STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

VERIFIED PETITION OF NORTHERN INDIANA PUBLIC SERVICE COMPANY LLC FOR (1) APPROVAL OF AN ADJUSTMENT TO ITS ELECTRIC SERVICE RATES THROUGH ITS TRANSMISSION, DISTRIBUTION, AND STORAGE SYSTEM IMPROVEMENT CHARGE ("TDSIC") RATE SCHEDULE; (2) AUTHORITY TO DEFER 20% OF THE APPROVED CAPITAL EXPENDITURES AND TDSIC COSTS FOR RECOVERY IN PETITIONER'S NEXT GENERAL RATE CASE; (3) APPROVAL OF PETITIONER'S UPDATED 7-YEAR ELECTRIC PLAN, INCLUDING ACTUAL AND PROPOSED ESTIMATED CAPITAL EXPENDITURES AND TDSIC COSTS THAT EXCEED THE APPROVED AMOUNTS IN CAUSE NO. 44733-TDSIC-6, AND (4) AUTHORITY TO MODIFY THE RATEMAKING TREATMENT AUTHORIZED IN CAUSE NO. 44371, ALL PURSUANT TO IND. CODE § 8-1-39-9.	)	**CAUSE NO. 44733-TDSIC-7**

SUBMISSION OF PROPOSED ORDER

Petitioner Northern Indiana Public Service Company LLC, by counsel, respectfully submits its form of proposed order. NIPSCO shared the attached proposed order with the Indiana Office of Utility Consumer Counselor, which it does not oppose. For purposes of convenience, a Word version of the proposed order will be provided to the Administrative Law Judge and the parties in this Cause via email transmission.

Respectfully submitted,

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CERTIFICATE OF SERVICE

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

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Dated this 5th day of January, 2021.

Bryan M. Likins

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VERIFIED PETITION OF NORTHERN INDIANA PUBLIC SERVICE COMPANY LLC FOR (1) APPROVAL OF AN ADJUSTMENT TO ITS ELECTRIC SERVICE RATES THROUGH ITS TRANSMISSION, DISTRIBUTION, AND STORAGE SYSTEM IMPROVEMENT CHARGE ("TDSIC") RATE SCHEDULE; (2) AUTHORITY TO DEFER 20% OF THE APPROVED CAPITAL EXPENDITURES AND TDSIC COSTS FOR RECOVERY IN PETITIONER'S NEXT GENERAL RATE CASE; (3) APPROVAL OF PETITIONER'S UPDATED 7-YEAR ELECTRIC PLAN, INCLUDING ACTUAL AND PROPOSED ESTIMATED CAPITAL EXPENDITURES AND TDSIC COSTS THAT EXCEED THE APPROVED AMOUNTS IN CAUSE NO. 44733-TDSIC-6, AND (4) AUTHORITY TO MODIFY THE RATEMAKING TREATMENT AUTHORIZED IN CAUSE NO. 44371, ALL PURSUANT TO IND. CODE § 8-1-39-9.	)	**CAUSE NO. 44733 TDSIC 7** **APPROVED:**

ORDER OF THE COMMISSION

Presiding Officers:
Sarah E. Freeman, Commissioner
David E. Veleta, Senior Administrative Law Judge

On September 29, 2020, Northern Indiana Public Service Company LLC ("NIPSCO" or "Petitioner") filed its Verified Petition in this Cause requesting: (1) approval of an adjustment to its Transmission, Distribution, and Storage System Improvement Charge ("TDSIC") Rate Schedule to be applicable for bills rendered during the billing cycles of February through July 2021 to effectuate the timely recovery of 80% of approved capital expenditures and TDSIC costs incurred in connection with NIPSCO's eligible transmission, distribution, and storage system improvements; (2) authority to defer, as a regulatory asset, 20% of eligible and approved capital expenditures and TDSIC costs incurred in connection with its Commission-approved 7-Year Electric Plan and record ongoing carrying charges based on the current overall weighted average cost of capital on all deferred TDSIC costs until such costs are included for recovery in NIPSCO's next general rate case; (3) approval of NIPSCO's Updated 7-Year Electric Plan ("Plan Update-7"), including actual and proposed estimated capital expenditures and TDSIC costs that exceed the amounts approved in Cause No. 44733-TDSIC-6; and (4) approval to defer and recover 80% of eligible and approved capital expenditures and TDSIC costs in connection with Plan Update-7 through the TDSIC and to defer 20% of eligible and approved capital expenditures and TDSIC costs in connection with Plan Update-7, for recovery in its next general rate case, all pursuant to Ind. Code § 8-1-39-9, all pursuant to Ind. Code ch. 8-1-39 and the Commission's TDSIC Orders.[1]

On September 29, 2020, NIPSCO prefiled direct testimony and attachments of the following: Alison M. Becker, Manager of Regulatory Policy; Erin K. Meece, Lead Regulatory Analyst for NiSource Corporate Services Company; Charles A. Vamos, Director, Electric Transmission and Distribution ("T&D") Engineering; and Kristi L. Figg, Director of TDSIC Support.

On November 30, 2020, the Office of Utility Consumer Counselor ("OUCC") prefiled direct testimony and attachments of the following: John E. Haselden, Senior Utility Analyst in the OUCC's Electric Division; and Kaleb G. Lantrip, Utility Analyst in the OUCC's Electric Division. On December 23, 2020, the OUCC filed corrections to Mr. Lantrip's direct testimony and attachments.

The NIPSCO Industrial Group ("Industrial Group")[2] filed a petition to intervene on December 4, 2020, which was granted on December 14, 2020.

On December 10, 2020, NIPSCO prefiled rebuttal testimony and attachments of Ms. Meece. On December 22, 2020, NIPSCO filed corrections to Ms. Meece's rebuttal testimony and attachments.

The Commission set this matter for an evidentiary hearing to be held on January 5, 2021, at 9:30 a.m. in Room 222 of the PNC Center, 101 West Washington Street, Indianapolis, Indiana. A Docket Entry was issued on December 30, 2020 advising that in accordance with Indiana Governor Holcomb's Executive Order 20-09, the hearing would be conducted via teleconference and provided related participation information. NIPSCO, the OUCC, and Industrial Group appeared and participated, by counsel, in the hearing via teleconference. At the hearing, the prefiled evidence of NIPSCO and the OUCC, inclusive of all corrections, and Industrial Group Cross-Exhibits 1, 1-C, 2, 2-C, 3, 3-C, 4, and 4-C, were admitted into the record without objection.

Having considered the evidence presented and being duly advised, the Commission now finds:

1. Notice and Jurisdiction. Notice of the hearing in this Cause was given and published by the Commission as required by law. NIPSCO is a public utility as that term is defined in Ind. Code §§ 8-1-2-1(a) and 8-1-39-4. Under Ind. Code ch. 8-1-39,[3] the Commission has jurisdiction over a public utility's petition to approve rate schedules establishing a TDSIC that will allow the periodic automatic adjustment of the public utility's basic rates and charges to provide

[1] The Commission's 44733 Order, TDSIC 1 Order, TDSIC 1 S1 Order, TDSIC 2 Order, TDSIC 3 Order, TDSIC 4 Order, TDSIC 5 Order, and TDSIC 6 Order, are herein referred to as the "TDSIC Orders."

[2] The members of the Industrial Group in this proceeding are ArcelorMittal USA, Linde, Inc., NLMK Indiana, USG Corporation, and United States Steel Corporation.

[3] On April 24, 2019, Governor Eric Holcomb signed HEA 1470 into law, which became effective immediately. This law amended many of the subsections of Ind. Code ch. 8-1-39, and this Order will refer to the statute as amended. We note that the statutory changes do not affect our analysis of Petitioner's request in this Cause.

for timely recovery of 80% of approved capital expenditures and TDSIC costs. Therefore, the Commission has jurisdiction over NIPSCO and the subject matter of this proceeding.

2. NIPSCO's Characteristics. NIPSCO is a public utility organized and existing under the laws of the State of Indiana and having its principal office at 801 E. 86th Avenue, Merrillville, Indiana 46410. NIPSCO is engaged in rendering electric and gas public utility service in the State of Indiana and owns, operates, manages, and controls, among other things, plant and equipment within the State of Indiana used for the generation, transmission, distribution, and furnishing of such service to the public. NIPSCO provides electric utility service to approximately 473,000 residential, commercial and industrial, and wholesale and other customers.

3. Background and Relief Requested. On July 12, 2016, the Commission issued its Order in Cause No. 44733 (the "44733 Order") approving a 7-Year Plan and TDSIC Settlement Agreement (the "44733 Settlement") entered into March 24, 2016 by and among NIPSCO, the OUCC, Indiana Municipal Utilities Group ("IMUG"), LaPorte County Board of Commissioners, the Industrial Group, and United States Steel Corporation (collectively the "Settling Parties"), and (a) approved NIPSCO's proposed 7-Year Electric TDSIC Plan and designated the eligible transmission, distribution and storage system improvements included in the Plan as eligible for TDSIC treatment in accordance with Indiana Code ch. 8-1-39, subject to the provisions of the 44733 Settlement (the "7-Year Plan" or "TDSIC Plan"); (b) granted NIPSCO's request for authority to defer any costs associated with the Plan that are incurred beginning January 1, 2016 until such amounts are recovered through rates; (c) approved NIPSCO's proposed process for updating the 7-Year Electric TDSIC Plan in future TDSIC adjustment proceedings; and (d) approved the ratemaking treatment set forth in the 44733 Settlement including authority to (i) apply construction work in progress ("CWIP") ratemaking treatment, (ii) continue the statutory 80/20 percent recovery and deferral of approved TDSIC costs through current Rider 688 or its successor, (iii) defer ongoing carrying charges associated with TDSIC projects as a regulatory asset based on NIPSCO's weighted cost of capital, until the deferred TDSIC Costs are included for recovery in rates, and (iv) adjust NIPSCO's authorized net operating income to reflect TDSIC earnings.

Under the terms of the 44733 Settlement, NIPSCO agreed to limit recovery of capital costs at $1.25 billion, which was an $80 million reduction from NIPSCO's originally proposed cost. 44733 Settlement at par. 4(a). NIPSCO was also authorized "to use any project included in its [] T&D Plan to comprise the up to $1.25 billion in total plan capital expenditures over the 7-year period." *Id*. at par. 4(b). NIPSCO's expectation "to complete substantially all of the projects within the scope of the T&D Plan within the 7-year plan period" was also expressly acknowledged. *Id*. at par. 5(a). Paragraph 5(a) also explicitly stated that "[n]othing in [the 44733] Settlement nor in the T&D Plan obligates NIPSCO to implement the entirety of the T&D Plan over the 7-year period nor to recover the revenue requirement associated with the full $1.25 billion capital cost cap amount over the 7-year period. Rather, NIPSCO shall be authorized to implement components of the T&D Plan in good faith up to the $1.25 billion cap over a 7-year period, as outlined herein, but shall have the flexibility to adjust the T&D Plan as circumstances dictate, consistent with Paragraph 5(b) below."[4] The "circumstances" referred to in this paragraph that would allow

[4] Paragraph 5(b) discusses situations where a given project, in whole or in part, is rescheduled to a different year and allows the annual cost recovery caps to be adjusted accordingly.

NIPSCO flexibility to adjust the Plan were stated to include, but not be limited to, system changes, reliability issues, or reasonable and prudent cost changes. *Id*.

On January 25, 2017, the Commission issued its Order in Cause No. 44733 TDSIC 1 (the "TDSIC 1 Order") approving, among other things, NIPSCO's updated Plan (Plan Update-1) and designated the projects included in Year 2 as eligible improvements under Ind. Code § 8-1-39-2. The Commission authorized NIPSCO's deferral and recovery of 80% of its eligible and approved capital expenditures and TDSIC costs in connection with Plan Update-1 through the TDSIC and deferral of 20% of eligible and approved capital expenditures and TDSIC costs in connection with Plan Update-1 for recovery in its next general rate case.

On April 19, 2017, the Commission issued its Order in Cause No. 44733 TDSIC 1 S1 (the "TDSIC 1 S1 Order") approving a Settlement Agreement dated February 15, 2017 by and among NIPSCO, IMUG, and the OUCC, and approved, among other things, the addition of NIPSCO-owned TDSIC installed rates relating to the TDSIC LED (light emitting diode) Street Lighting Project,[5] with 50% of the revenue requirement on a per lamp basis associated with the installed costs to be included in a LED street light lamp rate applicable to each fixture and all variances being recovered as TDSIC costs.

On October 31, 2017, the Commission issued its Order in Cause No. 44733 TDSIC 2 (the "TDSIC 2 Order") approving, among other things, NIPSCO's updated Plan (Plan Update-2) and designated the projects eligible improvements under Ind. Code § 8-1-39-2. The Commission authorized NIPSCO's deferral and recovery of 80% of its eligible and approved capital expenditures and TDSIC costs in connection with Plan Update-2 through the TDSIC and deferral of 20% of eligible and approved capital expenditures and TDSIC costs in connection with Plan Update-2 for recovery in its next general rate case.[6]

On May 30, 2018, the Commission issued its Order in Cause No. 44733 TDSIC 3 (the "TDSIC 3 Order") approving, among other things, NIPSCO's updated Plan (Plan Update-3) and designated the projects eligible improvements under Ind. Code § 8-1-39-2. The Commission authorized NIPSCO's deferral and recovery of 80% of its eligible and approved capital expenditures and TDSIC costs in connection with Plan Update-3 through the TDSIC and deferral of 20% of its eligible and approved capital expenditures and TDSIC costs in connection with Plan Update-3 for recovery in its next general rate case.[7]

On November 28, 2018, the Commission issued its Order in Cause No. 44733 TDSIC 4 (the "TDSIC 4 Order") approving, among other things, NIPSCO's updated Plan (Plan Update-4) and designated the projects eligible improvements under Ind. Code § 8-1-39-2. The Commission

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[5] In the Settlement approved by the 44733 Order, the settling parties agreed to the implementation of a mass retrofit LED streetlight project for NIPSCO-owned streetlights ("TDSIC LED Street Lighting Project").

[6] The Commission's TDSIC 2 Order was appealed by the NIPSCO Industrial Group in Case No. 93A02-1711-EX-02735. NIPSCO Industrial Group petitioned to transfer to the Indiana Supreme Court, which was granted on September 27, 2018 and docketed as Case No. 18S-EX-475. On June 27, 2019, the Indiana Supreme Court issued its opinion upholding the Commission's decision. On July 26, 2019, NIPSCO Industrial Group sought rehearing, which was denied by the Indiana Supreme Court on September 13, 2019.

[7] The Commission's TDSIC 3 Order was also appealed by the NIPSCO Industrial Group in Case No. 18A-EX-1502. NIPSCO Industrial Group filed a Verified Unopposed Voluntary Motion to Dismiss Appeal with Prejudice, which was granted by Order dated September 25, 2019.

authorized NIPSCO's deferral and recovery of 80% of its eligible and approved capital expenditures and TDSIC costs in connection with Plan Update-4 through the TDSIC and deferral of 20% of its eligible and approved capital expenditures and TDSIC costs in connection with Plan Update-4 for recovery in its next general rate case.[8] The Commission also approved a Stipulation and Settlement Agreement between NIPSCO and the OUCC (the "TDSIC 4 Settlement").

The TDSIC 4 Settlement was entered into between NIPSCO and the OUCC as a result of the June 20, 2018 opinion issued by the Indiana Supreme Court in *NIPSCO Industrial Group v. NIPSCO*, Case No. 18S-EX-334, which was modified on rehearing on September 25, 2018. TDSIC 4 Settlement at par. 1 (the "Supreme Court Opinion"). Under the terms of the TDSIC 4 Settlement, as approved by the Commission, NIPSCO agreed to remove the Circuit Performance Improvement Projects – Distribution [DLCP1] and Pole Replacement Projects – Distribution [DLWP1] and the associated costs from its TDSIC Plan on a going forward basis. NIPSCO further agreed to reduce the $1.25 billion cost cap from the 44733 Settlement by approximately $60 million, to become $1.19 billion. *Id*. at par. 2(e).

On June 12, 2019, the Commission issued its Order in Cause No. 44733 TDSIC 5 (the "TDSIC 5 Order") approving, among other things, NIPSCO's updated Plan (Plan Update-5) and designated the projects eligible improvements under Ind. Code § 8-1-39-2. The Commission authorized NIPSCO's deferral and recovery of 80% of its eligible and approved capital expenditures and TDSIC costs in connection with Plan Update-5 through the TDSIC and deferral of 20% of its eligible and approved capital expenditures and TDSIC costs in connection with Plan Update-5 for recovery in its next general rate case.[9]

On December 18, 2019, the Commission issued its Order in Cause No. 44733 TDSIC 6 (the "TDSIC 6 Order") approving, among other things, NIPSCO's updated Plan (Plan Update-6) and designated the projects eligible improvements under Ind. Code § 8-1-39-2. The Commission authorized NIPSCO's deferral and recovery of 80% of its eligible and approved capital expenditures and TDSIC costs in connection with Plan Update-6 through the TDSIC and deferral of 20% of its eligible and approved capital expenditures and TDSIC costs in connection with Plan Update-6 for recovery in its next general rate case.

On December 4, 2019, the Commission issued its Order in Cause No. 45159 (the "Rate Case Order") approving NIPSCO's Verified Petition requesting, among other things, authority to modify its rates and charges for electric utility service. As part of that approval, the Commission approved, among other things, NIPSCO's Rider 888 – Adjustment of Charges for Transmission, Distribution and Storage System Improvement Charge and NIPSCO's Appendix J – Transmission, Distribution and Storage System Improvement Charge. In the Rate Case Order, the Commission approved NIPSCO's proposal to roll into basic rates costs relating to projects included in the TDSIC Plan placed into service that had been receiving timely cost recovery under NIPSCO's TDSIC Rider. Step 1 rates became effective January 1, 2020 (the first billing cycle was January 2,

[8] The Commission's TDSIC 4 Order was also appealed by the NIPSCO Industrial Group in Case No. 18A-EX-3116. NIPSCO Industrial Group filed a Verified Unopposed Voluntary Motion to Dismiss Appeal with Prejudice, which was granted by Order dated September 25, 2019.

[9] The Commission's TDSIC 5 Order was also appealed by the NIPSCO Industrial Group in Case No. 19A-EX-01591. NIPSCO Industrial Group filed a Verified Unopposed Voluntary Motion to Dismiss Appeal with Prejudice, which was granted by Order dated September 25, 2019.

2020) reflecting NIPSCO's net utility plant in service as of June 30, 2019. Step 2 rates became effective March 1, 2020 (the first billing cycle was March 2, 2020) reflecting NIPSCO's net utility plant in service as of December 31, 2019. The Rate Case Order also approved new allocators, NIPSCO's new industrial rate structure, and removal the Utility Receipts Tax.

In its Petition filed in this proceeding, in accordance with Ind. Code § 8-1-39-9(a), NIPSCO seeks an Order: Authorizing and approving the TDSIC factors as set forth in Attachment 1, Schedule 8 to its Petition to become effective for bills rendered by NIPSCO during the billing cycles of February through July 2021 or until replaced by different factors approved in a subsequent filing; Approving Petitioner's revised Appendix J – Transmission, Distribution and Storage System Improvement Charge set forth in Attachment 3 to its Petition, which contains the TDSIC factors to become effective for bills rendered by NIPSCO during the billing cycles of February through July 2021, which begins January 29, 2021; Authorizing Petitioner to defer, as a regulatory asset, 20% of the eligible and approved capital expenditures and TDSIC costs incurred in connection with its Commission-approved 7-Year Plan and record ongoing carrying charges based on the current overall weighted average cost of capital on all deferred TDSIC costs until such costs are included for recovery in NIPSCO's next general rate case pursuant to Ind. Code § 8-1-39-9(b); Approving Petitioner's updated 7-Year Plan set forth in Confidential Exhibit Electric Plan Update-7, including actual and proposed estimated capital expenditures and TDSIC costs that exceed the amounts approved in Cause No. 44733 TDSIC 6; Approving Petitioner's proposal for a modification of the ratemaking authority under the TDSIC mechanism, which was originally approved by the 44371 Order; Approving Petitioner's request to defer and recover 80% of eligible and approved capital expenditures and TDSIC costs in connection with Plan Update-7 through the TDSIC and authorizing Petitioner to defer, as a regulatory asset, 20% of eligible and approved capital expenditures and TDSIC costs in connection with Plan Update-7, for recovery in its next general rate case; Issuing an Order in this Cause by January 27, 2021, so the factors can become effective for bills rendered by NIPSCO during the billing cycles of February through July 2021, which begins January 29, 2021; and Granting to Petitioner such additional and further relief as may be deemed necessary or appropriate.

4. Commission Discussion and Findings Regarding TDSIC-7. NIPSCO submitted its Verified Petition and supporting testimony and attachments to demonstrate compliance with the requirements of Ind. Code § 8-1-39-9, the 44733 Settlement approved by the Commission in the 44733 Order, and the TDSIC 4 Settlement approved by the Commission in the TDSIC 4 Order.

(a) Past and Future Rate Case Timing and TDSIC Timing. Ind. Code § 8-1-39-9(d) states that "[e]xcept as provided in section 15 of this chapter, a public utility may not file a petition under subsection (a) within nine (9) months after the date on which the commission issues an order changing the public utility's basic rates and charges with respect to the same type of utility service." NIPSCO's most recent retail electric base rate order changing NIPSCO's basic rates and charges was issued December 4, 2019 in Cause No. 45159. Therefore, we find that NIPSCO's request in this Cause was filed more than nine months after NIPSCO's last general rate case in accordance with Ind. Code § 8-1-39-9(c).

Ind. Code § 8-1-39-9(e) states that "[a] public utility that implements a TDSIC under this chapter shall, before the expiration of the public utility's approved TDSIC plan, petition the commission for review and approval of the public utility's basic rates and charges with respect to the same type of utility service." In its Verified Petition, NIPSCO affirms that it will petition the Commission for review and approval of its electric basic rates and charges before the expiration of its TDSIC Plan and has done so, as reflected in NIPSCO's October 31, 2018 filing in Cause No. 45159. We find that NIPSCO has satisfied its obligation to petition the Commission for review and approval of its basic electric rates and charges prior to the expiration of its TDSIC Plan, as required by Ind. Code § 8-1-39-9(e).

Ind. Code § 8-1-39-9(f) states that "[a] public utility may file a petition under this section not more than one (1) time every six (6) months." NIPSCO filed its petition under the terms of the 44733 Settlement approved by the 44733 Order, and not within six months of a previous filing. Therefore, we find that NIPSCO's proposed timeline for its TDSIC filings is consistent with Ind. Code § 8-1-39-9(f).

(b) NIPSCO's Current TDSIC Plan Under Ind. Code § 8-1-39-9(a)(2). As part of its case-in-chief, NIPSCO attached its currently approved TDSIC Plan approved by the TDSIC 6 Order as Confidential Exhibit Electric Plan Update-6 as well as its Plan Update-7 as Confidential Exhibit Electric Plan Update-7. Therefore, we find that NIPSCO has satisfied the requirement set forth in Ind. Code § 8-1-39-9(a)(2). We note that in each semi-annual TDSIC filing, NIPSCO must update its TDSIC Plan pursuant to Ind. Code § 8-1-39-9(a) and in accordance with the specific parameters set forth in our 44733 Order.

(c) NIPSCO's Updated TDSIC Plan. Ind. Code § 8-1-39-9(a) requires a utility to update its TDSIC Plan with each TDSIC petition the utility files. NIPSCO Witness Vamos explained that NIPSCO's proposed updated TDSIC Plan is contained in Confidential Exhibit Electric Plan Update-7.

Pursuant to the 44733 Order, in each fall tracker filing, NIPSCO will provide a detailed list of projects for the upcoming year, with best estimate of project costs. Under the terms of the 44733 Settlement, NIPSCO retains the ability to move projects between years as appropriate. In the event that a given project, in whole or in part, is rescheduled to a different year, the annual cost recovery caps for the affected years will be adjusted by that project's whole or partial approved cost estimate to reflect the change. Ms. Figg testified that each of the moves discussed *infra* is shown on Petitioner's Exhibit No. 4, Confidential Attachment 4-A.

Mr. Vamos sponsored Confidential Attachment 3-B showing plan variances (moves and costs) by year, by project, specifically showing the amount of the project move, the project cost variance, and the percent of project cost variance to further break down the plan variances into project moves and project cost variances. He testified that the following 12 projects were moved into Year 2019 from other years: Annunciator Projects – Transmission [Project ID TSRU2], Fiber Optic – Leesburg to Kosciusko – 13881 [Project ID TSRU44], Breaker Replacement – Goshen Junction Substation 6981 Line BRK [Project ID TSBRU45], Rebuild Substation – Leesburg Transformer, Breaker, & Relay Upgrade [Project ID TSNRS11], Substation Pre-construction – Transmission [Project ID TSPC1], Underground Cable Replacement Projects [Project ID DUG1], 4kV Line Pre-construction [Project ID D4KVLPC1], Upgrade Syracuse #1 and #2 Transformers [Project ID DSNRS16], Substation Pre-construction – Distribution [Project ID DSPC1], Substation Engineering – Distribution [Project ID DSE1], Circuit 3433 Rebuild – Grandview to Bendix West Side [Project ID DLNRL24], and LED Street Lighting [Project ID DLED1].

Mr. Vamos identified the following 11 projects which were moved into Year 2020 from other years: Arrester Projects – Transmission [Project ID TSA1], Relay Upgrade – Barton Lake to Kinderhook (METC) – 13802 [Project ID TSRU38], Breaker Upgrade – Angola Upgrades (69kV) [Project ID TSBRU25], Rebuild Substation – Lake George - #2 345/138kV Transformer, #4 138/69kV Transformer & 69kV Breakers [Project ID TSNRS10], East Chicago Substation [Project ID TSNRS14], Circuit 3465 Rebuild – New Carlisle to Olive [Project ID TLNRL9], Underground Cable Replacement Projects [Project ID DUG1], Arrester Projects – Distribution [Project ID DSA1], Breaker Upgrade – Broadway – Switchgear [Project ID DSBRU40], Substation Pre-construction – Distribution [Project ID DSPC1], and Circuit Rebuild – Waterloo – 1299 [Project ID DLNRL36].

Mr. Vamos testified that the following 16 projects were moved into Year 2021 from other years: Fiber Optic – Green Acres to St. John – 13888 [Project ID TSRU29], Fiber Optic, Relay & Breaker Upgrades – Dune Acres to Burns Ditch – 13836 N & 13836 S [Project ID TSRU58], New/Rebuild Substation – Babcock - #3 & #4 138/69kV Transformers; Relay & Breaker Upgrades (69kV) [Project ID TSNRS16], Substation Pre-construction – Transmission [Project ID TSPC1], Substation Engineering – Transmission [Project ID TSE1], Circuit Rebuild – Kosciusko – 6997 – Phase 2 [Project ID TLNRL21], Line Pre-construction – Transmission [Project ID TLPC1], Battery & Charger Equipment Projects – Distribution [Project ID DSB1], Breaker Upgrade – Tod - #5 Switchgear [Project ID DSBRU19], Breaker Upgrades – Division – Switchgear [Project ID DSBRU28], Replace Transformer – Orchard Grove - #1 Transformer [Project ID DSTU15], Rebuild Substation – Munster - #3 & #4 Transformer 138/34kV and #3 Transformer Breaker [Project ID DSNRS26], Substation Pre-construction – Distribution [Project ID DSPC1], Circuit Rebuild – South Hammond – 12-720 [Project ID DLNRL42], Circuit Rebuild – Chesterton – 12-193 [Project ID DLNRL51], and Line Pre-construction – Distribution [Project ID DLPC1].

Mr. Vamos noted that the following 26 projects were moved into 2022 from other years: Breaker Upgrade – St. John Upgrades (345kV & 138kV) [Project ID TSBRU19], Breaker Upgrade – Starke 6905, 6919, 6961, 69kV Bus Tie, #1 XFR, & #2 XFR [Project ID TSBRU41], Rebuild Substation – Maple - #2 138/69kV XFR and 69kV Cap Bank [Project ID TSNRS13], New/Rebuild Substation – New Michigan City Substation [Project ID TSNRS18], Substation Pre-construction – Transmission [Project ID TSPC1], Substation Engineering – Transmission [Project ID TSE1], Circuit 6972 Rebuild – South Chalmers – Oakdale [Project ID TLNRL18], Circuit Rebuild – South Chalmers to Oakdale – 6972 – Phase 2 [Project ID TLNRL23], Line Pre-construction – Transmission [Project ID TLPC1], Substation Feeder Cable Projects – Distribution [Project ID DSFC1], Breaker Upgrade – Johnson - #1 Switchgear [Project ID DSBRU23], Breaker Upgrades – Gibson – Switchgear [Project ID DSBRU30], Rebuild Substation – Griffith - #1 Transformer & Switchgear [Project ID DSNRS29], Rebuild Substation – Woodmar - #1 Transformer & Switchgear [Project ID DSNRS31], New/Rebuild Substation – Hanover - #1 & #2 Transformer with Dbl. Switchgear [Project ID DSNRS39], Substation Pre-construction – Distribution [Project ID DSPC1], Substation Engineering – Distribution [Project ID DSE1], Circuit Rebuild – Lindbergh – 12-299 [Project ID DLNRL50], Circuit Rebuild – S Hammond – 12-719 [Project ID DLNRL52], Circuit Rebuild – Tod 12-457 [Project ID DLNRL57], Circuit Rebuild – Ainsworth 12-508 [Project ID DLNRL58], Circuit Rebuild – Johnson 12-563 [Project ID DLNRL59], Circuit Rebuild – 120^{th} St 12-572 [Project ID DLNRL60], Circuit Rebuild – Madison 12-625 [Project ID DLNRL61], Line Pre-construction - Distribution [Project ID DLPC1], and Line Engineering – Distribution [Project ID DLE1].

Mr. Vamos noted that PCR forms were provided for the projects with cost increases greater than or equal to $30,000 or 15% that were included in Plan Update-7, each of which were supported by PCRs. Mr. Vamos also provided testimony that described the projects with cost increases greater than or equal to $100,000 or 20% that were included in Plan Update-7.

The Commission finds that each of the variances and moves between years were made pursuant to the terms of the Commission-approved 44733 Settlement and should be approved.

(d) **Cost Caps under NIPSCO's Updated TDSIC Plan.** The evidence in this proceeding, including Petitioner's Exhibit No. 3, Confidential Attachment 3-A, indicates that NIPSCO removed approximately 75 projects in Plan Update-7 that were initially planned for execution in 2019-2022 but are now expected to be executed after 2022. In this proceeding, NIPSCO did not propose any reductions to the annual or the total cost recovery caps agreed to in the 44733 Settlement for the projects that were removed.

The cost recovery caps at issue in this proceeding were agreed to by the Settling Parties to the 44733 Settlement, including NIPSCO, the OUCC, and the Industrial Group. Whether the annual or total cost recovery caps should be adjusted based on the projects that were removed in Plan Update-7 is, therefore, dependent on the terms of that Settlement. Paragraph 5(a) of the 44733 Settlement provides that "NIPSCO expects to complete substantially all of the projects within the [TDSIC Plan] within the 7-year plan period;" it does not mandate that "all" of the projects listed in the plan be completed. This is expressly confirmed by Paragraph 5(a), which provides that "[n]othing in [the 44733] Settlement nor in the [TDSIC] Plan obligates NIPSCO to implement the entirety of the [TDSIC] Plan[.]" Furthermore, as Paragraph 5(a) of the 44733 Settlement provides, NIPSCO has "flexibility to adjust the [TDSIC] Plan as circumstances dictate . . . ." To the same effect, Paragraph 4(b) provides that NIPSCO is authorized "to use *any project* included in its [] T&D Plan" to comprise its overall cap on plan expenditures. (Emphasis added.)

When a project is removed from the Plan, nothing in the 44733 Settlement requires NIPSCO to reduce the annual or total cost recovery caps. Rather, under Paragraph 4(c) of the 44733 Settlement, "annual spend" is subject to adjustments "in accordance with Paragraph 5(b)." And according to that paragraph, annual cost caps must be adjusted when a project is "rescheduled to a different year." This paragraph says nothing about making any such adjustment when NIPSCO no longer plans to complete a project, nor does any other provision of the 44733 Settlement. Paragraph 5(b) also details the process through which NIPSCO provides written justifications detailing actual or projected cost increases, and it includes an express provision that the Settling Parties "retain the ability to challenge any costs that exceed the approved estimates pursuant to Ind. Code § 8-1-39-9(f)."

NIPSCO's proposal in this proceeding is also consistent with past practice as evidenced by Petitioner's Confidential Exhibit No. 3, Confidential Attachment 3-A in TDSIC 2 through TDSIC 6. In each of these five prior proceedings, NIPSCO included a section in each Confidential Attachment 3-A titled "Currently Not Required," which set forth the projects that were removed from the TDSIC Plan and/or the project estimates that were reduced because NIPSCO deemed certain associated work to be no longer necessary. In TDSIC 2 through TDSIC 5, NIPSCO did not propose to reduce the cost cap for any such occurrence, no party to the proceedings objected, and the Commission approved NIPSCO's updated plan petition for cost recovery. In TDSIC 6, although the Industrial Group filed a post-hearing brief objecting to NIPSCO's proposal to remove projects without adjusting cost caps, the Commission approved NIPSCO's updated plan petition for cost recovery.

NIPSCO's proposal in this proceeding—which removes approximately 75 projects from Plan Update-7 but does not reduce the annual or total cost recovery caps—is no different than its proposals in prior TDSIC tracker proceedings, which were all approved by the Commission. The Commission finds that NIPSCO's proposal is consistent with the terms of the 44733 Settlement and should therefore be approved.

(e) <u>Projects Included in Plan Update-7.</u> In his direct testimony, NIPSCO Witness Vamos explained Plan variances and proposed cost increases, as discussed above. Mr. Vamos also described why there were new Project IDs in Plan Update-7. He explained that when a project moves from a parametric estimate to having a detailed scope, NIPSCO establishes a Project ID and Project Name and includes that in the Plan update and that, in some cases, a project that was previously included in the TDSIC Plan as a grouped project is broken out into a specific asset or location and given its own Project ID, and in other cases, dollars move from a unit based project to one specific project.

(f) <u>Revenue Requirement for Approved Capital Expenditures and TDSIC Costs.</u> As supported by NIPSCO Witness Meece, NIPSCO requested authority to earn a return on $160,953,983, as shown on Attachment 1, Schedule 1 (Page 3), which includes allowance for funds used during construction ("AFUDC") and other indirect costs, and is net of accumulated depreciation and is adjusted for net plant of $462,055,740 that rolled into base rates in both the Step 1 and Step 2 Compliance Filings in Cause No. 45159. Ms. Meece further testified that once the Commission approves the proposed ratemaking treatment for costs of Eligible TDSIC Assets incurred for the period ended July 31, 2020 ("TDSIC 7 Period"), as shown on Attachment 1, Schedule 1, NIPSCO will cease to accrue AFUDC for those costs, which will begin receiving CWIP ratemaking treatment.

Ms. Meece testified that NIPSCO calculated the depreciation expense related to TDSIC capital expenditures according to each asset's designated Federal Energy Regulatory Commission account classification. She also testified that the annual revenue requirement for the return on investment is calculated by multiplying the July 31, 2020, net book value of all TDSIC projects by the debt and equity components of NIPSCO's weighted average cost of capital ("WACC"), as shown on Attachment 1, Schedule 2.

Finally, Ms. Meece testified that the revenue conversion factor used to compute NIPSCO's pre-tax revenue requirement is calculated for debt and equity in order to properly synchronize interest for the purpose of calculating the revenue requirement on Attachment 1, Schedule 2 and Schedule 3. She stated the federal income tax rate used in this computation is the 21% corporate rate that became effective with the passing of the Tax Cuts and Jobs Act of 2017 ("TCJA").

Based on a review of the evidence and finding that project costs variances should be approved, we find that NIPSCO's proposed revenue requirement has been calculated in compliance with the TDSIC tracker methodology outlined in Rider 888.

(g) Depreciation and Property Tax Expenses. NIPSCO Witness Meece explained NIPSCO's proposal to recover projected depreciation and property tax expenses to reduce the regulatory lag that occurs when recovering these costs on a historical basis. She stated the projected expenses will also be reconciled to actual amounts in a future filing and any variance between the projected and actual revenues will be recovered from or passed back to customers in that future filing.

Ms. Meece testified that Attachment 1, Schedule 4 includes *actual* depreciation expense and property taxes for the period July 2019 through July 2020 and *projected* depreciation expense and property taxes for the period February through July 2021. She explained how the total actual depreciation expense incurred is reduced by the amount of LED street lighting expenses that were billed through Rate 850 for the corresponding TDSIC 7 period to determine the adjusted expense revenue requirement, which is then reduced to 80% to determine the proposed revenue to be recovered for bills rendered during the February through July 2021 billing cycles ("TDSIC 7 Billing Period").

OUCC Witness Lantrip recommended the Commission deny NIPSCO's proposal to change how it recovers depreciation and property tax from how it has done so throughout its TDSIC Plan, including denying projected depreciation and property tax expenses of $1,712,468, and approve recovery of $13,403,586 revenue requirement in this proceeding. He also recommended the Commission deny NIPSCO proposal to include projected depreciation and property tax expense in its 20% TDSIC cost deferral and approve a total deferral of $3,238,716.

In rebuttal, Ms. Meece testified NIPSCO is withdrawing its proposal to recover projected depreciation and property tax expenses for the TDSIC 7 Billing Period and sponsored revised rate schedules in Attachment 2-R-A. Ms. Meece explained that NIPSCO has eliminated the projected depreciation and property tax expenses as shown in Attachment 1, Revised Schedule 4, which now shows the calculation of total depreciation and property tax expenses identical to how it was shown in TDSIC 6. She testified the revised total revenue requirement included on Attachment 1, Second Revised Schedule 8, is $13,403,586 and the appropriate expense revenue changes have also been reduced in Attachment 1, Revised Schedule 10 for the 20% deferred revenue requirement of $3,238,726.

The Commission finds that NIPSCO's total depreciation and property tax expense associated with eligible TDSIC projects, as shown in NIPSCO's second revised rate schedules, should be approved.

(h) Reconciliation. NIPSCO Witness Meece testified this filing includes a reconciliation of the revenues billed in accordance with the Commission's TDSIC 5 Order. Ms. Meece stated that the reconciliation of the TDSIC 5 billing period resulted in a net under-collection primarily due to actual volumes being lower than forecasted volumes for the billing period.

The Commission finds that NIPSCO has appropriately reconciled the revenues billed in accordance with the TDSIC 5 Order.

(i) Cost Allocation. NIPSCO Witness Meece testified that Attachment 1-A, Attachment 1, uses the customer class revenue allocation factors approved for purposes of the

TDSIC tracker in its most recent retail base rate case order (Cause No. 45159). These allocation factors are provided in Attachment 1-A, Attachment 2, Schedule 4 and are used to allocate the related transmission and distribution revenue requirements in this proceeding. In rebuttal, Ms. Meece revised Attachment 1-A, Attachment 1, Schedule 7 to reflect the elimination of the projected depreciation and property tax expenses, which are shown on Attachment 1-A, Attachment 1, Revised Schedule 7.

The Commission finds that NIPSCO has properly allocated its approved capital expenditures and TDSIC costs to the various customer classes in accordance with the Rate Case Order and that the allocators reflected in Attachment 1-A, Attachment 2, Schedule 4 should be approved.

(j) Calculation of TDSIC Factors. NIPSCO Witness Meece testified that Attachment 1, Schedule 8 shows the calculation of the TDSIC factors by rate code based on the previously calculated revenue requirements. She explained the factors are calculated by combining the various components of the allocated revenue requirement and dividing those components by forecasted firm volumes to compute a billing factor for bills rendered by NIPSCO for the TDSIC 7 Billing Period. In rebuttal, Ms. Meece updated Attachment 1, Schedule 8 to reflect the elimination of the projected depreciation and property tax expenses.

The Commission finds that the proposed TDSIC factors set forth in Attachment 1, Second Revised Schedule 8 were correctly calculated, and such factors should be approved.

(k) Projected Effect on Retail Rates and Charges as Required by Ind. Code § 8-1-39-9(a)(3). Ind. Code § 8-1-39-9(a)(3) requires NIPSCO to identify the projected effects of the plan on retail rates and charges. The projected effects of the TDSIC factors on retail rates and charges are shown on Attachment 2, Revised Schedule 5.

The Commission finds that NIPSCO identified the projected effects of the TDSIC Plan on retail rates and charges as required by Ind. Code § 8-1-39-9(a)(3).

(l) Average Aggregate Increase in Total Retail Revenues under Ind. Code § 8-1-39-14. Section 14(a) states as follows:

> The commission may not approve a TDSIC that would result in an average aggregate increase in a public utility's total retail revenues of more than two percent (2%) in a twelve (12) month period. For purposes of this subsection, a public utility's total retail revenues do not include TDSIC revenues associated with a target economic development project.

In rebuttal, Ms. Meece testified that Attachment 1, Revised Schedule 9 shows that there is no amount in excess of 2% of retail revenues for the past 12 months. NIPSCO has calculated the 2% cap by comparing the increase in TDSIC revenues in a given year with the total retail revenues for the past 12 months. The retail revenues used in this calculation represent the revenues related to the 12 months ending June 30, 2020.

The Commission finds that NIPSCO's proposed TDSIC 7 factors will not result in an average aggregate increase in NIPSCO's total retail revenues of more than 2% in a 12 month period.

(m) <u>Deferred TDSIC Costs.</u> Ms. Meece testified that NIPSCO requests to defer and recover 80% of the post-in service costs, including carrying costs and pretax returns, depreciation, and taxes associated with the approved TDSIC projects through the TDSIC adjustment factor. She explained that NIPSCO proposes to defer these costs as a regulatory asset until such costs are recognized for ratemaking purposes through NIPSCO's proposed TDSIC adjustment factor or included for recovery in NIPSCO's base rates and charges in NIPSCO's next general rate case. Ms. Meece also testified that pursuant to Ind. Code § 8-1-39-9(b), NIPSCO proposes that 20% of the approved capital expenditures and TDSIC costs, including depreciation, pretax returns, AFUDC, post in service carrying costs, and property taxes be deferred and recovered in NIPSCO's next general rate case. In rebuttal, Ms. Meece updated Attachment 1, Schedule 9 to reflect the elimination of the projected depreciation and property tax expenses. Attachment 1, Revised Schedule 10 is an illustrative ratemaking schedule that accumulates deferred costs, as well as the ongoing carrying charges, on all deferred costs until such time as the costs can be recovered in a future general rate case. She further testified that these amounts exclude tax gross up, which would otherwise be included for recovery at the prevailing tax rates when NIPSCO files a future general rate case, and that this calculation has no impact on current or proposed rates in this proceeding.

The Commission approves NIPSCO's proposal to defer these costs as a regulatory asset until such costs are recognized for ratemaking purposes through NIPSCO's proposed TDSIC adjustment factor or included for recovery in NIPSCO's basic rates and charges.

(n) <u>Compliance with the 44733 Order.</u> NIPSCO Witness Figg explained how NIPSCO tracks and complies with the various provisions of the 44733 Settlement approved in the 44733 Order. The 44733 Settlement requires that in the event that a project is rescheduled, in whole or in part, to a different year, the annual cost recovery caps for the affected years will be adjusted by that project's whole or partial approved cost estimate to reflect the change. Ms. Figg sponsored Confidential Attachment 4-A (7-Year Electric Plan Cap Movement) and explained how the project moves are tracked and how the original project estimate is subtracted from the year the project moves from and added to the year the project moves to. She also explained that the overall 7-Year Cap amount of the project move will be zero and that the total 7-Year Cap will remain at $1,191,565,539.[10] Ms. Figg also explained the annual cap amounts for direct capital costs, indirect capital costs, and AFUDC included in Plan Update-7. Ms. Figg testified that even though the actual amount for Year 2019 of $220,686,824 in Plan Update-7 exceeds the $207,654,388 annual cap for 2019, the 3-year rolling cap plus 5% has not been exceeded since the 2017 and 2018 underspending offsets the 2019 overage, so NIPSCO is in compliance with the 44733 Order and Settlement. This calculation is illustrated in Attachment 4-B, which shows $0 in excess of the 2019 limits on line 25.

The 44733 Order set the cap on total capital costs eligible for TDSIC ratemaking treatment at $1.25 billion and required NIPSCO to remove $80 million of capital expenditures from the

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[10] The 7-Year Cap was reduced to $1.19 billion as part of the TDSIC 4 Settlement.

TDSIC ratemaking treatment. Ms. Figg sponsored Attachment 4-B (7-Year Electric Plan: Cap vs Plan), showing how Plan Update-7 compares to the Cap and confirmed that the tracker eligible amounts, as adjusted by the TDSIC 4 Settlement, do not exceed the revised $1.19 billion cap.

The 44733 Order allows NIPSCO to deviate above each annual cost recovery cap by no more than 5% in a rolling historical three-year period. Ms. Figg sponsored Attachment 4-B computing the maximum allowed recovery based on the annual cap plus 5% in the historical three-year period. Ms. Figg confirmed that the amounts included in the Annual TDSIC Tracker Eligible line, as shown on line 22 of Attachment 4-B, are the amounts allowed to be recovered through TDSIC, and are compliant with the 44733 Settlement, as revised by the TDSIC 4 Settlement.

The 44733 Order requires TDSIC investments to be split (+/- 1%) between transmission (39%) and distribution (61%). Mr. Vamos testified that, by the end of the Plan, the overall composition of the projects included in the Plan will be comprised of 61% distribution and 39% transmission, +/- 1%. He explained that the previous removal of Multiple Unit Projects, which included only distribution projects, impacts the distribution/transmission split beginning in 2019 and through the end of the Plan but that NIPSCO is committed to be in compliance with the terms of the 44733 Order and, in future TDSIC Plan updates, will keep interested parties and Commission apprised of efforts to achieve the required distribution/transmission split by the time its Plan is completed.

The 44733 Order approved up to $3.5 million for an Economic Development project for the LaPorte County Kingsbury Industrial Park ("Kingsbury Projects") including a $2.5 million project for substation upgrades as provided for in the Commission's July 18, 2016, Order in Cause No. 44688 and up to $1.0 million for other distribution infrastructure upgrades. NIPSCO Witness Vamos stated that no capital expenditures for the Kingsbury Project had yet been made, but any capital expenditures related to the Kingsbury Project will be included in future tracker filings by NIPSCO.

The Commission finds that NIPSCO has complied with the 44733 Settlement terms approved in the 44733 Order.

(o) Compliance with the TDSIC 1 S1 Order. Ms. Becker explained that NIPSCO included in its presentation at its electric TDSIC stakeholder meeting an update on the number of mast arm rotation and power supply cable replacements associated with the TDSIC LED Street Lighting Project, along with the associated cost, as required by the TDSIC 1 S1 Order.

The Commission finds that NIPSCO has complied with the requirement to provide an update on the number of mast arm rotation and power supply cable replacements associated with the TDSIC LED Street Lighting Project, along with the associated costs, as required by the TDSIC 1 S1 Order.

5. Confidential Information. On September 29, 2020, NIPSCO filed a motion for protective order which was supported by affidavit showing documents to be submitted to the Commission were trade secret information within the scope of Ind. Code § 5-14-3-4(a)(4) and (9) and Ind. Code § 24-2-3-2. On October 13, 2020, the Presiding Officers issued a Docket Entry finding such information to be preliminarily confidential, after which such information was submitted under seal. We find all such information is confidential pursuant to Ind. Code § 5-14-3-4 and Ind. Code § 24-2-3-2, 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.

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

1. NIPSCO's proposed adjustment to its TDSIC Rate Schedule, shown in Second Revised Schedule 8 as $13,403,586, to be applicable for bills beginning with the first billing cycle in February 2021 and until another factor is approved to effectuate the timely recovery of 80% of approved capital expenditures and TDSIC costs incurred in connection with NIPSCO's eligible transmission, distribution, and storage system improvements is hereby approved.

2. NIPSCO is authorized to defer, as a regulatory asset, 20% of eligible and approved capital expenditures and TDSIC costs and record ongoing carrying charges based on the current overall weighted cost of capital on all deferred TDSIC costs until such costs are included for recovery in NIPSCO's next general rate case. This figure is found in NIPSCO's Revised Schedule 10 as $3,230,726.

3. NIPSCO's Plan Update-7, including actual and proposed estimated capital expenditures and TDSIC costs that exceed the amounts approved in Cause No. 44733 TDSIC 6 and its proposal to remove approximately 75 projects from Plan Update-7 but not to reduce the annual or total cost recovery caps, is approved.

4. NIPSCO is authorized to allocate transmission and distribution revenue requirements by using the allocation percentages as previously approved in Cause No. 45159. For the derivation of the customer class specific rates, NIPSCO shall use the firm load within each rate class.

5. NIPSCO is authorized to adjust its authorized net operating income to reflect any approved earnings associated with the TDSIC for purposes of Ind. Code § 8-1-2-42(d)(3) pursuant to Ind. Code § 8-1-39-13(b).

6. NIPSCO is authorized to defer and recover 80% of eligible and approved capital expenditures and TDSIC costs in connection with Plan Update-7 through the TDSIC and to defer 20% of eligible and approved capital expenditures and TDSIC costs in connection with Plan Update-7, for recovery in its next general rate case.

7. NIPSCO is authorized to record ongoing carrying charges based on the current overall WACC on all deferred TDSIC costs until such costs are recovered in NIPSCO's base rates as a result of its next general rate case.

8. Prior to implementing the authorized TDSIC factors, NIPSCO shall file the applicable rate schedules under this Cause for approval by the Commission's Energy Division.

9. The information filed by Petitioner in this Cause pursuant to its Motion for Protective Order is deemed confidential pursuant to Ind. Code § 5-14-3-4 and Ind. Code § 24-2-3-

2, 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.

10. This Order shall be effective on and after the date of its approval.

<u>HUSTON, FREEMAN, KREVDA, OBER, AND ZIEGNER CONCUR:</u>
APPROVED:

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

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Mary M. Becerra,
Secretary of the Commission