

**Staff Request for Information pursuant to GAO 2017-3
Backup, Maintenance, and Supplementary Power (BMSP)
Please respond by March 16, 2018**

Question 1. Please identify your suite of tariffs that provide for the provision of the identified services.

Answer Large industrial customers taking service under Rate 732, "Industrial Power Service" and Rate 733 "High Load Factor Industrial Power Service" are eligible to take back-up, maintenance, and temporary service under Rider 776, "Back-up, Maintenance, and Temporary Industrial Service Rider."

Cogeneration facilities and small power production facilities which qualify under IURC Rules (170 IAC 4-4.1-1 *et seq.*) as well as private generation projects as defined in Ind. Code 8-1-2.4(g) (herein "Qualifying Facility") would take service under Rider 778 "Purchases from Cogeneration Facilities and Small Power Production Facilities." Under this rider, any back-up and maintenance power taken by the Qualified Facility will be billed under the appropriate Rate Schedule.

**Staff Request for Information pursuant to GAO 2017-3
Backup, Maintenance, and Supplementary Power (BMSP)
Please respond by March 16, 2018**

Question 2. Please explain how these tariffs work together to provide for the provision of the identified services.

Answer Rider 776, "Back-Up, Maintenance, and Temporary Industrial Service Rider" is available to customers that take service under either Rate 732, "Industrial Power Service" or Rate 733, "High Load Factor Industrial Power Service." This Rider is a tool that customers can utilize to manage the costs associated with backing up their generation and purchasing replacement energy during scheduled outages, without setting new demands and demand ratchets in their base rates. Customers with behind the meter generation must register their generation with NIPSCO to utilize the back-up and maintenance services of this rider.

For back-up service, the customer must provide notice of the request within 60 minutes of the event. During the event, the customer is charged a daily demand charge based on their base rate, and an energy charge comprised of Real Time locational marginal pricings ("LMPs") plus a non-fuel charge as defined in the rider. The half hour demands for this back-up service are subtracted from the customer's half hour demands to calculate the demand and energy billing determinants for the customer's base rate charges.

For maintenance service, customers must schedule it at least (20) days in advance and outside the months of June, July, August and September. During the maintenance outage the customer is charged a daily demand charge per the Rider for the maintenance demand. The customer also pays an energy charge for all maintenance energy. The energy charge for Rate 732 customers is the first block energy charge. The Rate 733 customer's energy is billed with the customer's Rate 733 energy. The half hour demands for this maintenance service are subtracted from the customer's half hour demands to calculate the demand billing determinants for the customer's base rate charges. For Rate 732 customers, the maintenance energy are subtracted from the total energy for the Rate 732 Energy Charge calculations.

For Rate 732 and 733 customers who want to increase their loads for a short period of time without setting new base rate demands, temporary service is also available, subject to confirmation by NIPSCO. The

**Staff Request for Information pursuant to GAO 2017-3
Backup, Maintenance, and Supplementary Power (BMSP)
Please respond by March 16, 2018**

customer is billed a daily demand charge during the event per the Rider for the Temporary Demand. The customer also pays an Energy Charge for all Maintenance Energy. The Energy Charge for Rate 732 customers is the first block Energy Charge. The Rate 733 customer's energy is billed with the customer's Rate 733 energy. If NIPSCO denies the request for Temporary Service, but has not initiated a curtailment, the customer may elect to buy-through under the provisions of the Rider. In this instance, the customer will not have to pay a temporary demand charge, and all the kilowatt hours used for Temporary Service will be subject to an energy charge equal to RealTime LMPs plus a non-fuel Energy Charge as stated in the Rider. The half hour demands for this Temporary Service are subtracted from the customer's half hour demands to calculate the demand and energy billing determinants for the customer's base rate charges. For Rate 732 customers, the maintenance energy will be subtracted from the total energy for the Rate 732 Energy Charge calculations.

**Staff Request for Information pursuant to GAO 2017-3
Backup, Maintenance, and Supplementary Power (BMSP)
Please respond by March 16, 2018**

Question 3. Please provide the extent to which the identified services are being used by customers, and any available information regarding customers who considered but did not pursue using them.

Answer NIPSCO currently has six (6) large industrial customers that are taking service under Rider 776, "Back-Up, Maintenance, and Temporary Industrial Service Rider." Over the past four years, all six (6) have utilized the back-up services of the rider, four (4) have utilized temporary service and two (2) have scheduled and used maintenance service. All of the large industrial customers that have behind the meter generation that qualify for the Rider 776 are utilizing the rider.

**Staff Request for Information pursuant to GAO 2017-3
Backup, Maintenance, and Supplementary Power (BMSP)
Please respond by March 16, 2018**

Question 4. Please describe, and provide supporting cost-of-service level documentation in sufficient detail to foster a review of, the extent to which the rates for the identified services are cost based, nondiscriminatory, and do not result in subsidization.

Answer Rider 776, "Back-up, Maintenance, and Temporary Industrial Service Rider" rates were developed and approved in Cause No. 44688. Details of the rate design are contained in Attachment 19-S-B page 40 of 41. Revenue requirements for Rate 732, "Industrial Power Service" and Rate 733, "High Load Factor Industrial Power Service" were developed as part of the settlement agreement in that Cause. The Rider 776 rates were increased 1.61%, which was the average of the Rate 732 and 733 increases. The resulting forecasted revenues from the Rate 732 customers taking Rider 776 services was subtracted from the Rate 732 revenue requirement and the Rate 732 rates were designed. The same process was utilized for developing the Rate 733 rates.