



Northern Indiana Public Service Company

Pre-Qualification Filing

September 2013



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1. Introduction and Overview

Northern Indiana Public Service Company (NIPSCO) submits the following information to the PJM office of Interconnection. This document addresses the pre-qualification criteria in accordance with section 1.5.8(a) of Schedule 6 of the PJM Amended and Restated Operating Agreement (pending at FERC) for NIPSCO to qualify in respect to future projects within PJM.

NIPSCO is a subsidiary of NiSource, a Fortune 500 company with headquarters located in Merrillville, IN.

NIPSCO is Indiana's second-largest distributor of electricity. NIPSCO serves more than one million customers across the northern third of the state. Our electric business provides reliable and affordable supplies of energy to more than 457,000 customers in 20 counties in northern Indiana. Our electric operations include power generation, transmission and local distribution, as well as wholesale and electric transmission transactions. Our electric supply portfolio includes both traditional and renewable generation sources, including natural gas, hydroelectric, wind, and coal generated supplies, providing a total system operating net capability of more than 3,000 megawatts. NIPSCO owns and operates \$823.8 million in net transmission assets as of the end of 2012

NIPSCO's transmission network includes:

- 353 miles of 345 kV transmission lines and
- 755 miles of 138 kV transmission lines.

2. Point of contact

Name and address of the entity including a point of contact

Northern Indiana Public Service Company
801 East 86th Avenue
Merrillville, Indiana 46410

Michael W. Hooper
Vice President, Major Projects
mhooper@nisource.com
219-647-5149 (office)
219-381-8356 (cell)

3. Technical and engineering qualifications

Technical and engineering qualifications of the entity or its affiliate, partner, or parent company

NIPSCO is qualified in the areas of planning, designing, constructing, operating, maintaining and repairing of electric transmission facilities. NIPSCO is a regulated public utility that has been in existence for over 100 years. NIPSCO has internal expertise in the areas of: transmission planning, regulatory, transmission and substation engineering and design, line routing and siting, environmental, Right-of-Way acquisition, vegetation



management, communications and control, system protection, relay and control, transmission operations, distribution operations, procurement, construction, contractor oversight, project management, NERC compliance, health and safety, constructing, operating and maintaining the transmission system across the northern third of Indiana. Functions performed include planning, designing, constructing, operating, maintaining and repairing of transmission facilities. In addition, NIPSCO excels in public outreach, working with our communities and customer relations. To support internal resources during peak periods and when specialized expertise is needed, NIPSCO has standing contracts with national and local engineering and construction companies for various facets of new and existing capital projects.

Also, NIPSCO has internal resources and equipment and standing contracts with several firms for manpower and equipment to support system restorations within our territory and aid in neighboring utility restorations. In addition, NIPSCO provides restoration assistance to other utilities when needed such as Hurricane Sandy where 100 employees were shared during restoration efforts.

NIPSCO is also a NERC registered transmission owner/operator with a 24 hour transmission operations control center. All transmission operators are NERC certified. NIPSCO is also a NERC registered generation owner/operator with a 24 hour generation operations control center. NIPSCO also has a 24 hour distribution operations control center for its distribution system.

NIPSCO maintains a large amount of spare equipment in order to respond to emergency situations. In addition, NIPSCO is a participant in the EEI spare transformer sharing group.

4. Construction, maintenance and operations experience

Demonstrated experience of the entity or its affiliate, partner, or parent company to develop, construct, maintain, and operate transmission facilities. Including a list or other evidence of transmission facilities previously developed regarding construction, maintenance, or operation of transmission facilities both inside and outside of the PJM Region.

NIPSCO has planned, engineered, constructed, operated and maintained new and existing overhead and underground transmission systems and distribution systems for over 100 years. NIPSCO owns, operates and maintains over 1,100 miles of transmission level circuits operating at 100 kV and NIPSCO owns, operates and maintains 53 transmission substations

From 2008 through 2012, NIPSCO completed over 800 transmission capital projects of different complexity and scope totaling over \$107 million. The new projects include: new transmission lines, rebuilding/upgrading existing transmission lines, overhead and underground transmission lines, new substations, and upgrades/modifications to existing substations. A full list of transmission facilities is listed in the FERC FORM 1 filing for NIPSCO. Listed below are a few of NIPSCO's recent transmission projects:



NIPSCO is currently in the process of implementing approximately \$440 million in MISO/FERC-approved MTEP transmission projects in the NIPSCO territory. These projects include:

South Valparaiso - a new 138 kV / 69 kV supply substation with an in-service date of December 2014

East Winamac – Burr Oak transmission line – increased capacity by adding a second 138 kV conductor, including rebuild of East Winamac substation – expected in-service date of December 2013

Reynolds-Burr Oak-Hiple 345 kV Multi-Value Project – an approximately 100 mile long high capacity 345 kV transmission line with substation upgrades at Reynolds, Burr Oak and Hiple substations. The expected in-service date for this project is 2019.

Reynolds – Greentown 765 kV Multi-Value Project – NIPSCO is part of a joint development project for the construction of a 66 mile long 765 kV transmission line with NIPSCO also being responsible for the upgrades at our Reynolds substation. The expected in-service date for this project, the first 765 kV line in MISO, is 2018.

Over the next ten years, NIPSCO has an additional 426 transmission projects planned totaling improvements of \$375 million.

5. Previous construction, maintenance and operations practices

Previous record of the entity or its affiliate, partner, or parent company to adhere to standardized construction, maintenance and operating practices

NIPSCO designs all of its transmission facilities in accordance with its transmission standards. These standards incorporate industry best practices which are based on applicable ASCE, ASTM, ANSI, NERC, NESC and IEEE standards.

NIPSCO maintains and operates its transmission facilities in accordance with Good Utility Practice, NERC Standards and MISO requirements

NIPSCO also has a dedicated compliance department that oversees NIPSCO's NERC compliance program to ensure that it is fully compliant with applicable NERC standards and requirements. NIPSCO has successfully passed each of its NERC 693 and CIP audits.

Recent transmission projects include:

Green Acres substation – installation of a new 345 kV / 138 kV transformer

Hiple Substation – multiple step upgrades that included 1) substation reconfiguration to accommodate two new interconnections to adjacent 345 kV transmission lines, 2) installation of a 138 kV capacitor bank and 3) new 345



kV / 138 kV transformer.

Morrison Ditch substation – construction of a new 138 kV substation to interconnect new wind generation

Tower Road – Flint Lake transmission line – construction of a new 5.5 mile long 138 kV transmission line with associated substation work

Schahfer – St. John 345 kV line – emergency rebuild of approximately 1 mile of 345 kV line downed by high sheer winds / tornado.

Liberty Park – Lake George 138 kV line – emergency rebuild of several structures of a 138 kV line downed by high sheer winds / tornado.

Burr Oak substation – upgrade of existing 345 kV / 138 kV transformer

Sheffield – Wolf Lake – State Line transmission lines – Reconductor two existing 138 kV transmission lines to accommodate significant customer load expansion

6. Capability of construction, maintenance and operations practice

Capability of the entity or its affiliate, partner, or parent company to adhere to standardized construction, maintenance and operating practices

As stated in section 5, for over 100 years NIPSCO adheres to all applicable design, construction, operating codes, standards, regulations, laws and guidelines.

7. Financial statements

Financial statements of the entity or its affiliate, partner, or parent company. Please provide the most recent fiscal quarter, as well as the most recent three fiscal years, or the period of existence of the entity, if shorter, or such other evidence demonstrating an entity's current and expected financial capability acceptable to the Office of the Interconnection

The following are links to the audited financial statements of NiSource, Inc., the parent company of NIPSCO, for the most recent quarter, as well as the last three years.

<http://www.sec.gov/Archives/edgar/data/1111711/000111171113000038/ni-2013630x10q.htm>

<http://www.sec.gov/Archives/edgar/data/1111711/000111171113000007/ni-20121231x10k.htm>

<http://www.sec.gov/Archives/edgar/data/1111711/000119312512077712/d260054d10k.htm>

<http://www.sec.gov/Archives/edgar/data/1111711/000095012311019598/c62032e10vk.htm>

Following are additional links to the financial statements of NIPSCO for the last three years:



<http://emma.msrb.org/EA515376-EA401939-EA798977.pdf>

<http://emma.msrb.org/EP625155-EP489491-EP890230.pdf>

<http://emma.msrb.org/EP514086-EP401262.pdf>

8. Consolidated Transmission Owners Agreement

Commitment by the entity to execute the Consolidated Transmission Owners Agreement, if the entity becomes a Designated Entity

NIPSCO agrees to execute the Consolidated Transmission Owners Agreement if NIPSCO becomes a Designated Entity then constructs and owns the facility for which it was designated.

9. Address and timely remedy failure of facilities

Evidence demonstrating the ability of the entity to address and timely remedy failure of facilities.

NIPSCO is prepared to address all system emergencies at all times. NIPSCO has robust storm response procedures in place with the goal of restoring the transmission system to normal in a safe and expeditious manner. NIPSCO has a robust Storm Response procedure that begins with NIPSCO's 24 hour control center providing the initial real time response to transmission line outages. Dispatch Operations, Field Operations and Flight Operations provide a coordinated timely response to identifying, correcting and repairing system problems.

NIPSCO maintains a large amount of spare equipment in order to respond to emergency situations. In addition, NIPSCO is a participant in the EEI spare transformer sharing group.

NIPSCO is a member of both the Great Lakes and the Midwest Mutual Assistance Groups. NIPSCO utilizes a number of qualified construction contract companies on an as-needed basis.

10. Right of way experience

NIPSCO's right of way acquisitions are managed by their Real Estate Department. The NIPSCO Real Estate Department has significant professional experience in the areas of utility real property rights. Department responsibilities include the acquisition and sale of fee properties, acquiring distribution and transmission easements, grants, leasing, encroachment administration, document management, and railroad permitting. The Department supplements its staffing when required through the use of contracted professionals in the real estate field.

NIPSCO has approximately 18,000 electric line related easements, 1,100 grants to outside parties NIPSCO as Grantor, 130 miles of fee owned right of way, two hydroelectric sites, and 3,500 hundred acres of generating station property. The department also acquires all properties necessary for substations and other related real estate interests as necessary.

NIPSCO's organization also includes legal counsel specifically trained and experienced in real property laws.

