
VERIFIED SETTLEMENT TESTIMONY OF TIMOTHY R. CAISTER

1 **Introduction**

2 **Q1. Please state your name, business address and title.**

3 A1. My name is Timothy R. Caister. My business address is 150 W. Market
4 Street, Suite 600, Indianapolis, Indiana 46204. I am Vice President of
5 Regulatory Policy for Northern Indiana Public Service Company
6 ("NIPSCO").

7 **Q2. Are you the same Timothy R. Caister who prefled direct testimony in**
8 **this Cause?**

9 A2. Yes.

10 **Q3. What is the purpose of your settlement testimony in this proceeding?**

11 A3. The purpose of my settlement testimony is to support the Stipulation and
12 Settlement Agreement entered into as of the 9th day of June, 2017, by and
13 between NIPSCO, Citizens Action Coalition of Indiana, Inc. ("CAC"), the
14 Indiana Office of Utility Consumer Counselor ("OUCC"), and NIPSCO
15 Industrial Group (the "Settling Parties") filed in this Cause on June 9, 2017
16 (the "Settlement"). My testimony addresses the following: (1) summary of

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EXHIBIT

1 the requested relief and updates to the cost estimates; (2) updates to the
2 projects required to comply with the CCR Rule and explanation of their
3 continued consistency with NIPSCO's IRP; (3) updates as to the status of
4 the CCR and ELG rules and NIPSCO's proposed path forward; and (4)
5 explanation of the terms of the Settlement and why the Settlement is in the
6 public interest.

7 **Q4. Are you sponsoring any attachments to your settlement testimony?**

8 A4. Yes. Together with the other Settling Parties, I am sponsoring Joint Exhibit
9 1, which is a copy of the Settlement in this Cause.

10 **Q5. What specific objectives were addressed in the Settlement?**

11 A5. The specific issues resolved in the Settlement include agreement that:

- 12 • NIPSCO should be granted a Certificate of Public Convenience and
13 Necessity ("CPCN") in the amount of \$168,460,171 for the Remote
14 Bottom Ash Projects portion of the Environmental Compliance
15 Project, which is based upon the amounts included in the
16 Engineering, Procurement, and Construction ("EPC") contract;

- 1 • NIPSCO should be granted a CPCN in the amount of \$4,260,583 for
2 incremental costs associated with the constructing and/or modifying
3 NIPSCO's landfill to comply with stricter landfill requirements of
4 the CCR Rule;

- 5 • NIPSCO should be granted a CPCN for the CCR costs related to the
6 (a) Ground Water Monitoring Project, (b) Material Management
7 Area Project, and (c) Process Storm Water Pond Project in the
8 amount of \$15,750,000 which shall be the total amount applicable to
9 all three projects;

- 10 • The amounts listed above, and only these amounts, shall be not-to-
11 exceed amounts, except upon the occurrence of a Force Majeure
12 Event as further defined in the Settlement;

- 13 • The amounts listed above for compliance with the CCR Rule shall be
14 approved and subject to the current, ongoing review process in
15 NIPSCO's FMCA proceedings (Cause No. 44340 FMCA-X);

- 16 • With respect to costs to comply with the ELG Rule for operations and
17 maintenance ("O&M") and capital (*i.e.*, the ZLD and Piping Bottom

Ash to FGD Projects), a certificate associated with these projects and such costs will be addressed in a later, related proceeding;

- NIPSCO will be authorized to defer for accounting purposes costs incurred by NIPSCO for compliance with the CCR and ELG Rules since the date of its petition in this Cause up to an agreed-upon limit as further explained in the Settlement;

- NIPSCO will be authorized to recover all reasonable and prudently incurred O&M costs related to the Environmental Compliance Project which in 2016 dollars are currently estimated to be \$6,951,000 per year;

- Amounts included above are exclusive of allowance for funds used during construction ("AFUDC") and post-in-service carrying charges as further explained in the Settlement;

- NIPSCO will finance the costs of the Environmental Compliance Project with at least 60% debt capital;

- Based upon the approval NIPSCO received from the Midcontinent Independent System Operator, Inc. ("MISO") in 2016, NIPSCO

1 commits to the retirement of Units 7 and 8 of the Bailly Generating
2 Station by May 31, 2018 as provided in its 2016 Integrated Resource
3 Plan;

- 4 • In addition to proposals responsive to the demand-side management
5 ("DSM") requests for proposals received in May 2017, NIPSCO
6 agrees to request responding bidders to provide a second set of
7 proposals for consideration at the higher incremental savings levels
8 specified in the Settlement;

- 9 • As part of its next IRP submission, due on or before November 1,
10 2019, NIPSCO will evaluate the replacement of the remaining 50% of
11 its coal generation with reasonable alternatives giving consideration
12 to alternative fuel choices, demand-side management savings,
13 distributed generation availability, battery and other energy storage
14 technology and renewable energy supply options;

- 15 • With respect to the twenty percent (20%) of the Environmental
16 Compliance Project costs that will be deferred and recovered by
17 NIPSCO as part of its next general rate case, NIPSCO shall apply its
18 weighted average cost of capital to such costs as permitted under the

1 FMCA Statute and agrees to compound carrying charges on such
2 amounts on a semi-annual basis as further explained in the
3 Settlement; and

- 4 • Consistent with the Commission's Order in Cause No. 44688,
5 NIPSCO shall allocate all demand-related federally mandated costs
6 associated with the Environmental Compliance project based on the
7 demand allocators for the FMCA Mechanism set forth in Joint
8 Exhibit B to the Stipulation and Settlement Agreement approved in
9 Cause No. 44688.

10 **Requested Relief and Update to Cost Estimates**

11 **Q6. Please summarize the relief that has been agreed to by the Settling Parties**
12 **as compared to the relief that was requested in NIPSCO's Verified**
13 **Petition?**

14 **A6.** On November 1, 2016, NIPSCO initiated this proceeding by requesting the
15 issuance of a CPCN and approval for recovery of costs and associated
16 ratemaking treatment for a federally mandated Environmental Compliance
17 Project under Ind. Code § 8-1-8.4 (Federally Mandated Requirements for
18 Energy Utilities) (the "FMCA Statute"). This "Environmental Compliance

1 Project" included projects for compliance with the Environmental
2 Protection Agency's ("EPA") Coal Combustion Residuals rule that became
3 effective October 19, 2015 (the "CCR Rule") and Effluent Limitation
4 Guidelines rule that became effective on January 4, 2016 (the "ELG Rule").
5 In its direct testimony, NIPSCO provided evidence that the CCR Rule is a
6 federally mandated requirement and that the compliance projects
7 associated with the CCR Rule are necessary for compliance with this rule
8 under the FMCA Statute. At this time, NIPSCO is not seeking a CPCN for
9 projects for compliance with the ELG Rule.

10 Based on developments regarding the ELG Rule, which I discuss later in
11 my testimony, the Settlement Terms mostly address the projects necessary
12 for compliance with the CCR Rule. Additionally, the term "Environmental
13 Compliance Project," as used in the Settlement Terms and below in my
14 testimony, relate only to those projects necessary to comply with the CCR
15 Rule. This includes the following projects: (1) Ground Water Monitoring,
16 (2) Material Management Area, (3) Process and Storm Water Pond, (4)
17 Landfill-Pond Closure, and (5) Remote Ash Conveying.

1 **Q7. What was the basis for the costs for the Environmental Compliance**
2 **Project included in the Settlement Terms?**

3 A7. Following the filing of its direct testimony in this Cause, the NIPSCO Major
4 Projects group continued pre-construction work on the projects that were
5 originally proposed. When the information became available, NIPSCO
6 provided updated costs estimates to all parties to this proceeding, many of
7 which included revised "class" estimates, as they became available. In his
8 settlement testimony, NIPSCO Witness Kurt W. Sangster provides a more
9 in-depth discussion of this topic, including the pre-construction work that
10 was done that led to the updated project cost estimates and the class level
11 associated with the estimates that are now a part of the Settlement.

12 **Updates to the Projects Necessary to Comply with the CCR Rule**

13 **Q8. Have there been any changes to the construction process related to the**
14 **Remote Ash Conveying project since NIPSCO's direct testimony was**
15 **filed?**

16 A8. Yes. As further explained by NIPSCO witness Sangster, NIPSCO chose to
17 utilize an Engineering, Procurement, and Construction ("EPC") contract
18 strategy for the Units 12, 14, and 15 Remote Ash Conveying project. An

1 EPC contract is a method of contracting in which project execution risk is
2 transferred to the EPC contractor. Under an EPC contract, the contractor is
3 responsible for the detailed engineering and design, the procurement of all
4 required equipment and materials, and the construction, which includes
5 the start-up and commissioning and turnover of the completed system to
6 the owner.

7 **Q9. What is the result from the EPC contract NIPSCO has entered into for the**
8 **Remote Ash Conveying project?**

9 A9. As NIPSCO witness Sangster further discusses, the final EPC contract was
10 executed on April 28, 2017. With the execution of the EPC contract,
11 NIPSCO has a cost estimate of approximately \$168 million for the Remote
12 Ash Conveying project at Michigan City Generating Station and R.M.
13 Schahfer Generating Station, exclusive of AFUDC. Utilization of the EPC
14 contract for the Remote Ash Conveying project allowed NIPSCO to enter
15 into negotiations with the other Settling Parties and eventually agreed to a
16 not-to-exceed amount for this project of \$168,460,171.

17 **Q10. What other updates to its cost estimates are available at this time?**

1 A10. A brief summary of the updates to NIPSCO's cost estimates follows. Please
2 refer to Witness Sangster's testimony for further explanation of these
3 updates.

4 (1) NIPSCO has refined its Landfill-Pond Closure Project costs to
5 identify more clearly the incremental cost of \$4,260,583 associated
6 with constructing and/or modifying the landfill to comply with the
7 stricter requirements of the CCR Rule.

8 (2) At this time, NIPSCO's estimates related to the (1) Ground Water
9 Monitoring Project, (2) Material Management Area Project, and (3)
10 Process and Storm Water Pond Project are approximately \$13.627
11 million (before applying the applicable accuracy range(s) to this
12 amount). This amount is now based on a Class 2 estimate for the
13 Ground Water Monitoring Project. Estimates remain at Class 4 for
14 the other two projects.

15 It is these revised estimates that provide the basis for the Settlement Terms
16 reached by the Settling Parties. Specifically, the Settling Parties agreed to a
17 not-to-exceed amount for the Landfill-Pond Closure Project in the amount
18 of \$4,260,583. For the (1) Ground Water Monitoring Project, (2) Material

1 Management Area Project, and (3) Process and Storm Water Pond Project,
2 the Settling Parties agreed to a not-to-exceed amount of \$15.75 million,
3 which is a total amount applicable to all three (3) of those projects. While
4 this amount is slightly higher than NIPSCO's current cost estimate, it is
5 important to note that this amount is within the 20% accuracy range
6 associated with a Class 2 estimate.

7 **Q11. Will there be benefits to NIPSCO ratepayers from the agreement in the**
8 **Settlement to use not-to-exceed amounts?**

9 **A11.** Yes. The not-to-exceed amounts in the Settlement provide greater cost
10 certainty for all parties involved. For purposes of reaching Settlement and
11 with the exception of a Force Majeure Event, NIPSCO has taken on the risk
12 that its projects could exceed these amounts and has thereby lowered risk
13 for its ratepayers.

14 **Continuing Consistency of the Environmental Compliance Project and the IRP**

15 **Q12. Have any of the project costs contained in the Settlement impacted**
16 **NIPSCO's IRP analysis underlying its Environmental Compliance**
17 **Project?**

1 A12. No. The costs agreed to in the Settlement are similar to or less than those
2 initially proposed by NIPSCO for compliance with the CCR Rule. On this
3 basis, NIPSCO's IRP analysis still holds, as does NIPSCO's conclusion from
4 the IRP that pursuing compliance for Michigan City Generating Station
5 Unit 12 and R.M. Schahfer Generating Station Units 14 and 15 is the prudent
6 decision.

7 **Q13. Do the Settlement Terms address specific points raised by the other**
8 **parties with respect to NIPSCO's resource planning?**

9 A13. Yes. First, based upon the approval NIPSCO received from MISO in the
10 fourth quarter of 2016, NIPSCO confirmed in the Settlement that it will
11 retire Units 7 and 8 at the Bailly Generating Station by May 31, 2018. The
12 Settling Parties were also able to reach an agreement with respect to DSM
13 requests for proposals for DSM program delivery years 2019-2021, wherein
14 NIPSCO committed to request responding bidders to provide a second set
15 of proposals for consideration at the higher incremental DSM savings levels
16 specified in the Settlement. Lastly, as part of the Settlement Terms, NIPSCO
17 committed to update its IRP analysis in the next IRP submission due by
18 November 1, 2019 to review different resource options for replacing the

1 remaining 50% of NIPSCO's coal generation – including alternative fuel
2 choices and various renewable and DSM savings.

3 **Update on the CCR Rule and ELG Rule and Proposed Path Forward**

4 **Q14. Have there been any significant developments to the CCR Rule or ELG**
5 **Rule since you filed your direct testimony?**

6 A14. Yes. With respect to the ELG Rule, on April 13, 2017, Scott Pruitt,
7 Administrator of the EPA, announced that the EPA was issuing an
8 administrative stay of the ELG Rule and would be reviewing and
9 reconsidering the ELG Rule. In his settlement testimony, NIPSCO Witness
10 Kelly R. Carmichael provides details of this action by the EPA, as well as its
11 impact on NIPSCO's proposed compliance plan for the ELG Rule.

12 With respect to the CCR Rule, on May 12, 2017, an industry group
13 submitted a Petition for Reconsideration of the CCR Rule to the EPA. As
14 discussed in greater detail by NIPSCO Witness Carmichael, the petition did
15 not request reconsideration of the entire CCR Rule, but, rather, focused on
16 those provisions that were established based on the self-implementing
17 nature of the Rule. In his settlement testimony, NIPSCO witness
18 Carmichael discusses the impact of these developments. I also briefly

1 describe the impact of these developments on this proceeding, as well as
2 the proposed path forward to which the Settling Parties agreed.

3 **Q15. What impact, if any, does the petition for reconsideration by the industry**
4 **group on the CCR Rule have on NIPSCO's proposed Environmental**
5 **Compliance Project?**

6 A15. Neither this request nor the change to the ELG Rule impact NIPSCO's
7 proposed compliance project related to the CCR Rule. I would also note
8 that the effective dates under the CCR Rule require that NIPSCO work
9 diligently towards implementation of the Environmental Compliance
10 Project to ensure it is able to timely comply with the relevant portions of the
11 CCR Rule and continue to operate its generation facilities. Specifically,
12 were NIPSCO to delay implementation of the Environmental Compliance
13 Project even a few months, either NIPSCO would not be in a position of
14 compliance on the relevant dates, or it would have to incur substantial,
15 additional costs to timely achieve compliance.

16 However, to the extent the need for and/or the scope of any project (or
17 portion of a project) covered by the Settlement Terms is affected due to
18 changes to the CCR Rule (as determined by a final rule change,

1 administrative action, or judicial order), NIPSCO has agreed to file a
2 petition to modify the CPCN stipulated to under the Settlement and,
3 pending determination on such petition for modification, agreed not to
4 incur any additional federally mandated compliance costs associated with
5 the portion of the project(s) subject to the modification request, other than
6 those costs necessary to ensure the operability of NIPSCO's facilities. This
7 commitment by NIPSCO is intended to provide reasonable assurance to the
8 Settling Parties and the Commission that any potential change to the CCR
9 Rule will be reflected in NIPSCO's compliance plan and that unnecessary
10 costs will not be incurred.

11 **Q16. What impact, if any, does this administrative stay of the ELG Rule by the**
12 **EPA have on NIPSCO's proposed Environmental Compliance Project?**

13 A16. With respect to compliance with the ELG Rule, NIPSCO believes it would
14 be prudent to pause review for the time being, at least until further action
15 by the EPA better defines what actions EPA may take.

16 **Q17. How do the Settling Parties propose that the Commission address**
17 **NIPSCO's proposed path towards compliance with the ELG Rule?**

1 A17. As part of the Settlement Terms, the Settling Parties agreed that it would be
2 most appropriate to move the review of the projects NIPSCO is considering
3 for compliance with the ELG Rule (*i.e.*, the Piping Bottom Ash to FGD and
4 Zero Liquid Discharge projects) to the ongoing review in the FMCA
5 proposed in this proceeding. As part of the Settlement, NIPSCO commits
6 to provide updates on the administrative stay of the ELG Rule as part of
7 those semi-annual filings. This will allow the Commission and all
8 interested parties to continue to receive updates. At the point at which
9 NIPSCO views there is a reasonable amount of certainty related to the ELG
10 Rule (or successor or as potentially amended), then it will propose to the
11 Commission to review and approve and issue a CPCN for the updated cost
12 estimates for any associated, federally mandated projects.

13 **Q18. How do the Settling Parties propose to handle the ongoing, reasonable**
14 **costs that NIPSCO will need to incur to ensure compliance with the ELG**
15 **Rule?**

16 A18. Because NIPSCO must continue pilot testing of projects and other work
17 under the stayed ELG Rule, NIPSCO will still incur reasonable expenses
18 and needs to account for the testing and other pre-construction activity. On

1 this basis, the Settling Parties agreed that NIPSCO should be allowed to
2 incur and defer up to \$3.3 million in costs on and after April 1, 2017 through
3 December 31, 2019. As further discussed below, NIPSCO agreed to forego
4 the collection of carrying costs on this portion, and only this portion, of
5 costs.

6 **NIPSCO's Semi-Annual FMCA Filings, Financing, and Ratemaking**

7 **Q19. What have the Settling Parties agreed to with respect to NIPSCO's**
8 **financing of the Environmental Compliance Project?**

9 A19. NIPSCO has agreed to abide by the terms of the Settlement in Cause No.
10 44688 to finance the Environmental Compliance Project. In accordance with
11 the Settlement, NIPSCO is required to fund the total project using 60% debt
12 financing for approved costs over \$100 million. To that end, in the financing
13 authority approved in Cause No. 44796, this issue has already been
14 addressed, and it is designed, under the proposed debt issuances, to satisfy
15 the 60% settlement requirement.

16 **Q20. Please describe the carrying charges treatment in the Settlement.**

17 A20. With the exception of certain ongoing costs needed to ensure compliance
18 with the ELG Rule, which will not have any carrying charges applied to

1 them, NIPSCO will apply carrying charges to all other charges. For
2 purposes of calculating all carrying charges associated with the Settlement,
3 NIPSCO will apply its weighted average cost of capital to such costs as
4 permitted under the FMCA Statute and agreed to compound carrying
5 charges on these amounts on a semi-annual basis.

6 **Q21. What commitments, if any, did NIPSCO make with respect to updating**
7 **its capital structure in each FMCA semi-annual filing consistent with the**
8 **Commission's approved method used in its current FMCA proceedings?**

9 A21. As part of the Settlement, NIPSCO agreed to continue to update its capital
10 structure in each of its FMCA semi-annual filings to reflect the agreed upon
11 use of debt capital to fund the Environmental Compliance Project and any
12 other debt capital used to fund projects pursuant to the terms of the
13 settlement approved in Cause No. 44688.

14 **Q22. What other commitments did NIPSCO make as part of the Settlement**
15 **related to its semi-annual filings?**

16 A22. NIPSCO agreed to include schedules that separately identify costs for its
17 NERC Compliance Project (currently pending Cause No. 44889) and the
18 Environmental Compliance Project (Cause No. 44872) in its FMCA semi-

1 annual filings. NIPSCO will look to separate the total estimated cost, total
2 actual cost, construction start date(s) and in-service date(s) of the major
3 capital projects in the schedules similar to previous breakdowns in other
4 tracker proceedings (e.g., ECR). NIPSCO has also committed to work with
5 the Settling Parties to provide schedules and work papers in each semi-
6 annual filing in a mutually-agreeable format.

7 **Overview of Public Interest Rationale and Background**

8 **Q23. Please provide a background of this Cause for purposes of explaining the**
9 **public interest of the Settlement.**

10 **A23.** On November 1, 2016, NIPSCO filed with the Commission its Verified
11 Petition for (1) approval of and a CPCN for a federally mandated
12 Environmental Compliance Project; (2) authority to recover federally
13 mandated costs incurred in connection with the Environmental
14 Compliance Project; (3) approval of the estimated federally mandated costs
15 associated with the Environmental Compliance Project; (4) authority for the
16 timely recovery of 80% of the federally mandated costs incurred in
17 connection with the Environmental Compliance Project through Rider 787
18 – Adjustment of Charges for Federally Mandated Costs and Appendix I –

1 Federally Mandated Cost Adjustment Factor (the "FMCA Mechanism"); (5)
2 authority to defer 20% of the federally mandated costs incurred in
3 connection with the Environmental Compliance Project for recovery in
4 NIPSCO's next general rate case; (6) approval of the specific ratemaking
5 and accounting treatment described therein; (7) approval to depreciate the
6 Environmental Compliance Project according to the depreciation rates
7 approved by the Commission in Cause No. 44688; and (8) approval of
8 ongoing review of the Environmental Compliance Project; all pursuant to
9 Ind. Code § 8-1-8.4-1 et seq., § 8-1-2-19, § 8-1-2-23 and § 8-1-2-42. NIPSCO
10 filed its prepared testimony and exhibits constituting its case-in-chief on
11 November 23, 2016. The parties filed a Joint Motion for Agreed Procedural
12 Schedule, which was granted by Docket Entry on December 13, 2016.
13 NIPSCO Industrial Group, the OUCC, CAC, and the Sierra Club all filed
14 their respective testimony and exhibits on April 3, 2017. Pursuant to the
15 Settlement, all Settling Parties agreed to file revised direct testimony and
16 exhibits on June 22, 2017 to the extent necessary.

17 As noted above, the Settlement comprehensively addresses all issues
18 related to the CCR Rule and proposes a path forward for compliance with

1 the ELG Rule. Ultimately, the Settlement falls within the broader public
2 interest by providing all customer segments with a reasonable outcome and
3 providing NIPSCO a solid foundation from which it can invest in necessary
4 environmental compliance projects, and possibly the higher incremental
5 DSM savings levels identified in the Settlement, to ensure that it is prepared
6 to serve its customers in the years ahead. As NIPSCO Witness Daniel L.
7 Douglas explains, the Settlement also remains consistent with NIPSCO's
8 most recently submitted IRP, and this presents the best path forward to
9 satisfy the guiding principles illustrated therein.

10 NIPSCO commends the efforts of all Settling Parties that led to the
11 Settlement. The Settlement was only possible because of the collaborative
12 and open efforts of all Settling Parties. I would also note that the Sierra Club
13 was invited to participate in settlement negotiations and attended and
14 participated in several settlement meetings, although, in the end, the
15 Settling Parties were not able to reach agreement with the Sierra Club.

16 **Q24. Are all of the provisions of the Settlement interrelated?**

17 **A24.** Yes. The Settlement represents a diligent effort by all Settling Parties to
18 reach a comprehensive result. The complexity of the issues and the

1 diversity of the Settling Parties dictated the need for compromise on the
2 part of everyone involved, and the Settlement reflects a delicate balance that
3 accommodates the interests of all Settling Parties in a reasonable way.

4 **Q25. Are you familiar with the Commission's policy and standard of review**
5 **regarding settlement agreements?**

6 A25. Yes. The Commission's rules, 170 IAC 1-1.1-17, provide that it is the policy
7 of the Commission to review and accept appropriate settlements. A
8 settlement must be supported by probative evidence so that the
9 Commission may make appropriate findings of fact in its decision and
10 determine whether the evidence supports the Commission's conclusion
11 regarding the settlement. The Commission may reject, in whole or in part,
12 any proposed settlement if the Commission determines the settlement is
13 not in the public interest.

14 The Commission's policy is consistent with the general public policy
15 favoring settlement. As the Commission has previously found, settlements
16 are favored as a matter of policy because they help advance matters with
17 far greater speed and certainty, and far less drain on public and private
18 resources, than litigation or other adversarial proceedings. In a litigated

1 context, the Commission is the sole entity involved in resolving disputes.

2 In the settlement context, the parties are also involved with and satisfied by
3 the resolution. This benefit, as well as the conservation of valuable
4 Commission time and effort, is in the public interest.

5 NIPSCO recognizes that the Commission will closely examine the
6 Settlement and evidentiary record and must determine on its own whether
7 it is reasonable and in the public interest. NIPSCO is aware that in other
8 cases the Commission has modified settlement agreements when the
9 Commission has found that modification is necessary in order to find the
10 settlement agreement is in the public interest. In reaching agreement in this
11 case, the Settling Parties have attempted to take previous Commission
12 decisions into account. This approach was taken not to gloss over the
13 importance of Commission review, but in recognition of the request for
14 expedited consideration and approval of the Settlement. The fact that the
15 Settling Parties were able to negotiate a settlement in this proceeding
16 representing various customer segments and diverse interests, I believe, is
17 strong additional evidence that the Settlement is in the public interest. I
18 would add that the ability to obtain a Commission decision in a more timely

1 and cost effective manner, coupled with certainty about the terms and
2 conditions which have been negotiated, is of the utmost importance in the
3 settlement context. Without such certainty, settlements may not be reached.
4 Therefore, the Settlement provides that if following its examination, the
5 Commission finds the Settlement to be in the public interest, the Settlement
6 should be approved in its entirety and without change or condition(s)
7 unacceptable to any Settling Party.

8 **Q26. Why is approval of the Settlement consistent with the public interest?**

9 A26. Approval of the Settlement as it is written is consistent with the public
10 interest because the Settlement represents a comprehensive resolution of all
11 of the issues related to compliance with the CCR Rule (and ELG Rule in an
12 interim respect) in this proceeding by NIPSCO and the other Settling
13 Parties. As the evidence reflects, the Settlement resolves complex,
14 controversial issues. The Settlement balances the interests of NIPSCO with
15 those of its customers without the expense and risk of continued litigation
16 and likely appeal. Moreover, the Settlement provides NIPSCO with the
17 certainty it needs to serve the interests of NIPSCO's customers in receiving
18 reasonable service at a fair cost.

1 Q27. Is time of the essence in obtaining Commission approval of the
2 Settlement?


3 A27. Yes. Time is of the essence to have the Settlement considered and approved
4 by the Commission in order to ensure the path forward under the
5 Settlement is the one that is approved and to therefore avoid undue delay
6 or incurrence of costs in achieving compliance with the above-referenced
7 mandates. While the Settling Parties appreciate that the Commission has a
8 responsibility to carefully consider the evidence of record to determine
9 whether the Settlement is in the public interest, NIPSCO requests the
10 Commission to do so as soon as possible. This is necessary so that NIPSCO
11 can begin the procurement and other processes necessary to be assured of
12 meeting its milestones for compliance with the CCR Rule in 2018.

13 Q28. Does this conclude your prepared settlement testimony?

14 A28. Yes.

VERIFICATION

I, Timothy R. Caister, Vice President, Regulatory Policy for Northern Indiana Public Service Company, affirm under penalties of perjury that the foregoing representations are true and correct to the best of my knowledge, information and belief.

A handwritten signature in black ink, appearing to read 'Timothy R. Caister', is written over a horizontal line.

Timothy R. Caister

Dated: June 22, 2017

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

VERIFIED PETITION OF NORTHERN INDIANA PUBLIC)
SERVICE COMPANY FOR (1) APPROVAL OF AND A)
CERTIFICATE OF PUBLIC CONVENIENCE AND)
NECESSITY FOR A FEDERALLY MANDATED)
ENVIRONMENTAL COMPLIANCE PROJECT; (2))
AUTHORITY TO RECOVER FEDERALLY MANDATED)
COSTS INCURRED IN CONNECTION WITH THE)
ENVIRONMENTAL COMPLIANCE PROJECT; (3))
APPROVAL OF THE ESTIMATED FEDERALLY)
MANDATED COSTS ASSOCIATED WITH THE) CAUSE NO. 44872
ENVIRONMENTAL COMPLIANCE PROJECT; (4))
AUTHORITY FOR THE TIMELY RECOVERY OF 80% OF)
THE FEDERALLY MANDATED COSTS THROUGH RIDER)
787 – ADJUSTMENT OF FEDERALLY MANDATED COSTS)
AND APPENDIX I – FEDERALLY MANDATED COST)
ADJUSTMENT FACTOR; (5) AUTHORITY TO DEFER 20%)
OF THE FEDERALLY MANDATED COSTS FOR)
RECOVERY IN NIPSCO’S NEXT GENERAL RATE CASE;)
(6) APPROVAL OF SPECIFIC RATEMAKING AND)
ACCOUNTING TREATMENT; (7) APPROVAL TO)
DEPRECIATE THE ENVIRONMENTAL COMPLIANCE)
PROJECT ACCORDING TO PREVIOUSLY APPROVED)
DEPRECIATION RATES; AND (8) APPROVAL OF)
ONGOING REVIEW OF THE ENVIRONMENTAL)
COMPLIANCE PROJECT; ALL PURSUANT TO IND. CODE)
§ 8-1-8.4-1 *ET SEQ.*, § 8-1-2-19, § 8-1-2-23, AND § 8-1-2-42.)

STIPULATION AND SETTLEMENT AGREEMENT

This Stipulation and Settlement Agreement (“Agreement”) is entered into as of the
9th day of June, 2017, by and among the Northern Indiana Public Service Company
(“NIPSCO” or “Petitioner”), the Indiana Office of Utility Consumer Counselor, the

NIPSCO Industrial Group¹, and the Citizens Action Coalition of Indiana, Inc. (collectively, the "Settling Parties), who stipulate and agree for purposes of settling the issues in this Cause relating to the costs of compliance with the federally mandated requirements of the Environmental Protection Agency's Coal Combustion Residuals ("CCR") Rule. The term "Environmental Compliance Project" as used in the Settlement Terms set out herein shall only refer to those costs related to compliance with the CCR Rule. The Settling Parties do not intend for the Settlement Terms to address the projects or costs proposed to comply with the Environmental Protection Agency's Effluent Limitations Guidelines ("ELG") Rule, except as further described in Paragraph 6 below. Except as described herein the Settling Parties expressly reserve all rights in any proceeding addressing NIPSCO's compliance with the ELG Rule. The terms and conditions set forth below represent a fair and reasonable resolution of all issues subject to incorporation into a Final Order of the Indiana Utility Regulatory Commission ("Commission") without any modification or condition that is not acceptable to the Settling Parties.

¹ The companies that comprise the NIPSCO Industrial Group are Arcelor Mittal USA, Jupiter Aluminum Corporation, Marathon Petroleum Company LP, NLMK Indiana, Praxair, Inc., United States Steel Corporation, and USG Corporation.

A. Background.

On November 1, 2016, NIPSCO filed with the Commission its Verified Petition for (1) approval of and a certificate of public convenience and necessity ("CPCN") for a federally mandated Environmental Compliance Project;² (2) authority to recover federally mandated costs incurred in connection with the Environmental Compliance Project; (3) approval of the estimated federally mandated costs associated with the Environmental Compliance Project; (4) authority for the timely recovery of 80% of the federally mandated costs incurred in connection with the Environmental Compliance Project through Rider 787 – Adjustment of Charges for Federally Mandated Costs and Appendix I – Federally Mandated Cost Adjustment Factor (the "FMCA Mechanism"); (5) authority to defer 20% of the federally mandated costs incurred in connection with the Environmental Compliance Project for recovery in NIPSCO's next general rate case; (6) approval of the specific ratemaking and accounting treatment described herein; (7) approval to depreciate the Environmental Compliance Project according to the depreciation rates approved by the Commission in Cause No. 44688; and (8) approval of ongoing review of the Environmental Compliance Project; all pursuant to Ind. Code § 8-1-8.4-1 *et seq.*, § 8-1-2-19, § 8-1-2-23 and § 8-1-2-42. NIPSCO filed its prepared testimony

² In its Verified Petition, NIPSCO sought a CPCN for projects related to the Environmental Protection Agency's CCR Rule and ELG Rule. As noted above, the Settlement Terms address only projects for compliance with the CCR Rule, and the term "Environmental Compliance Project," as used in Paragraphs 1-25 below, refer only to such projects.

and exhibits constituting its case-in-chief on November 23, 2016. The parties filed a Joint Motion for Agreed Procedural Schedule, which was granted by Docket Entry on December 13, 2016. NIPSCO Industrial Group, the Indiana Office of Utility Consumer Counselor, the Citizens Action Coalition of Indiana, Inc., and the Sierra Club all filed their respective testimony and exhibits on April 3, 2017.

B. Settlement Terms

1. Unless otherwise described in the Settlement Terms set out below, the Settling Parties agree to the following relief requested by NIPSCO in Cause No. 44872:

- (a) Finding that the public convenience and necessity will be served and issuing to Petitioner a certificate of public convenience and necessity ("CPCN") for a federally mandated compliance project pursuant to Ind. Code §§ 8-1-8.4-6 and -7;
- (b) Determining that the CCR Rule that became effective October 19, 2015 is a federally mandated requirement as defined by Ind. Code § 8-1-8.4-5;
- (c) Finding that NIPSCO is an energy utility as defined by Ind. Code § 8-1-8.4-3;
- (d) Finding that the Environmental Compliance Project is a compliance project under Ind. Code § 8-1-8.4-2;

- (e) Finding that the Environmental Compliance Project will allow NIPSCO to comply directly with the CCR Rule;
- (f) Authorizing Petitioner to recover federally mandated costs incurred in connection with the Environmental Compliance Project pursuant to Ind. Code § 8-1-8.4-7 including capital, operation and maintenance ("O&M"), depreciation, taxes, financing and carrying costs, and Allowance for Funds Used During Construction ("AFUDC"), as further described below;
- (g) Finding that the costs incurred in connection with the Environmental Compliance Project are federally mandated costs under Ind. Code § 8-1-8.4-4;
- (h) Approving the projected federally mandated costs associated with the Environmental Compliance Project pursuant to Ind. Code § 8-1-8.4-7, as further described below;
- (i) Authorizing the timely recovery of 80% of the federally mandated costs incurred in connection with the Environmental Compliance Project through the FMCA Mechanism pursuant to Ind. Code § 8-1-8.4-7 as further described below;

- (j) Authorizing Petitioner to utilize construction work in progress ("CWIP") ratemaking treatment for the Environmental Compliance Project through the FMCA Mechanism as further described below;
- (k) Authorizing Petitioner to accrue AFUDC relating to the Environmental Compliance Project until such time as the individual projects comprising the Environmental Compliance Project are placed into service or receive ratemaking treatment as further described below;
- (l) Authorizing NIPSCO to defer post-in service costs of the Environmental Compliance Project, including O&M, depreciation, taxes, financing and carrying costs, and AFUDC until such costs are recognized for ratemaking purposes through the FMCA Mechanism or included for recovery in NIPSCO's base rates in its next general rate case pursuant to Ind. Code § 8-1-8.4-7 as further described below;
- (m) Authorizing Petitioner to defer and recover through the FMCA Mechanism any federally mandated costs, including but not limited to, pre-construction costs and all other costs incurred on or after November 1, 2016 (the date of NIPSCO's Verified Petition in this cause) to the extent that such costs are reasonable and consistent with the scope of the Environmental Compliance Project as further described below;

- (n) Authorizing Petitioner to defer 20% of the federally mandated costs incurred in connection with the Environmental Compliance Project and authorizing Petitioner to recover in Petitioner's next general rate case the deferred federally mandated costs pursuant to Ind. Code § 8-1-8.4-7 as further described below;
- (o) Authorizing Petitioner to record ongoing carrying charges based on the current overall weighted average cost of capital on the deferred federally mandated costs until the deferred federally mandated costs are included for recovery in Petitioner's base rates in its next general rate case as further described below;
- (p) Approving use of the depreciation rates approved by the Commission in Cause No. 44688 for the assets comprising the Environmental Compliance Project;
- (q) Approval to adjust Petitioner's authorized net operating income to reflect any approved earnings associated with the Environmental Compliance Project for purposes of Ind. Code § 8-1-2-42(d)(3); and
- (r) Approval of ongoing review of the Environmental Compliance Project as part of Petitioner's semi-annual FMCA filings.

2. The Settling Parties agree that NIPSCO should be granted a CPCN in the amount of \$168,460,171 for the Remote Bottom Ash Projects portion of the Environmental Compliance Project, which is based upon the amounts included in the Engineering, Procurement, and Construction ("EPC") contract. Additionally, the Settling Parties agree that NIPSCO should be granted a CPCN for the amount of \$4,260,583 for incremental costs associated with constructing and/or modifying NIPSCO's landfill to comply with the stricter landfill requirements of the CCR Rule.

3. The Settling Parties agree that NIPSCO should be granted a CPCN for the CCR costs related to the (1) Ground Water Monitoring Project, (2) Material Management Area Project, and (3) Process and Storm Water Pond Project in the amount of \$15,750,000, which shall be a total amount applicable to all three (3) projects.

4. The Settling Parties agree that the amounts listed in Paragraphs 2 and 3 above, and only these amounts, shall be not-to-exceed amounts, except upon the occurrence of a Force Majeure Event.³ To the extent the Commission makes a finding that

³ For purposes of this Agreement, the term "Force Majeure Event" is defined as including, but not limited to, the following: acts of God; acts of war or terrorism; extended labor dispute resulting in a work stoppage; orders by a government official, government agency, other regulatory authority, or a regional transmission organization, acting under and authorized by applicable law, that directs NIPSCO to halt work on the Environmental Compliance Project or materially change the scope of the Environmental Compliance Project; failure of a permitting authority to issue a necessary permit in a timely fashion where the failure of the permitting authority to act is beyond the control of NIPSCO and NIPSCO has taken all steps available to it to obtain the necessary permit, including, but not limited to: submitting a complete permit application; responding to requests for additional information by the permitting authority in a timely fashion; and accepting lawful permit terms and conditions after expeditiously exhausting any legal rights to appeal terms and conditions imposed by the permitting authority; or any causes which are not

NIPSCO has proven a Force Majeure Event has occurred, the Settling Parties waive the right to argue that this Agreement or the not-to-exceed amounts contained herein bar recovery of costs attributable to the Force Majeure Event. However, the Settling Parties expressly reserve all other rights to take positions, including positions related to appropriate cost recovery, in any proceeding related to a petition for recovery of additional costs attributable to the Force Majeure Event.

5. The amounts listed in Paragraphs 2 and 3 above for compliance with the CCR Rule shall be approved subject to the current, ongoing review process in NIPSCO's FMCA proceedings (Cause No. 44340-FMCA-X).

6. With respect to costs to comply with the ELG Rule for operations and maintenance ("O&M") and capital (*i.e.*, the ZLD and Piping Bottom Ash to FGD Projects), the Settling Parties agree that a certificate associated with these projects and such costs will be addressed in a later, related proceeding. Each Settling Party agrees to review the testimony and exhibits of each of its witnesses to identify the portions of testimony and exhibits related to compliance with the ELG Rule. After review and consultation between

within the control of NIPSCO, and which by the exercise of reasonable diligence, NIPSCO is unable to prevent. Upon occurrence of a Force Majeure Event, NIPSCO shall notify the Settling Parties of such occurrence within fourteen (14) business days. Within fourteen (14) business days after the receipt of such notice, the Settling Parties shall confer to discuss, among other things, the nature and expected impact of the Force Majeure Event. If the Settling Parties are unable in good faith to agree that a Force Majeure Event has occurred, NIPSCO shall have the burden of proof as to whether such event constitutes a Force Majeure Event.

and among the Settling Parties, each Settling Party will file with the Commission a request to withdraw, without prejudice, all portions of testimony and exhibits related to compliance with the ELG Rule. NIPSCO agrees to provide updates on the status of the ELG Rule and NIPSCO's project estimates proposed for compliance therewith to the Commission and all interested parties in its semi-annual FMCA filings. Consistent with NIPSCO's request in its Verified Petition in this Cause, the Settling Parties agree that costs incurred by NIPSCO for compliance with the ELG Rule between November 1, 2016 and March 31, 2017 (which are currently estimated to be \$353,850) should be deferred for accounting purposes. With respect to the costs incurred between November 1, 2016 and March 31, 2017, NIPSCO shall be authorized to apply carrying costs to these deferred amounts as provided in Paragraph 15 below. The Settling Parties further agree that up to \$3.3 million of costs incurred by NIPSCO for compliance with the ELG Rule (including, but not limited to, costs related to pilot testing of technological options and other pre-construction engineering costs) on and after April 1, 2017 through December 31, 2019 should be deferred for accounting purposes. NIPSCO shall not apply any carrying charges to the portion of deferred costs incurred April 1, 2017 through December 31, 2019.

7. The Settling Parties agree that NIPSCO will be authorized to recover all reasonable and prudently-incurred O&M costs related to the Environmental Compliance Project, which in 2016 dollars are currently estimated to be \$6,951,000 per year.

8. The Settling Parties agree that the amounts included above are exclusive of AFUDC and post-in-service carrying charges. The Settling Parties further agree that NIPSCO will be authorized to accrue and to recover all AFUDC on the construction costs associated with the Environmental Compliance Project until such costs receive either CWIP ratemaking treatment through the FMCA Mechanism, are placed in service, or are otherwise reflected in NIPSCO's base electric rates. AFUDC will be calculated and recorded in accordance with Generally Accepted Accounting Principles. The Settling Parties further agree that NIPSCO will be permitted to accrue and recover post-in-service carrying charges on construction costs associated with the Environmental Compliance Project after the portion of the project associated with those costs is placed in service and until such costs are recognized for ratemaking purposes through the FMCA Mechanism or included for recovery in NIPSCO's base rates in its next general rate case pursuant to Ind. Code § 8-1-8.4-7. With respect to this portion of post-in-service carrying charges, NIPSCO shall apply its weighted average cost of capital to such costs, as provided in Paragraph 15 below.

9. The Settling Parties agree that the financing approved in the Commission's November 30, 2016 Order in Cause No. 44796 satisfies the terms of the settlement recently-approved in Cause No. 44688, which requires NIPSCO to finance any projects with estimated costs of \$100 million or more with at least 60% debt capital. NIPSCO agrees to finance the costs of the Environmental Compliance Project with at least 60%

debt capital.

10. Based upon the approval NIPSCO received from the Midcontinent Independent System Operator, Inc. in the fourth quarter of 2016, NIPSCO commits to the retirement of Units 7 and 8 of the Bailly Generating Station by May 31, 2018, as provided in its 2016 Integrated Resource Plan.

11. In addition to proposals responsive to the demand-side management ("DSM") requests for proposals ("RFPs") received in May of 2017, NIPSCO agrees to request responding bidders to provide a second set of proposals for consideration at the following incremental savings levels: 168 GWh (gross) for program delivery year 2019, 180 GWh (gross) for program delivery year 2020, and 198 GWh (gross) for program delivery year 2021. Vendor responses, meaning the responses received in May of 2017 and the responses to the second set of proposals, will be evaluated by NIPSCO's Oversight Board. Excluding low-income program(s), programs responsive to the DSM RFPs, including these second set of proposals, shall be cost-effective. This Paragraph is not intended to and shall not foreclose any Settling Party's, or any other party's, rights otherwise available in any future proceeding or filing, or otherwise commit a Settling Party, or any other party, to pursue or approve these, or any other, particular savings levels.

12. As part of its next IRP submission, due on or before November 1, 2019, NIPSCO will evaluate the replacement of the remaining 50% of its coal generation with reasonable generation alternatives, giving consideration to, among other things, alternative fuel choices, demand-side management savings, distributed generation availability, battery and other energy storage technology, and a comprehensive analysis of renewable energy supply options. NIPSCO intends to begin stakeholder dialogue on this IRP by November 1, 2018.

13. NIPSCO agrees to provide updates to the Commission and intervenors in NIPSCO's semi-annual FMCA proceedings regarding any changes to the federally mandated requirements precipitating the Environmental Compliance Project approved herein. To the extent the need for and/or the scope of any project (or portion of a project) approved in Cause No. 44872 is affected due to changes to the CCR Rule (as determined by a final (*i.e.*, no longer subject to appeal or judicial challenge) rule change, administrative action, or judicial order), NIPSCO shall file a petition to modify the CPCN stipulated hereunder and, pending determination on such petition for modification, agrees not to incur any additional federally mandated costs associated with the portion of the project(s) subject to the modification request, other than those costs necessary to ensure the operability of NIPSCO's facilities. The Settling Parties expressly reserve all rights to take positions, including positions related to appropriate cost recovery, in any proceeding related to a petition for modification as described in this paragraph. Upon

occurrence of any change to the federally mandated requirements precipitating the Environmental Compliance Project approved herein, NIPSCO shall notify the Settling Parties of such occurrence within fourteen (14) business days. Within fourteen (14) business days after the receipt of such notice, the Settling Parties shall confer to discuss, among other things, the nature and expected impact of the change to the federally mandated requirements.

14. With respect to the twenty percent (20%) of the Environmental Compliance Project costs that will be deferred and recovered by NIPSCO as part of its next general rate case, NIPSCO shall apply its weighted average cost of capital to such costs as permitted under the FMCA Statute as provided in Paragraph 15 below.

15. For purposes of calculating all carrying charges associated with this Agreement, NIPSCO shall apply its weighted average cost of capital to such costs as permitted under the FMCA Statute and agrees to compound carrying charges on such amounts on a semi-annual basis. For purposes of NIPSCO's FMCA Mechanism, NIPSCO agrees to update the weighted average cost of capital in each FCMA filing to reflect the agreed upon use of debt capital to fund the Environmental Compliance Project and any other debt capital used to fund projects pursuant to the terms of the settlement approved in Cause No. 44688. NIPSCO will also include schedules in such semi-annual FMCA filing that separately identify the costs for the compliance projects associated with

NIPSCO's NERC Compliance Plan (currently pending in Cause No. 44889) and Environmental Compliance Plan (Cause No. 44872) and will, in advance of its next FMCA filing, work with the other Settling Parties and the Commission to provide schedules and work papers in a mutually-agreeable format.

16. The Settling Parties agree that the information filed by NIPSCO in this Cause pursuant to its Motion for Protective Order should be 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 should be held confidential and protected from public access and disclosure by the Commission.

17. Consistent with the Commission's Order in Cause No. 44688, NIPSCO shall allocate all demand-related federally mandated costs associated with the Environmental Compliance Project based on the demand allocators for the FMCA Mechanism set forth in Joint Exhibit B to the Stipulation and Settlement Agreement approved in Cause No. 44688. All energy-related federally mandated costs will be allocated based upon the energy attributable to each of the Company's rate schedules based upon amounts included in NIPSCO's most recent general electric rate case. In the event NIPSCO seeks to modify the allocations percentages to reflect significant migrations of customers amongst the various rate classes in order to prevent any unintended consequences of the migration of customers and to reasonably allocate their estimated share of the revenue

requirement, NIPSCO agrees to identify such modifications in pre-filed testimony and provide supporting testimony, and the Settling Parties reserve the right to conduct discovery and raise issues with any proposed modification.

C. Procedural Aspects and Presentation of the Agreement.

18. The Settling Parties agree to jointly present this Agreement to the Commission for its 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.

19. 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 discussed by any party in a subsequent proceeding. Moreover, the concurrence of the Settling Parties with the terms of this Agreement is expressly predicated upon the Commission's approval of the Agreement in its entirety without any material modification or any material condition deemed unacceptable by any 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 any modifications made by the Commission are unacceptable to such party. In the event that the Agreement is withdrawn, the Settling Parties will request that an Attorneys' Conference be convened

to establish a procedural schedule for the continued litigation of this proceeding.

20. The Settling Parties agree that this Agreement and each term, condition, amount, methodology and exclusion contained herein reflects a fair, just and reasonable resolution and compromise for the purpose of settlement, and is agreed upon without prejudice to the ability of any party to propose a different term, condition, amount, methodology or exclusion in future proceedings. As set forth in the Order in *Re Petition of Richmond Power & Light*, Cause No. 40434, p. 10, the Settling Parties agree and ask the Commission to incorporate as part of its Final Order that this Agreement, or the 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 hereto has entered into this Agreement solely to avoid further disputes and litigation with the attendant inconvenience and expenses.

21. The Settling Parties stipulate that the evidence of record presented in this Cause constitutes substantial evidence sufficient to support this Agreement and provide an adequate evidentiary basis upon which the Commission can make any findings of fact and conclusions 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.

22. 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.

23. The Settling Parties shall not appeal the agreed Final Order or any subsequent Commission order as to any portion of such order that is specifically implementing, without modification, the provisions of this Agreement, and the Settling Parties shall not support any appeal of the portion of such order by a person not a party to this Agreement.

24. The provisions of this Agreement shall be enforceable by any Settling Party before the Commission or in any court of competent jurisdiction.

25. The communications and discussions during the negotiations and conferences which produced this Agreement have been conducted on the explicit understanding that they are or relate to offers of settlement and shall therefore be privileged.

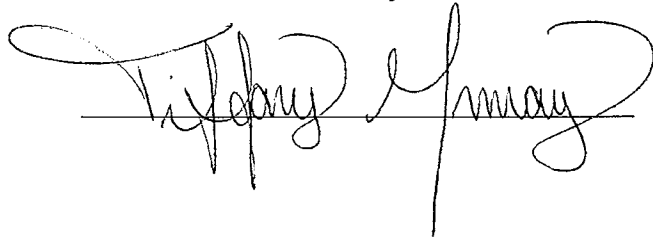
ACCEPTED AND AGREED this 9th day of June, 2017.

Northern Indiana Public Service Company

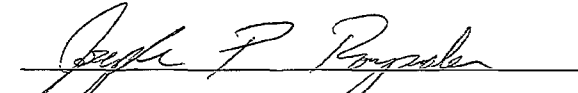
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Timothy R. Caister
Vice President, Regulatory Policy

Indiana Office of Utility Consumer Counselor

A handwritten signature in cursive script, appearing to read "Tiffany H. May", is written over a horizontal line.

NIPSCO Industrial Group


Joseph P Rompala

Citizens Action Coalition of Indiana, Inc.

Kenn Z Allen