

February 24, 2020

*Via Electronic Filing – 30 Day Filings - Electric*

Mary M. Becerra  
Secretary to the Commission  
Indiana Utility Regulatory Commission  
101 West Washington Street  
Suite 1500 East  
Indianapolis, Indiana 46204

**RE: NIPSCO 30 Day Filing Pursuant to 170 IAC 1-6-1 et seq.**

Dear Ms. Becerra:

In accordance with 170 IAC 1-6-1, enclosed please find Northern Indiana Public Service Company LLC's ("NIPSCO") (1) First Revised Sheet No. 149 and (2) First Revised Sheet No. 1508 – to Rider 878 – Purchases from Cogeneration Facilities and Small Power Production Facilities. The referenced filing consists of NIPSCO's proposed revisions to update its energy and capacity rate schedule for purchases from cogeneration and small power production facilities pursuant to 170 IAC 4-4.1 *et seq.* The revisions are shown in the attached redlined tariff sheets. NIPSCO notes that although NIPSCO's most recently submitted IRP in 2018 identifies renewable resources as NIPSCO's preferred technology, NIPSCO has based the rates for capacity purchases on the cost estimates for a Combined Cycle Gas Turbine ("CCGT"), which consistent with 170 IAC 4-4.1-9(c) is above the bid price for a Combustion Turbine. The revisions impact any cogeneration and/or small power production facilities that qualify under the IURC Rules (170 IAC 4-4.1 *et seq.*) ("Qualifying Facilities") and that have executed a contract with NIPSCO setting forth all terms and conditions governing the purchase of electric power from the Qualifying Facility.

The proposed revisions are intended to revise the purchase rates applicable to participating customers under Rider 878. 170 IAC 1-6-3(6) states that a filing for which the Commission has already approved or accepted the procedure for the change is an allowable filing under the referenced procedures. NIPSCO is filing this tariff revision pursuant to 170 IAC 4-4.1, the Cogeneration and Alternate Energy Production Facilities

Rule. Specifically, Rule 10 requires that, on or before February 28 of each year, a generating electric utility shall file with the Commission a standard offer for purchase of energy and capacity at rates derived from the appropriate sections of this rule. Thus, this filing is an allowable request under 170 IAC 1-6-3. This filing does not require confidential treatment nor does it seek any other relief identified in 170 IAC 1-6-4, so it is not prohibited under the Commission's Rule.

In accordance with 170 IAC 1-6-5(2), contact information for the utility regarding this filing is:

Erin Whitehead  
Director, Regulatory Policy  
Northern Indiana Public Service Company LLC  
150 West Market Street, Suite 600  
Indianapolis, Indiana 46204  
317-684-4915  
317-684-4918 (Fax)  
[ewhitehead@nisource.com](mailto:ewhitehead@nisource.com)

In accordance with 170 IAC 1-6-5(3), the proposed tariff sheets are attached. In accordance with 170 IAC 1-6-5(4), the work papers supporting this filing are attached.

In accordance with 170 IAC 1-6-5(5), I have verified this letter as to these representations in compliance with 170 IAC 1-6-5(5). A copy of this filing is being provided via electronic mail to the Indiana Office of Utility Consumer Counselor ("OUCC").

In accordance with 170 IAC 1-6-6, NIPSCO has posted notice of this change in its local customer service office at 3229 Broadway, Gary, Indiana and has placed the notice on its website under pending tariffs (see <http://www.nipsco.com/About-us/Rates-Tariffs/30-Day-Filings.aspx>). A copy of the notice to be published in a newspaper of general circulation that has a circulation encompassing the highest number of NIPSCO customers affected by this filing is attached hereto. A copy of the proof of publication will be provided to the Commission immediately upon its receipt.

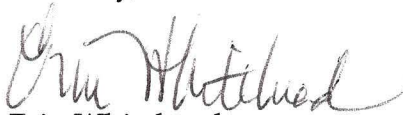
Indiana Utility Regulatory Commission

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Please let me know if the Commission Staff has any questions or concerns about this submission.

Sincerely,

A handwritten signature in black ink, appearing to read "Erin Whitehead". The signature is fluid and cursive, written over the printed name.

Erin Whitehead

Director, Regulatory Policy

Encl.

cc (w/ encl. – via email transmission)

William Fine, Indiana Office of Utility Consumer Counselor ([wfine@oucc.in.gov](mailto:wfine@oucc.in.gov),  
[infomgt@oucc.in.gov](mailto:infomgt@oucc.in.gov))

**RIDER 878**  
**PURCHASES FROM COGENERATION FACILITIES**  
**AND SMALL POWER PRODUCTION FACILITIES**

Sheet No. 1 of 4

**TO WHOM AVAILABLE**

As shown on Appendix A, this Rider is available to Cogeneration Facilities and/or Small Power Production Facilities which qualify under the IURC Rules (170 IAC 4-4.1-1 *et seq.*), as well as to Private Generation Projects as defined in Ind. Code § 8-1-2.4-2(g) (herein “Qualifying Facility”). A contract shall be required between the Company and each Qualifying Facility, setting forth all terms and conditions governing the purchase of electric power from the Qualifying Facility. The Qualifying Facility must be located adjacent to existing Company electric facilities having capacity sufficient to meet the Customer’s requirements. Service under this Rider is subject to the conditions set forth in this Rider and the Company Rules.

**INTERCONNECTION STANDARDS**

The Qualifying Facility shall comply with the interconnection standards as defined in Rider 879 Interconnection Standards Rider.

**PURCHASE RATES**

Company will purchase Energy from the Qualifying Facility of Customer in accordance with the conditions and limitations of this Rider and the applicable contract at the following rate:

Rate for Purchase of Energy	<u>Current Rate per kWh</u>
Summer Period (May - Sept.)	
On-Peak Hours <sup>(1)</sup>	\$0.03190
Off-Peak Hours <sup>(2)(5)</sup>	\$0.02124
Winter Period (Oct. - Apr.)	
On-Peak Hours <sup>(3)</sup>	\$0.02975
Off-Peak Hours <sup>(4)(5)</sup>	\$0.02444

- (1) Monday through Saturday 8 a.m. C.S.T. to 11 p.m. C.S.T.
- (2) Monday through Saturday 11 p.m. C.S.T. to midnight C.S.T. and midnight C.S.T. to 8 a.m. C.S.T. and all day Sunday.
- (3) Monday through Friday 8 a.m. C.S.T. to 11 p.m. C.S.T.
- (4) Monday through Friday 11 p.m. C.S.T. to midnight C.S.T. and midnight C.S.T. to 8 a.m. C.S.T. and all day Saturday and Sunday.
- (5) The twenty-four (24) hours of New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day will be included in the Off-Peak Hours.

**RIDER 878**  
**PURCHASES FROM COGENERATION FACILITIES**  
**AND SMALL POWER PRODUCTION FACILITIES**

Sheet No. 2 of 4

**PURCHASE RATES (Continued)**

For those Qualifying Facilities for whom metering not capable of recognizing different rating periods is installed:

	<u>Current Rate per kWh</u>
Summer Period	\$0.02681
Winter Period	\$0.02678

Energy metered during any month more than half of which is in any month of May to September, inclusive, shall be calculated under the Summer Period rates listed above. Energy credited during other periods of the year shall be calculated under the Winter Period rates listed above.

**Rate for Purchase of Capacity Component**

The Company will purchase capacity supplied from the Qualifying Facility of Customer in accordance with the conditions and limitations of this Rider and the applicable contract at the following rate:

\$ per kW per month of contracted capacity                      \$8.55 per kW per month.

The contracted capacity shall be the amount of capacity expressed in terms of kW's that Customer guarantees the Qualifying Facility will supply to Company as provided in the contract for such service.

The monthly capacity component shall be adjusted by the following factor:

$$F = \frac{E_p}{K(T_p)}$$

Where:

- F = Capacity component adjustment factor.
- E<sub>p</sub> = kWhs delivered to the Company during the On-Peak Hours defined as:
  - Summer Period - Monday through Saturday 8 a.m. C.S.T. to 11 p.m. C.S.T.
  - Winter Period - Monday through Friday 8 a.m. C.S.T. to 11 p.m. C.S.T.
  - The twenty-four (24) hours of New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day will not be included in the On-Peak Hours.
- K = kW's of capacity the Qualifying Facility contracts to provide.
- T<sub>p</sub> = Number of On-Peak Hours.



**RIDER 878**  
**PURCHASES FROM COGENERATION FACILITIES**  
**AND SMALL POWER PRODUCTION FACILITIES**

Sheet No. 1 of 4

**TO WHOM AVAILABLE**

As shown on Appendix A, this Rider is available to Cogeneration Facilities and/or Small Power Production Facilities which qualify under the IURC Rules (170 IAC 4-4.1-1 *et seq.*), as well as to Private Generation Projects as defined in Ind. Code § 8-1-2.4-2(g) (herein "Qualifying Facility"). A contract shall be required between the Company and each Qualifying Facility, setting forth all terms and conditions governing the purchase of electric power from the Qualifying Facility. The Qualifying Facility must be located adjacent to existing Company electric facilities having capacity sufficient to meet the Customer's requirements. Service under this Rider is subject to the conditions set forth in this Rider and the Company Rules.

**INTERCONNECTION STANDARDS**

The Qualifying Facility shall comply with the interconnection standards as defined in Rider 879 Interconnection Standards Rider.

**PURCHASE RATES**

Company will purchase Energy from the Qualifying Facility of Customer in accordance with the conditions and limitations of this Rider and the applicable contract at the following rate:

Rate for Purchase of Energy	<u>Current Rate per kWh</u>
Summer Period (May - Sept.)	
On-Peak Hours <sup>(1)</sup>	\$0.0 <del>31903709</del>
Off-Peak Hours <sup>(2)(5)</sup>	\$0.0 <del>21242460</del>
Winter Period (Oct. - Apr.)	
On-Peak Hours <sup>(3)</sup>	\$0.0 <del>29753692</del>
Off-Peak Hours <sup>(4)(5)</sup>	\$0.0 <del>24442942</del>

- (1) Monday through Saturday 8 a.m. C.S.T. to 11 p.m. C.S.T.
- (2) Monday through Saturday 11 p.m. C.S.T. to midnight C.S.T. and midnight C.S.T. to 8 a.m. C.S.T. and all day Sunday.
- (3) Monday through Friday 8 a.m. C.S.T. to 11 p.m. C.S.T.
- (4) Monday through Friday 11 p.m. C.S.T. to midnight C.S.T. and midnight C.S.T. to 8 a.m. C.S.T. and all day Saturday and Sunday.
- (5) The twenty-four (24) hours of New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day will be included in the Off-Peak Hours.

**Issued Date**  
03/25/2020~~12/04/2019~~

**Effective Date**  
03/31~~01/02~~/2020



**RIDER 878  
PURCHASES FROM COGENERATION FACILITIES  
AND SMALL POWER PRODUCTION FACILITIES**

**PURCHASE RATES (Continued)**

For those Qualifying Facilities for whom metering not capable of recognizing different rating periods is installed:

	<u>Current Rate per kWh</u>
Summer Period	\$0.0 <del>26813443</del>
Winter Period	\$0.0 <del>26783274</del>

Energy metered during any month more than half of which is in any month of May to September, inclusive, shall be calculated under the Summer Period rates listed above. Energy credited during other periods of the year shall be calculated under the Winter Period rates listed above.

**Rate for Purchase of Capacity Component**

The Company will purchase capacity supplied from the Qualifying Facility of Customer in accordance with the conditions and limitations of this Rider and the applicable contract at the following rate:

\$ per kW per month of contracted capacity      ~~\$8,558.70~~ per kW per month.

The contracted capacity shall be the amount of capacity expressed in terms of kW that Customer guarantees the Qualifying Facility will supply to Company as provided in the contract for such service.

The monthly capacity component shall be adjusted by the following factor:

$$F = \frac{E_p}{K(T_p)}$$

Where:

- F = Capacity component adjustment factor.  
E<sub>p</sub> = kWhs delivered to the Company during the On-Peak Hours defined as:  
    Summer Period - Monday through Saturday 8 a.m. C.S.T. to 11 p.m. C.S.T.  
    Winter Period - Monday through Friday 8 a.m. C.S.T. to 11 p.m. C.S.T.  
    The twenty-four (24) hours of New Year's Day, Memorial Day, Independence Day,  
    Labor Day, Thanksgiving Day and Christmas Day will not be included in the On-Peak Hours.  
K = kW of capacity the Qualifying Facility contracts to provide.  
T<sub>p</sub> = Number of On-Peak Hours.

**Issued Date**  
~~03/25/2020~~ 12/04/2019

**Effective Date**  
~~03/31/02~~ 02/2020



**Avoided Cost 1220.xls**  
**IURC Filing Summary Page**

**NORTHERN INDIANA PUBLIC SERVICE COMPANY**  
**Rate Schedule For Purchases From Cogeneration And Small Power Production Facilities**

**Purchase Rates (Continued)**

**YEAR 2020**  
**Rate Per kWh**

Summer Period (May - Sept.)

On-Peak (1) **3.190** cents  
Off-Peak (2) (5) **2.124** cents

Winter Period (Oct. - Apr.)

On-Peak (3) **2.975** cents  
Off-Peak (4) (5) **2.444** cents

- (1) Monday - Saturday, 8 AM - 11 PM
- (2) Monday - Saturday, 11 PM - midnight & midnight - 8 AM & all day Sunday
- (3) Monday - Friday, 8 AM - 11 PM
- (4) Monday - Friday, 11 PM - midnight & midnight - 8 AM & all day Saturday & Sunday
- (5) 24 hours of New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day & Christmas Day will be included in the Off-Peak period.

B. For those qualifying facilities for whom metering not capable of recognizing different rating periods is installed:

**YEAR 2020**  
**Rate Per kWh**

Summer Period **2.681** cents  
Winter Period **2.678** cents

**YEAR 2020**

**Capacity Component**

**\$ 8.55** per KW per month



NORTHERN INDIANA PUBLIC SERVICE COMPANY

SUMMARY OF AVOIDED ENERGY COSTS

**YEAR 2020**

<u>Period</u>	Avoided Cost Without Start-Up & Econ. (mils/kWh)	Avoided Cost With Start-Up & Econ. (mils/kWh)	Avoided Cost Adjusted For Losses (mils/kWh)
<u>Summer</u>			
Peak Period	<b>31.14</b>	<b>31.14</b>	<b>31.90</b>
Off-Peak Period	<b>20.73</b>	<b>20.73</b>	<b>21.24</b>
Average	<b>26.18</b>	<b>26.18</b>	<b>26.81</b>
<u>Winter</u>			
Peak Period	<b>29.04</b>	<b>29.04</b>	<b>29.75</b>
Off-Peak Period	<b>23.86</b>	<b>23.86</b>	<b>24.44</b>
Average	<b>26.14</b>	<b>26.14</b>	<b>26.78</b>
Annual Average	<b>26.15</b>	<b>26.15</b>	<b>26.79</b>

The avoided costs have been adjusted for losses of 1/2 of: **4.88%**  
 The above costs are based on estimated **YEAR 2020** utilizing **YEAR 2020** fuel budget.

**NORTHERN INDIANA PUBLIC SERVICE COMPANY**

Calculation of Unadjusted Monthly Capacity Payment Per KW  
December 2020 Capital Structure - End of Year Cost

<u>t</u> <u>Year</u>	<u>D</u> <u>(Col. 1)</u>	<u>A</u> <u>(Col. 2)</u>	<u>B</u> <u>(Col. 3)</u>	<u>A/B</u> <u>(Col. 4)</u>	<u>E</u> <u>(Col. 5)</u>	<u>D*V*A/B*E</u> <u>(Col. 6)</u>	<u>O*F</u> <u>(Col. 7)</u>	<u>C</u> <u>(Col. 8)</u>
1	1.09496	0.050588	0.789312185	0.064091436	1.000000	67.51063	32.61	\$ 8.55

PV of carrying costs = D = **1.09496**  
 Investment = V = \$ **962**  
 Life of Plant = n = **30**  
 Plant Cost Inflation = ip = **0.02245034**  
 O & M Inflation = io = **0.02245034**  
 After tax Rate of Return = r = **0.076930251**  
 O & M in first year = O = \$ **34.35**  
 Average Annual Losses = l = **4.88%**  
 Year of Contract = t = 1 to 25

Column 2 = A = 1 -  $\frac{(1+ip)}{(1+r)}$

Column 3 = B = 1 -  $\frac{(1+ip)}{(1+r)}$ <sup>n</sup>

Column 5 = E = (1 + ip)<sup>(t - 1)</sup>

C = Unadjusted Monthly Capacity Payment per KW

F =  $\frac{(1+io)}{(1+r)}$ <sup>t</sup> \* (1 + io)<sup>(t - 1)</sup>

$$= \frac{(1/12) * ((D * V (A/B) * E) + (O * F))}{1 - (l/2)}$$

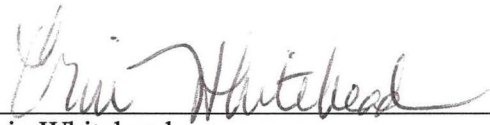
**Verified Statement of Northern Indiana Public Service Company LLC  
Concerning Notification of Customers Affected by February 24, 2020 30-Day Filing**

Northern Indiana Public Service Company LLC complied with the Notice Requirements under 170 IAC 1-6-6 in the following manner:

- The attached notice was posted in a public place at NIPSCO's customer service office at 3229 Broadway, Gary, Indiana;
- The same notice was posted on NIPSCO's website under 30-Day Filings (see <http://www.nipSCO.com/About-us/Rates-Tariffs/30-Day-Filings.aspx>); and
- A legal notice was published in the Post Tribune, a newspaper of general circulation that has a circulation encompassing the highest number of the utility's customers affected by the filing on February 19, 2020. A copy of the Publisher's Affidavit will be submitted promptly upon receipt.

I affirm under penalties for perjury that the foregoing representations are true to the best of my knowledge, information and belief.

Dated this 24<sup>th</sup> day of February, 2020.

  
\_\_\_\_\_  
Erin Whitehead  
Director, Regulatory Policy

## **NOTICE OF 30-DAY FILING**

On or about February 24, 2020, Northern Indiana Public Service Company LLC (“NIPSCO”) will submit to the Indiana Utility Regulatory Commission for approval under its 30-Day Filing procedures, 170 IAC 1-6-1, *et seq.*, a revised Rider 878 – Purchases from Cogeneration Facilities and Small Power Production Facilities (“Cogen Rider”). The referenced filing will consist of NIPSCO’s proposed revisions to update its energy and capacity rate schedule for purchases from cogeneration and small power production facilities. A decision on the 30-Day Filing is anticipated at least thirty days after the February 24, 2020 filing date. Any objection to the filing should be directed to (a) the Secretary of the Indiana Utility Regulatory Commission, PNC Center, 101 West Washington Street, Suite 1500 East, Indianapolis, IN 46204 or (b) the Indiana Office of Utility Consumer Counselor, PNC Center, 101 West Washington Street, Suite 1500 South, Indianapolis, IN 46204.