UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Northern Indiana Public Service Company LLC	)	
v.	)	Docket No. EL26-36-000
Midcontinent Independent System Operator, Inc.	)	

NOTICE OF INTERVENTION AND COMMENTS OF THE ORGANIZATION OF MISO STATES, INC.

The Organization of MISO States, Inc. ("OMS") submits the following Notice of Intervention and Comments in response to a complaint filed by Northern Indiana Public Service Company LLC ("NIPSCO") against the Midcontinent Independent System Operator, Inc. ("MISO") with the Federal Energy Regulatory Commission ("Commission") in the above-captioned proceeding.[1] In the Complaint, NIPSCO requests that the Commission order MISO to establish a rate schedule under its Open Access Transmission, Energy, and Operating Reserve Markets Tariff ("Tariff") that would provide a mechanism for NIPSCO to recover all costs associated with NIPSCO's compliance with a recent order from the U.S. Secretary of Energy ("Secretary").[2]

OMS agrees with NIPSCO that MISO's Tariff lacks a mechanism to enable cost recovery pursuant to the DOE Order and a mechanism is needed for NIPSCO to recover prudently incurred costs. However, the Secretary's issuance of the DOE Order due to a self-determined energy emergency does not obviate the Commission's obligation to establish just and reasonable rates. Given the relatively novel nature of the Complaint and the underlying DOE Order as well as the

[1] *Northern Indiana Public Service Co. LLC v. MISO*, Docket No. EL26-36-000 (filed Dec. 30, 2025) ("Complaint").

[2] U.S. Department of Energy, Order No. 202-25-12 (issued Dec. 23, 2025) ("DOE Order").

critical role of states in determining the appropriate method for allocating utility-incurred costs, OMS urges the Commission to direct MISO to engage with MISO states in determining any cost recovery or cost allocation methodologies for the costs incurred by NIPSCO attributable to the DOE Order. In the alternative, OMS request that the Commission set this Complaint for a hearing pursuant to section 206(g)(3) of the Federal Power Act ("FPA").[3] In either case, OMS stresses that any ultimate cost assignment that results from this proceeding should be based on a clear demonstration of need and commensurate with benefits received to help mitigate unintended consequences.

I. NOTICE OF INTERVENTION

OMS is a non-profit, self-governing organization comprised of representatives from the seventeen regulatory bodies with jurisdiction over entities participating in MISO and serves as the regional state committee for the MISO region. OMS coordinates regulatory oversight among its members, makes recommendations to MISO, the MISO Board of Directors, the Commission, and other relevant government entities and intervenes in proceedings before the Commission to express the positions of OMS members. As such, OMS files its Notice of Intervention in this proceeding under Rule 214(a)(2) of the Commission's Rules of Practice and Procedure.[4]

Service of pleadings, documents, and communications in this proceeding should be made on the following:

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[3] 18 C.F.R. § 385.206(g)(3) (2025).

[4] 18 C.F.R. § 385.214(a)(2) (2025).

II. COMMENTS

In the DOE Order, the Secretary determined that the continued operation of Units 17 and 18 of NIPSCO's R.M. Schahfer Generating Station ("Schahfer Units 17 & 18") beyond their planned retirement dates "is necessary to best meet the emergency arising from increased demand, determined shortage, and other causes, and serve the public interest under FPA section 202(c)."[5] DOE's use of section 202(c) to keep Schahfer Units 17 and 18 operating past their planned December 2025 retirement raises critical questions relevant to all MISO states.[6] NIPSCO's request that the Commission direct MISO to create a cost recovery and allocation mechanism pursuant to the DOE Order should only proceed with rigorous review and an opportunity for meaningful engagement from MISO states.

States have long held primary authority over resource adequacy, generation siting, and utility investment decisions consistent with the FPA's foundational federal-state framework. While the Commission regulates wholesale markets and interstate transmission, states are responsible for determining what generation is needed, where it is located, how it is financed, and whether it is prudent to serve retail customers. This jurisdictional boundary ensures that decisions about cost, environmental impact, and community needs remain accountable to the state regulators most directly responsible for customer protection and affordability. DOE's invocation of emergency authority under section 202(c) does not displace this state role.

A. The Commission Should Ensure Meaningful Engagement with the States in Any Determination on Cost Recovery or Cost Allocation Methodologies.

OMS respectfully requests that the Commission direct MISO to engage with its member states and stakeholders to determine any cost recovery or cost allocation methodologies associated

[5] DOE Order at 5.

[6] DOE Order at 2.

with Schahfer Units 17 & 18. Advancing cost allocation decisions without such engagement undermines the longstanding and critical role of states in resource adequacy and cost responsibility under the FPA and as participants in MISO. Any allocation of costs must adhere to fundamental cost-causation and beneficiary-pays principles and ensure that customers are not required to bear costs from which they do not cause or benefit, respectively. States must have a meaningful opportunity to evaluate impacts to their ratepayers and to represent those interests before the Commission reaches any final determination in the instant case.

Under the FPA, the Commission may resolve a complaint through alternative dispute resolution procedures, by issuing an order on the merits based upon the pleadings, or by setting the matter for hearing.[7] OMS respectfully requests that the Commission direct MISO to initiate a stakeholder process to evaluate appropriate cost allocation and recovery approaches related to NIPSCO's compliance with the DOE Order. Alternatively, if the Commission grants the Complaint and determines that it should be fully resolved in this proceeding, OMS requests that the Commission exercise its authority to establish hearing procedures to determine the justness and reasonableness of any proposed cost recovery and cost allocation mechanisms, including expected rate impacts. Such procedures should provide affected states, customers, and stakeholders an opportunity to comment thereby ensuring transparency, due process, and fairness before any costs are shifted to ratepayers as a result of the DOE Order.

Thorough discussion and careful consideration are essential before assigning cost responsibility for the emergency operation of Schahfer Units 17 & 18. Any cost allocation framework adopted in this proceeding must be both equitable and durable, particularly given the

[7] 18 C.F.R. § 385.206(g) (2025).

likelihood that DOE continues to issue section 202(c) orders extending the operation of other aging thermal units.[8]

Under NIPSCO's proposal, costs would be broadly allocated across MISO's North and Central Subregions, including to customers and states for which no reliability benefit has been identified, including Indiana. By contrast, a similar situation arose in PJM following the Secretary's issuance of a section 202(c) order for the Eddystone Generating Station on May 30, 2025.[9] In that instance, PJM, its member states, and other stakeholders initiated a Critical Issue Fast Path process to develop a just and reasonable cost recovery mechanism under the PJM Tariff.[10] That stakeholder-driven approach underscores a fundamental principle: meaningful engagement and transparent deliberation are essential before costs are imposed on customers, particularly where benefits are unclear or have not been demonstrated.

B. The Commission Should Ensure Any Cost Allocation Is Based Upon a Clear Need and Demonstratable Benefits.

A foundational principle of ratemaking is that costs must be roughly commensurate with benefits. To satisfy the "just and reasonable" standard required by law, any cost allocation methodology must demonstrate a clear nexus between the costs incurred and the benefits received. In evaluating whether such a relationship exists, material differences among states and regions must be considered, including variations in load forecasts, resource mix, retirement schedules, and system conditions. These differences directly affect whether, where, and to what extent a reliability

[8] *See* U.S. DOE, Order No. 202-25-3 (issued May. 23, 2025); U.S. DOE, Order No. 202-25-7 (issued Aug. 20, 2025); U.S. DOE, Order No. 202-25-9 (issued Nov. 18, 2025); U.S. DOE, Order No. 202-25-13 (issued Dec. 23, 2025), all available at: https://www.energy.gov/ceser/2025-doe-202c-orders (last accessed Jan. 20, 2026).

[9] U.S. DOE, Order No. 202-25-4 (issued May 30, 2025).

[10] PJM Issue Charge, *Cost Allocation Issues Related to DOE Orders* (June 20, 2025), available at: https://www.pjm.com/-/media/DotCom/committees-groups/task-forces/202cstf/postings/202cstf-issue-charge.pdf.

or economic benefit is realized and, therefore, must inform any determination of cost responsibility and cost allocation.

Pursuant to the requirements of sections 202(c), 306, and 309 of the FPA and basic ratemaking principles, the Commission should require evidence of need, benefit, and proportionality before authorizing any rate recovery mechanism requested by the Complaint. Any such recovery must also include a detailed explanation of why existing MISO planning and cost allocation frameworks – designed precisely for evaluating regional needs and benefits – were inadequate or not followed. Additionally, robust and routine transparency regarding the operations and related costs of plants issued 202(c) orders is critical in providing states visibility into costs that could be passed onto ratepayers. MISO has already been directed to share information about the operational availability of Schahfer Units 17 & 18 with DOE, and sharing this data with related market impacts, even as a broad overview, would help inform state regulators on costs to operate affected units.[11]

In short, absent a clearly substantiated need and benefit – to the extent a need and benefit exist – and a sound planning foundation, there is no legal or procedural basis, other than the DOE Order, for assigning these costs to any ratepayer.[12] Ongoing reforms including MISO's Expedited Resource Addition Study initiative, interconnection queue reform, continued progress on long-range transmission planning, and other reforms further demonstrate that the MISO region is

[11] OMS notes that general information regarding operations and recoverable costs of the Campbell plant has been shared through Consumers Energy's SEC filing in the third quarter of 2025, and thus the Commission requiring MISO to share similar information of operations and/or market impacts at more frequent routine intervals will assuage state uncertainty while respecting the confidentiality of market sensitive information.

[12] The Public Service Commission of Wisconsin does not believe the DOE Order provides a legal or procedural basis for the Commission's cost allocation determination. The standards that the Commission must adhere to in establishing just and reasonable rates are independent of DOE's actions on this matter.

actively enabling the development of new generation resources to meet future system needs without resorting to ad hoc or unsupported cost recovery and allocation mechanisms.

C. A Comprehensive Stakeholder Process and a Thoroughly Vetted Cost Allocation Method Will Help Prevent Unintended Consequences.

Absent a comprehensive stakeholder process and a carefully vetted cost allocation framework, overly broad, premature, or unsupported cost recovery determinations risk significant unintended consequences. Approving an expansive, unduly broad cost allocation mechanism for section 202(c)-related costs could encourage a "race to the bottom," where selection of units for emergency operation is driven less by system need and more by the ability to socialize costs across the MISO region. Such outcomes would undermine disciplined planning and distort decision-making at both the utility and state regulator levels.

If the Commission routinely approves broad regional cost allocation for 202(c) order costs without a demonstrated, commensurate benefit, utilities may be incentivized to accelerate retirements and cash in on a 202(c) order cost shift, moving costs away from local customers and onto an 11-state region. Relying on an arbitrary regional cost allocation may shield utilities and states from the political and economic consequences of local resource decisions, create perverse incentives to prolong emergency operations, distort market signals, and increase reliance on section 202(c) orders as a substitute. OMS recognizes that the lack of a clear demonstration of need in DOE's 202(c) orders has put the Commission in a position of having to approve cost allocation mechanisms where benefits may not exist or at best, are unclear. Unfortunately, this

means traditional benefit calculations may not apply in this proceeding, leaving only the scope of DOE's self-determined emergency, as described in each individual 202(c) order, to assign costs.[13]

The Commission has an independent responsibility under the FPA to ensure that any rates, terms, and conditions it approves are just, reasonable, and not unduly discriminatory. That obligation includes ensuring that costs are prudently incurred and appropriately allocated based on demonstrable benefits, rather than defaulting to broad regionalization for administrative convenience. A robust stakeholder process, grounded in transparent analysis of alternatives, unit selection, system need, and cost impacts, will help ensure that cost allocation decisions are equitable and consistent with long-standing cost-causation and beneficiary pays principles, while avoiding precedents that could distort future resource planning and emergency actions.

III. CONCLUSION

OMS submits this Notice of Intervention and Comments because a majority of OMS members support this filing.[14] This should not be construed to mean that all OMS members agree with all comments above. Individual OMS members reserve the right to file separate comments. In recognition of such, the following members voted in support of this filing:

Illinois Commerce Commission
Iowa Utilities Commission
Kentucky Public Service Commission
Michigan Public Service Commission
Minnesota Public Utilities Commission
Missouri Public Service Commission
Montana Public Service Commission

[13] The Public Service Commission of Wisconsin does not believe the Commission is limited to the findings made by DOE to establish a reasonable cost allocation. The Commission has a duty to establish just and reasonable rates, which stands independent of DOE's determinations.

[14] The Minnesota Department of Commerce is an Associate Member of OMS and supports these Comments.

South Dakota Public Utilities Commission

North Dakota Public Service Commission

Public Service Commission of Wisconsin

The Arkansas Public Service Commission, the Indiana Utility Regulatory Commission, the Louisiana Public Service Commission, the Mississippi Public Service Commission, the New Orleans City Council, and the Public Utility Commission of Texas abstained from the vote on this filing. The Manitoba Public Utilities Board did not participate in the vote on this filing.

Respectfully submitted,

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Dated: January 20, 2026

CERTIFICATE OF SERVICE

I certify that I have served the preceding document upon each person designated on the official service list prepared by the Secretary for this proceeding in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure. 18 C.F.R. § 385.2010.

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Dated: January 20, 2026