

February 28, 2012

Via Electronic Filing – 30 Day Filings - Electric

Brenda A. Howe
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. Howe:

In accordance with 170 IAC 1-6-1, enclosed please find NIPSCO's (1) First Revised Sheet No. 127 and (2) First Revised Sheet No. 128 – to Rider 678 – Purchases from Cogeneration 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 sheet. 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 678. 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.

Brenda A. Howe
Indiana Utility Regulatory Commission
February 28, 2012
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In accordance with 170 IAC 1-6-5(2), contact information for the utility regarding this filing is:

Timothy R. Caister
Director, Regulatory Policy
Northern Indiana Public Service Company
101 West Ohio Street, Suite 1707
Indianapolis, Indiana 46204
317-684-4908
317-684-4918 (Fax)
tcaister@nisource.com

In accordance with 170 IAC 1-6-5(3), the proposed tariff sheet is 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 immediately upon its receipt.

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

Sincerely,



Timothy R. Caister
Director, Regulatory Policy

Encl.

cc (w/ encl. – via email transmission)

A. David Stippler, Indiana Office of Utility Consumer Counselor
(dstippler@oucc.in.gov, infomgt@oucc.in.gov)

Received On: February 28, 2012

IURC 30-Day Filing No. 2968

Indiana Utility Regulatory Commission

NORTHERN INDIANA PUBLIC SERVICE COMPANY
IURC Electric Service Tariff

Revised Original Sheet No. 127

Superseding

Original Sheet No. 127

Original Volume No. 12

Cancelling All Previously Approved Tariffs

RIDER 678

PURCHASES FROM COGENERATION AND SMALL POWER PRODUCTION FACILITIES

No. 1 of 4 Sheets

TO WHOM AVAILABLE

Available to cogeneration and/or small power production facilities which qualify under the IURC Rules (170 IAC 4-4.1 *et seq.*). A contract shall be required between the Company and each cogenerator or small power producer (Qualifying Facility), setting forth all terms and conditions governing the purchase of electric power from the Qualifying Facility.

INTERCONNECTION STANDARDS

The cogenerator or small power producer shall comply with the interconnection standards as defined in Rider 679 Interconnection Standards Rider.

PURCHASE RATES

Current Rate Per KWH

Summer period (May - Sept.)

on-peak ⁽¹⁾

\$0.~~03574~~03552

off-peak ⁽²⁾⁽⁵⁾

\$0.~~02192~~02196

Winter period (Oct. - Apr.)

on-Peak ⁽³⁾

\$0.~~03341~~03184

off-Peak ⁽⁴⁾⁽⁵⁾

\$0.~~02671~~02631

(1) Monday through Saturday 8 a.m. to 11 p.m.

(2) Monday through Saturday 11 p.m. to midnight and midnight to 8 a.m. and all day Sunday.

(3) Monday through Friday 8 a.m. to 11 p.m.

(4) Monday through Friday 11 p.m. to midnight and midnight to 8 a.m. 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 period.

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

Current Rate Per KWH

Summer Period

~~2.931-cents~~\$0.02922

Winter Period

~~2.967-cents~~\$0.02877

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 rates listed above. Energy credited during other periods of the year shall be calculated under the winter rates listed above.

Issued Date

12/21/2011

Effective Date

Pending, 201212/1/2011



RIDER 678

PURCHASES FROM COGENERATION AND SMALL POWER PRODUCTION FACILITIES

No. 2 of 4 Sheets

Current Capacity Component

\$5.~~35~~49 per KW per month.

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_p = Kilowatt-hours delivered to the Company during the on-peak period
defined as:

Summer - Monday through Saturday 8 a.m. to 11 p.m.

Winter - Monday through Friday 8 a.m. to 11 p.m.

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 period.

K = Kilowatts of capacity the qualifying facility contracts to provide.

T_p = Number of hours in the peak period.

The KW capacity available and the kilowatt-hours in the peak period shall be determined by a suitable recording type instrument.

For intended purchases of 72,000 kilowatt-hours or more per month from a Qualifying Facility, the Company and the Qualifying Facility may agree to increase or decrease the rate for Energy purchase in recognition of the following factors:

1. The extent to which scheduled outages of the qualifying facility can be usefully coordinated with scheduled outages of the Company generation facilities; or
2. The relationship of the availability of Energy from the Qualifying Facility to the ability of the Company to avoid costs, particularly as is evidenced by the Company's ability to dispatch the qualifying facility; or
3. The usefulness of Energy from the qualifying facility during system emergencies, including the ability of the Qualifying Facility to separate its load from its generation.

The Company and Qualifying Facility may negotiate a rate for Energy or capacity purchase which differs from this filed rate.

Received On: February 28, 2012

IURC 30-Day Filing No. 2968

Indiana Utility Regulatory Commission

NORTHERN INDIANA PUBLIC SERVICE COMPANY
IURC Electric Service Tariff

Original Volume No. 12

Cancelling All Previously Approved Tariffs

Revised Sheet No. 127

Superseding

Original Sheet No. 127

RIDER 678

PURCHASES FROM COGENERATION AND SMALL POWER PRODUCTION FACILITIES

No. 1 of 4 Sheets

TO WHOM AVAILABLE

Available to cogeneration and/or small power production facilities which qualify under the IURC Rules (170 IAC 4-4.1 *et seq.*). A contract shall be required between the Company and each cogenerator or small power producer (Qualifying Facility), setting forth all terms and conditions governing the purchase of electric power from the Qualifying Facility.

INTERCONNECTION STANDARDS

The cogenerator or small power producer shall comply with the interconnection standards as defined in Rider 679 Interconnection Standards Rider.

PURCHASE RATES

	<u>Current Rate Per KWH</u>
Summer period (May - Sept.)	
on-peak ⁽¹⁾	\$0.03552
off-peak ⁽²⁾⁽⁵⁾	\$0.02196
Winter period (Oct. - Apr.)	
on-Peak ⁽³⁾	\$0.03184
off-Peak ⁽⁴⁾⁽⁵⁾	\$0.02631

(1) Monday through Saturday 8 a.m. to 11 p.m.

(2) Monday through Saturday 11 p.m. to midnight and midnight to 8 a.m. and all day Sunday.

(3) Monday through Friday 8 a.m. to 11 p.m.

(4) Monday through Friday 11 p.m. to midnight and midnight to 8 a.m. 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 period.

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

	<u>Current Rate Per KWH</u>
Summer Period	\$0.02922
Winter Period	\$0.02877

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 rates listed above. Energy credited during other periods of the year shall be calculated under the winter rates listed above.

Issued Date
12/21/2011

Effective Date
Pending, 2012



RIDER 678

PURCHASES FROM COGENERATION AND SMALL POWER PRODUCTION FACILITIES

No. 2 of 4 Sheets

Current Capacity Component

\$5.49 per KW per month.

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_p = Kilowatt-hours delivered to the Company during the on-peak period
defined as:

Summer - Monday through Saturday 8 a.m. to 11 p.m.

Winter - Monday through Friday 8 a.m. to 11 p.m.

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 period.

K = Kilowatts of capacity the qualifying facility contracts to provide.

T_p = Number of hours in the peak period.

The KW capacity available and the kilowatt-hours in the peak period shall be determined by a suitable recording type instrument.

For intended purchases of 72,000 kilowatt-hours or more per month from a Qualifying Facility, the Company and the Qualifying Facility may agree to increase or decrease the rate for Energy purchase in recognition of the following factors:

1. The extent to which scheduled outages of the qualifying facility can be usefully coordinated with scheduled outages of the Company generation facilities; or
2. The relationship of the availability of Energy from the Qualifying Facility to the ability of the Company to avoid costs, particularly as is evidenced by the Company's ability to dispatch the qualifying facility; or
3. The usefulness of Energy from the qualifying facility during system emergencies, including the ability of the Qualifying Facility to separate its load from its generation.

The Company and Qualifying Facility may negotiate a rate for Energy or capacity purchase which differs from this filed rate.

Avoided Cost 1211.xls
IURC Filing Summary Page

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

Revised Sheet No. 127
Page 2 of 5

Purchase Rates (Continued)

YEAR 2012
Rate Per kWh

Summer Period (May - Sept.)

On-Peak (1)	3.552	cents
Off-Peak (2) (5)	2.196	cents

Winter Period (Oct. - Apr.)

On-Peak (3)	3.184	cents
Off-Peak (4) (5)	2.631	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 2012
Rate Per kWh

Summer Period	2.922	cents
Winter Period	2.877	cents

YEAR 2012

Capacity Component

\$ 5.49 per KW per month

NORTHERN INDIANA PUBLIC SERVICE COMPANY

SUMMARY OF AVOIDED ENERGY COSTS

YEAR 2012

<u>Period</u>	Avoided Cost Without Start-Up & Econ. <u>(mils/kWh)</u>	Avoided Cost With Start-Up & Econ. <u>(mils/kWh)</u>	Avoided Cost Adjusted For Losses <u>(mils/kWh)</u>
<u>Summer</u>			
Peak Period	34.64	34.64	35.52
Off-Peak Period	21.42	21.42	21.96
Average	28.49	28.49	29.22
<u>Winter</u>			
Peak Period	31.05	31.05	31.84
Off-Peak Period	25.65	25.65	26.31
Average	28.06	28.06	28.77
Annual Average	28.24	28.24	28.96

The avoided costs have been adjusted for losses of 1/2 of: **5.08%**
The above costs are based on estimated **YEAR 2012** utilizing **YEAR 2012** fuel budget.

Calculation of Unadjusted Monthly Capacity Payment Per KW
December 2011 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	1.30239	0.06419	0.863344	0.0743505	1.000000	56.16322	8.08	\$ 5.49

PV of carrying costs = D = 1.30239
Investment = V = \$ 580
Life of Plant = n = 30
Plant Cost Inflation = ip = 0.0171
O & M Inflation = io = 0.0171
After tax Rate of Return = r = 0.086865953
O & M in first year = O = \$ 8.63
Average Annual Losses = I = 5.08%
Year of Contract = t = 1 to 25

Column 2 = A = 1 -

$$\left[\frac{(1 + ip)}{(1 + r)} \right]$$

Column 3 = B = 1 -

$$\left[\frac{(1 + ip)}{(1 + r)} \right]^n$$

Column 3 = B = 1 -

$$(1 + ip)^{(t - 1)}$$

C = Unadjusted Monthly Capacity Payment per KW

$$F = \left[\frac{(1 + ip)}{(1 + r)} \right]^{(t - 1)} (1 + io)$$

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

YEAR 2012
1 MW AVOIDED COST CASE
AVOIDED COST RATES

Period	\$/Mwh
<i>Summer :</i>	
On-Peak	34.64
Off-Peak	21.42
Summer Average	28.49
<i>Winter :</i>	
On-Peak	31.05
Off-Peak	25.65
Winter Average	28.06
Annual Average	28.24

Source : Promod cogeneration case COG121MW

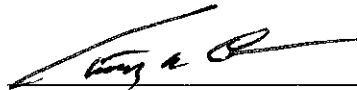
**Verified Statement of Northern Indiana Public Service Company
Concerning Notification of Customers Affected by February 28, 2012 30-Day Filing**

Northern Indiana Public Service Company 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>).
- A legal notice will be 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. A copy of the Publisher's Affidavit will be submitted promptly upon receipt; and

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

Dated this 28th day of February, 2012.



Timothy R. Caister
Director, Regulatory Policy

NOTICE OF 30-DAY FILING

On or about February 28, 2012, Northern Indiana Public Service Company (“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 678 – Purchases from Cogeneration 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 28, 2012 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.