17.4
351.30	MEASURING AND REGULATING STATION STRUCTURES	06-2042	70-R4 *	(10)	108,989.10	119,888	0	0	- ***	-
351.40	OTHER STRUCTURES	06-2042	70-R4 *	(10)	6,392,614.27	3,130,434	3,901,442	229,031	3.58	17.0
352.00	WELLS	06-2042	65-S4 *	(10)	30,827,097.50	16,037,625	17,872,182	1,025,663	3.33	17.4
352.30	NONRECOVERABLE NATURAL GAS	06-2042	50-SQ *	0	5,414,970.23	5,009,090	405,880	23,193	0.43	17.5
353.00	LINES	06-2042	50-S1.5 *	(25)	33,965,054.66	22,501,232	19,955,086	1,167,118	3.44	17.1
354.00	COMPRESSOR STATION EQUIPMENT	06-2042	50-R3 *	(10)	5,235,333.04	3,254,502	2,504,364	145,156	2.77	17.3
355.00	MEASURING AND REGULATING STATION EQUIPMENT	06-2042	60-R2.5 *	(10)	3,534,546.32	2,285,969	1,602,032	96,607	2.73	16.6
356.00	PURIFICATION EQUIPMENT	06-2042	65-R4 *	(5)	14,843,529.22	9,723,531	5,862,175	335,834	2.26	17.5
357.00	OTHER EQUIPMENT	06-2042	30-S2.5 *	0	1,014,216.30	998,431	15,785	1,022	0.10	15.4
TOTAL UNDERGROUND STORAGE PLANT					102,322,481.00	63,882,456	52,325,497	3,035,526	2.97	
OTHER STORAGE PLANT										
361.00	STRUCTURES AND IMPROVEMENTS	06-2031	65-R4 *	(10)	10,321,899.20	9,307,742	2,046,347	317,401	3.08	6.4
362.10	GAS HOLDERS	06-2031	55-S3 *	(10)	18,160,971.20	19,016,791	960,277	148,491	0.82	6.5
363.00	PURIFICATION EQUIPMENT	06-2031	55-S2.5 *	(10)	2,088,231.20	1,614,539	682,515	111,192	5.32	6.1
363.10	LIQUEFACTION EQUIPMENT	06-2031	50-S2 *	(10)	8,531,492.52	7,680,807	1,703,835	276,275	3.24	6.2
363.20	VAPORIZING EQUIPMENT	06-2031	50-R2 *	(10)	5,268,986.80	5,129,154	666,731	105,785	2.01	6.3
363.30	COMPRESSOR EQUIPMENT	06-2031	40-R2 *	(10)	3,066,102.96	2,256,194	1,116,519	179,155	5.84	6.2
363.40	MEASURING AND REGULATING EQUIPMENT	06-2031	55-R1.5 *	(10)	1,730,864.52	1,308,939	595,012	94,404	5.45	6.3
363.50	OTHER EQUIPMENT	06-2031	35-R2 *	(10)	3,199,735.18	2,040,409	1,479,300	240,776	7.52	6.1
TOTAL OTHER STORAGE PLANT					52,368,283.58	48,354,575	9,250,536	1,473,479	2.81	
TRANSMISSION PLANT										
365.20	LAND RIGHTS		75-R4	0	21,275,449.21	3,190,858	18,084,591	329,586	1.55	54.9
366.20	MEASURING AND REGULATING STATION STRUCTURES		60-R3	(5)	11,170,500.49	1,679,813	10,049,213	192,559	1.72	52.2
366.30	OTHER STRUCTURES		55-R4	(5)	2,247,576.86	250,557	2,109,399	44,178	1.97	47.7
367.00	MAINS		100-R3	(40)	1,050,465,783.18	134,842,260	1,335,809,836	14,520,405	1.38	92.0
369.00	MEASURING AND REGULATING STATION EQUIPMENT		60-R2	(35)	342,330,837.64	38,771,363	423,375,268	7,667,582	2.24	55.2
371.00	OTHER EQUIPMENT		30-R2.5	0	47,498.51	47,499	0	0	- ***	-
TOTAL TRANSMISSION PLANT					1,427,537,645.89	178,782,350	1,789,428,307	22,754,310	1.59	
DISTRIBUTION PLANT										
374.20	LAND RIGHTS		75-R4	0	3,633,836.47	521,934	3,111,902	48,251	1.33	64.5
375.00	STRUCTURES AND IMPROVEMENTS		70-R4	(15)	12,965,582.31	2,395,334	12,515,086	218,583	1.69	57.3
376.10	MAINS - STEEL		92-R2.5	(30)	394,101,076.30	153,506,360	358,825,039	4,854,058	1.23	73.9
376.20	MAINS - PLASTIC		92-R2.5	(30)	1,119,758,043.50	313,098,116	1,142,587,341	13,836,678	1.24	82.6
378.00	MEASURING AND REGULATING STATION EQUIPMENT - GENERAL		55-R1.5	(35)	80,713,398.27	26,186,574	82,776,514	1,790,487	2.22	46.2
380.10	SERVICES - STEEL		65-R2	(115)	75,054,110.27	55,887,686	105,478,651	3,352,050	4.47	31.5
380.20	SERVICES - PLASTIC		65-R2	(115)	879,561,553.65	502,414,453	1,388,642,887	26,314,264	2.99	52.8
381.00	METERS		21-L2.5	(5)	197,671,724.69	44,465,584	163,089,727	16,431,512	8.31	9.9
382.00	METER INSTALLATIONS		23-L1.5	(40)	230,249,593.15	137,896,179	184,453,251	11,657,642	5.06	15.8
383.00	HOUSE REGULATORS		60-R1.5	(40)	141,843,847.56	81,653,996	116,927,391	2,210,704	1.56	52.9
384.00	HOUSE REGULATOR INSTALLATIONS		55-R2.5	(10)	3,879,272.64	3,200,352	1,066,848	24,377	0.63	43.8
385.00	INDUSTRIAL MEASURING AND REGULATING STATION EQUIPMENT		62-R2.5	(15)	76,257,656.10	28,798,261	58,898,044	1,307,238	1.71	45.1
386.00	OTHER PROPERTY ON CUSTOMER PREMISES		15-R3	0	40,914.56	35,479	5,436	385	0.94	14.1
TOTAL DISTRIBUTION PLANT					3,215,730,609.47	1,350,060,308	3,618,378,117	82,046,229	2.55	
GENERAL PLANT										
389.20	LAND RIGHTS		65-R4	0	2,166,283.25	277,435	1,888,848	42,653	1.97	44.3
390.00	STRUCTURES AND IMPROVEMENTS									
	GAS OPERATIONS CENTER	06-2044	50-S0 *	(10)	2,969,959.68	1,690,538	1,576,418	98,273	3.31	16.0
	SOUTH BEND OPERATIONS HEADQUARTERS	06-2042	50-S0 *	(10)	5,879,069.46	3,345,618	3,121,358	214,099	3.64	14.6

NORTHERN INDIANA PUBLIC SERVICE COMPANY

TABLE 1. SUMMARY OF ESTIMATED SURVIVOR CURVE, NET SALVAGE PERCENT, ORIGINAL COST, BOOK DEPRECIATION RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO GAS PLANT AS OF DECEMBER 31, 2024

ACCOUNT	PROBABLE	SURVIVOR	NET	ORIGINAL COST	BOOK	FUTURE	CALCULATED		COMPOSITE
	RETIREMENT						CURVE	SALVAGE	
(1)	DATE	(3)	PERCENT	DECEMBER 31, 2024	RESERVE	(7)	AMOUNT	(9)=(8)/(5)	LIFE
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)=(8)/(5)	(10)=(7)/(8)
CENTRAL GAS METER SHOP	06-2034	50-S0 *	(10)	2,175,690.02	1,512,172	881,087	101,548	4.67	8.7
PERU OPERATIONS HEADQUARTERS	06-2038	50-S0 *	(10)	1,407,070.67	714,178	833,600	68,606	4.88	12.2
FORT WAYNE OPERATIONS HEADQUARTERS	06-2040	50-S0 *	(10)	6,228,933.75	3,473,411	3,378,416	277,864	4.46	12.2
OTHER MISCELLANEOUS STRUCTURES		50-S0	(10)	9,181,560.26	1,945,048	8,154,668	210,570	2.29	38.7
TOTAL STRUCTURES AND IMPROVEMENTS				27,842,283.84	12,680,965	17,945,547	970,960	3.49	
391.10 OFFICE FURNITURE AND EQUIPMENT		20-SQ	0	979,259.16	621,926	357,333	48,961	5.00	7.3
391.20 COMPUTER EQUIPMENT		7-SQ	0	801,180.68	629,500	171,681	114,454	14.29	1.5
392.40 TRANSPORTATION EQUIPMENT - TRUCKS > 13,000 #		15-L4	20	229,771.29	183,817	0	0	-	***
393.00 STORES EQUIPMENT		30-SQ	0	120,012.78	62,043	57,970	3,995	3.33	14.5
394.00 TOOLS, SHOP AND GARAGE EQUIPMENT		25-SQ	0	16,757,376.97	7,275,000	9,482,377	670,317	4.00	14.1
395.00 LABORATORY EQUIPMENT		20-SQ	0	1,725,512.26	1,018,000	707,512	86,312	5.00	8.2
396.00 POWER OPERATED EQUIPMENT		13-L2	15	869,209.94	738,828	0	0	-	***
397.00 COMMUNICATION EQUIPMENT		15-SQ	0	11,874,400.39	1,873,000	10,001,400	792,004	6.67	12.6
398.00 MISCELLANEOUS EQUIPMENT		20-SQ	0	324,197.87	181,900	142,298	16,204	5.00	8.8
TOTAL GENERAL PLANT				63,689,488.43	25,542,414	40,754,966	2,745,860	4.31	
UNRECOVERED RESERVE ADJUSTMENT FOR AMORTIZATION									
391.10 OFFICE FURNITURE AND EQUIPMENT					(80,504)		26,835	**	
391.20 COMPUTER EQUIPMENT					(572,869)		190,956	**	
393.00 STORES EQUIPMENT					(7,612)		2,537	**	
394.00 TOOLS, SHOP AND GARAGE EQUIPMENT					(687,826)		229,275	**	
395.00 LABORATORY EQUIPMENT					(96,682)		32,227	**	
397.00 COMMUNICATION EQUIPMENT					(159,977)		53,326	**	
398.00 MISCELLANEOUS EQUIPMENT					18,508		(6,169)	**	
TOTAL UNRECOVERED RESERVE ADJUSTMENT FOR AMORTIZATION					(1,586,962)		528,987		
TOTAL DEPRECIABLE PLANT				4,861,648,508.37	1,665,035,141	5,510,137,423	112,584,391	2.32	
NONDEPRECIABLE PLANT AND ACCOUNTS NOT STUDIED									
301.00 ORGANIZATION				7,147.20	(36,462)				
302.00 FRANCHISES AND CONSENTS				56,860.68	41,766				
303.00 INTANGIBLE PLANT				51,239,974.45	42,114,290				
303.10 INTANGIBLE PLANT - CLOUD SOFTWARE				1,358,780.56	899,029				
350.10 LAND				83,338.02					
360.10 LAND				1,245,964.18					
365.10 LAND				39,692,485.72					
374.10 LAND				3,334,807.49					
388.00 ARO				28,374,694.80					
389.10 LAND				619,832.40					
TOTAL NONDEPRECIABLE PLANT				126,013,885.50	43,018,623				
TOTAL GAS PLANT IN SERVICE				4,987,662,393.87	1,708,053,764	5,510,137,423	112,584,391		

* INTERIM SURVIVOR CURVE USED. EACH LOCATION HAS A UNIQUE PROBABLE RETIREMENT DATE.
 ** 5-YEAR AMORTIZATION OF UNRECOVERED RESERVE RELATED TO IMPLEMENTATION OF AMORTIZATION ACCOUNTING.
 *** ACCRUAL RATE TO BE BOOKED FOR NEW ADDITIONS RECORDED AS OF JANUARY 1, 2025 WILL BE:

ACCOUNT	RATE
350.20	10.53
351.30	11.58
371.00	3.33
392.40	5.33
396.00	6.54

NOTE: ADDITIONS RECORDED IN THE FOLLOWING ACCOUNTS AS OF JANUARY 1, 2025 WILL USE THE ANNUAL ACCRUAL RATES LISTED BELOW.

ACCOUNT	RATE	SURIVOR CURVE/ NET SALVAGE %
381.10	6.67	15-S2.5 / 0%
392.10	8.89	9-L1 / 20%
392.20	5.71	14-S4 / 20%
392.30	8.00	10-L0.5 / 20%

TDSIC Allocators

Class	Margin Revenues at Current Rates	COGS	Total Revenues (Margin + COGS)	Revenue Increase	Total Revenue	Percentage of Total per Class which will be the TDSIC Allocator
Rate 211	\$ 376,460,321	\$ 279,902,092	\$ 656,362,412	\$ 78,331,049	\$ 734,693,461	66.58%
Rate 215	\$ 2,852,398	\$ 2,794,957	\$ 5,647,355	\$ 593,506	\$ 6,240,861	0.57%
Rate 221/234	\$ 121,172,459	\$ 100,793,960	\$ 221,966,419	\$ 25,198,208	\$ 247,164,627	22.40%
Rate 225	\$ 17,878,181	\$ 14,617,679	\$ 32,495,861	\$ 3,719,958	\$ 36,215,819	3.28%
Rate 228 DP	\$ 17,784,217		\$ 17,784,217	\$ 1,066,388	\$ 18,850,605	1.71%
Rate 228 HP	\$ 42,228,571		\$ 42,228,571	\$ 12,039,229	\$ 54,267,799	4.92%
Rate 238	\$ 6,043,060		\$ 6,043,060	\$ -	\$ 6,043,060	0.55%
Total	<u>\$ 584,419,207</u>	<u>\$ 398,108,688</u>	<u>\$ 982,527,895</u>	<u>\$ 120,948,338</u>	<u>\$ 1,103,476,233</u>	<u>100.00%</u>