197 FERC ¶ 61,119
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Laura V. Swett, Chairman;
David Rosner, Lindsay S. See,
Judy W. Chang, and David LaCerte.

Northern Indiana Public Service Company LLC Docket Nos. ER26-3474-000
NiSource Generation Company LLC

Northern Indiana Public Service Company LLC ER26-3475-000
NiSource Generation Company LLC

ORDER GRANTING AUTHORIZATION TO MAKE AFFILIATE SALES

(Issued November 19, 2026)

1. In this order, pursuant to section 205 of the Federal Power Act (FPA),[1] we grant the request of NiSource Generation Company LLC (NiSource GenCo) for authorization of affiliate sales in which NiSource GenCo will sell wholesale sales of energy and capacity at market-based rates to its affiliate, Northern Indiana Public Service Company LLC (NIPSCO), pursuant to the terms of two wholesale power purchase agreements (PPA) between NIPSCO and NiSource GenCo. The Commission grants this authorization to be effective as of the date of this order.

I. Background

2. On August 3, 2026, NIPSCO and NiSource GenCo (jointly, Applicants) submitted two separate requests for authorization that would allow NiSource GenCo to make sales of energy and capacity at market-based rates to its affiliate, NIPSCO, under the terms of two separate PPAs. The Applicants state that these PPAs will enable NIPSCO to serve the load of data centers being developed in the NIPSCO service territory. Specifically, the Applicants request authorization to make affiliate sales under a PPA that would enable NIPSCO to serve increased load resulting from Amazon Data Services, Inc. (Amazon) developing a data center in the NIPSCO service territory (Amazon PPA).[2] The Applicants also request authorization to make affiliate sales under a PPA that would

[1] 16 U.S.C. § 824d.

[2] Northern Indiana Public Service Company LLC, Application for Affiliate Sales Authorization, Docket No. ER26-3474-000 (Amazon Filing).

enable NIPSCO to serve increased load resulting from a wholly owned subsidiary of Alphabet, Inc. (Alphabet) developing a data center in the NIPSCO service territory (Alphabet PPA).[3]

3. The Applicants state that, because Amazon and Alphabet (which Applicants collectively refer to as Megaload Customers) have identified NIPSCO's service territory in Indiana as a suitable location for their data centers, NIPSCO must quickly secure additional generation capacity to meet that increased demand while: (1) protecting its captive customers from the costs of developing new generation resources; (2) allowing the expedited development of needed generation; and (3) maintaining NIPSCO's financial integrity.[4]

4. According to the Applicants, the PPAs between NIPSCO and NiSource GenCo (Affiliate PPA) are the result of an agreement between the Applicants that will allow NiSource GenCo to construct, own or lease, and operate generation resources so that NIPSCO is able to provide electricity capacity and energy to Amazon and Alphabet through contracts reviewed and approved by the Indiana Utility Regulatory Commission (Special Contracts).[5] The Applicants state that the Affiliate PPAs are intended to protect NIPSCO's captive customers from the financial risks associated with serving the Megaload Customers. The Applicants explain that the Megaload Customers' ability to pursue alternatives puts meaningful downward pressure on the terms in the Special Contracts, which are in turn mirrored in the Affiliate PPAs.[6] Further, the Applicants represent that the contracts governing the sale of energy and capacity between NIPSCO and the Megaload Customers were reviewed and approved by the Indiana Utility Regulatory Commission (Indiana Commission). The Applicants further state that, on April 7, 2026, the Indiana Commission adopted a Stipulation and Settlement Agreement (Settlement Agreement) among NIPSCO, NiSource GenCo, the Indiana Office of the Utility Consumer Counselor, and the NIPSCO Industrial Group, which established cost responsibility protections, affiliate guidelines governing material transactions between

[3] Northern Indiana Public Service Company LLC, Application for Affiliate Sales Authorization, Docket No. ER26-3475-000 (Alphabet Filing).

[4] Amazon Filing at 2; Alphabet Filing at 2.

[5] Amazon Filing at 4-5; *id*. Ex. D (Parisi Testimony) at 3; Alphabet Filing at 6; *id*. Ex. D (Parisi Testimony) at 3 (citing Ind. Util. Regul. Comm'n, *Verified Joint Petition of N. Ind. Pub. Serv. Co. LLC & NIPSCO Generation LLC*, *Cause No. 46322* (June 17, 2026) (Indiana Commission Joint Order)).

[6] Amazon Filing at 14; Alphabet Filing at 13.

NIPSCO and NiSource GenCo, and a shared system credit mechanism that is estimated to return approximately $1.1 billion in bill credits to NIPSCO's retail customers.[7]

A. Description of the Parties

1. NIPSCO

5. The Applicants explain that NIPSCO is a vertically integrated Indiana limited liability company engaged in the generation, transmission, and distribution of energy at wholesale and retail. The Applicants explain that NIPSCO is a Midcontinent Independent System Operator, Inc. (MISO) transmission owner whose transmission system is under the functional control of MISO, and that open access transmission service over NIPSCO's transmission facilities is provided pursuant to MISO's Open Access Transmission, Energy Markets and Operating Reserve Markets Tariff.[8] The Applicants further state that NIPSCO is a wholly owned, direct subsidiary of NIPSCO Holdings II LLC (NIPSCO Holdings II), a joint venture owned 80.1% by NIPSCO Holdings I LLC (NIPSCO Holdings I), a wholly owned, direct subsidiary of NiSource, Inc., and 19.9% by funds managed or advised by affiliates of Blackstone Inc.[9]

2. NiSource GenCo

6. The Applicants state that NiSource GenCo is an Indiana limited liability company that will purchase, construct, own or lease, and operate up to 3,000 megawatts (MW) of new, dispatchable generation resources, including two 1,300 MW combined cycle gas turbine generators and a 400 MW battery energy storage system, and that NiSource GenCo may also enter a power purchase agreement with a non-affiliated independent power producer or marketer for delivery of power to NIPSCO. The Applicants state that all sales of electric energy produced by and capacity awarded to NiSource GenCo's generation facilities will be provided to NIPSCO through agreements that will be subject to Commission approval.[10] The Applicants represent that NiSource GenCo has been created as a vehicle to: (1) protect NIPSCO's captive customers from the cost of developing generation assets needed to serve large load customers; (2) serve new large

[7] Amazon Filing at 4.

[8] *Id.* at 5; Alphabet Filing at 5.

[9] Amazon Filing at 5; Alphabet Filing at 5.

[10] Amazon Filing at 5; Alphabet Filing at 5.

load customers with speed and flexibility; (3) maintain NIPSCO's financial integrity; and (4) enable quick adaptability as energy markets evolve.[11]

7. The Applicants explain that NiSource GenCo is a wholly owned, direct subsidiary of GenCo Holdings II LLC (GenCo Holdings), which is a joint venture owned 80.1% by NIPSCO Holdings I, which is a wholly owned, direct subsidiary of NiSource, Inc., and 19.9% by funds managed or advised by affiliates of Blackstone Inc.[12]

3. Megaload Customers

8. The Applicants represent that the Megaload Customers are both investment grade, publicly traded companies, and hyperscalers that are each in the process of developing one or more data centers in NIPSCO's electric service territory. The Applicants further state that that NIPSCO's service to Amazon is expected to begin by January 1, 2027, and that service to Alphabet is expected to begin in the summer of 2026. The Applicants represent that neither Amazon nor Alphabet is affiliated with NIPSCO or NiSource GenCo.[13]

B. Power Purchase Agreements

9. The Applicants explain that, under the terms of the Affiliate PPAs, NiSource GenCo will make available to NIPSCO all capacity associated with NiSource GenCo's generation facilities and that the Applicants will maintain separate desks for submitting offers into the MISO market. The Applicants further state that NiSource GenCo will be obligated to submit energy offers into the MISO market while NIPSCO, as the load serving entity for both NIPSCO's current captive customers and for the Megaload Customers, will submit offers into the MISO market to serve both its captive customers' and the Megaload Customers' load. The Applicants explain that, on a monthly basis, NIPSCO will pass through payments received from the Megaload Customers to compensate NiSource GenCo. The Applicants state that NiSource GenCo will exclusively make wholesale sales of energy and capacity to NIPSCO and will make no retail sales in Indiana or elsewhere. Moreover, the Applicants state that if excess generation exists after satisfying the Affiliate PPA contractual requirements, NiSource GenCo commits to offering that energy into the wholesale power market.[14]

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[11] Amazon Filing Ex. D at 4; Alphabet Filing Ex. D at 4.

[12] Amazon Filing at 2; Alphabet Filing at 2.

[13] Amazon Filing at 6; Alphabet Filing at 6.

[14] Amazon Filing at 5-6; Alphabet Filing at 5-6.

10. The Applicants contend that, as a result of this structure, the Megaload Customers will be fully responsible for the incremental costs of significant capital investments necessary to provide the service to the Megaload Customers, without any costs being borne by NIPSCO's existing customers.[15]

C. Request for Authorization to Make Affiliate Sales

11. The Applicants seek approval of affiliate sales between NiSource GenCo, a market-based rate seller, and NIPSCO, its affiliated public utility, under the Affiliate PPAs. The Applicants state that NiSource GenCo was formed to construct, own, and operate the generation facilities that will be used to serve the Megaload Customer.[16] The Applicants explain that Indiana does not permit retail choice. According to the Applicants, therefore, under Indiana law NIPSCO, which is the franchised utility, must be the counterparty under the contract that will serve the data centers' retail load. The Applicants further explain that they structured this transaction under which NiSource GenCo sells to NIPSCO under the Affiliate PPAs and then NIPSCO sells to the data center retail loads under contracts approved by the Indiana Commission to comply with Indiana law. Moreover, the Applicants state that all costs associated with serving the data centers' loads will flow directly to the Megaload Customers under the Indiana Commission Joint Order. The Applicants also note that the Indiana Commission found that this structure "protects NIPSCO's other retail customers from the costs and risks of serving [the Megaload] Customer because [the Megaload] Customer is paying all the incremental costs to serve it."[17] In sum, the Applicants explain that the Affiliate PPAs exist solely to facilitate the delivery of energy and capacity from NiSource GenCo to NIPSCO in order to meet the terms of the Special Contract with the Megaload Customers.[18]

12. The Applicants contend that the Affiliate PPAs do not run afoul of the affiliate abuse concerns raised by the Commission in *Edgar*.[19] The Applicants explain that, although "the [t]ransaction at issue herein does not neatly fit in the mold of the traditional

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[15] Amazon Filing at 3; Alphabet Filing at 3.

[16] Amazon Filing at 2; Alphabet Filing at 2.

[17] Amazon Filing at 11; Alphabet Filing at 11 (citing Indiana Commission Joint Order at 18).

[18] Amazon Filing at 3; Alphabet Filing at 3.

[19] Amazon Filing at 4; Alphabet Filing at 4 (citing *Boston Edison Co. Re: Edgar Elec. Energy Co.*, 55 FERC ¶ 61,382 (1991) (*Edgar*)).

Edgar scenario, [it] raises no affiliate abuse concerns."[20] The Applicants state that the affiliate transactions pass the Commission's *Edgar* analysis because NIPSCO, as the franchised public utility where the Megaload Customers are located, negotiated the Special Contracts at arm's-length.[21] Applicants explain that because NIPSCO is required to be the load serving entity for the Megaload Customers under Indiana state law, the Affiliate PPAs – which are dictated by the terms of the Special Contracts – are necessary to transfer the electricity and capacity generated by NiSource GenCo to NIPSCO.

13. The Applicants contend that the PPA structure in question here is specifically designed to protect NIPSCO's captive customers by shielding them from the risks and costs associated with NIPSCO serving the Megaload Customers. The Applicants argue that the Affiliate PPA are designed to ensure that the payments remitted to NIPSCO by the Megaload Customers are allocated appropriately to NIPSCO and NiSource GenCo to compensate each for their services and that the cost of serving the Megaload Customers will not be paid by NIPSCO's other retail electric customers.[22]

14. In this regard, the Applicants argue that NIPSCO's retail customers are protected because the capital investments that NiSource GenCo will undertake to build, own, and operate the generation assets required to serve the Megaload Customers will be separated from the rates that NIPSCO's current customers pay, both now and in the future. The Applicants state that NIPSCO will distinguish these investments by tracking and separating any pass-through MISO energy settlement charges and revenues that are incurred as a result of serving the Megaload Customers' new load, as well as the regional transmission organization (RTO) related transmission costs that are specific to the Megaload Customers' new load additions. The Applicants argue that these mechanisms will allow NIPSCO to pass these costs through directly to the Megaload Customers, meaning there will be no generation fuel costs, MISO energy costs or revenues, or MISO RTO-related costs necessary to track on behalf of the Megaload Customer.[23]

15. The Applicants explain that, in an effort to insulate NIPSCO's captive customers from any potential risks or costs associated with affiliate purchases from NiSource GenCo, NIPSCO chose to register NiSource GenCo as a separate market participant within MISO. The Applicants state that, as the load serving entity for all load in its exclusive service territory, NIPSCO will include the Megaload Customers' loads within its own registration as a MISO market participant, but that NiSource GenCo will be the

[20] Amazon Filing at 11; Alphabet Filing at 10.

[21] Amazon Filing at 4; Alphabet Filing at 4.

[22] Amazon Filing at 3; Alphabet Filing at 3.

[23] Amazon Filing at 8; Alphabet Filing at 8.

MISO market participant with respect to sales from the generation resources that it will construct, own or lease, and operate.[24] They explain that, by registering NiSource GenCo as a separate MISO market participant each Applicant will: (1) have to meet MISO's creditworthiness requirements; (2) have its individual MISO commercial pricing node data isolated for all charges with separate invoicing; and (3) have a separate desk at MISO for all transactions in the MISO market. The Applicants argue that this structure will "ringfence" NIPSCO's current load and customer base from risks and costs associated with NiSource GenCo.[25]

II. Notice of Filing

16. Notices of each Filing were published in the *Federal Register*,[26] with interventions and protests due on or before August 24, 2026. None was filed.

III. Discussion

17. At issue here is whether the affiliate sales transaction described above satisfies the Commission's concerns regarding the potential for affiliate abuse. In *Edgar*, the Commission stated that, in cases where affiliates are entering into market-based rate agreements, it is essential that ratepayers be protected and that transactions be above suspicion in order to ensure that the market is not distorted.[27] *Edgar* describes three types of evidence that could demonstrate a lack of affiliate abuse: (1) evidence of direct head-to-head competition; (2) evidence of the prices non-affiliated buyers were willing to pay for similar services from the affiliate; or (3) benchmark evidence that shows the prices, terms, and conditions of sales made by non-affiliated sellers.[28]

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[24] Amazon Filing at 8; Alphabet Filing at 8.

[25] Amazon Filing at 8; Alphabet Filing at 8.

[26] 91 Fed. Reg. 52299 (Aug. 13, 2026).

[27] *Edgar*, 55 FERC at 62,167.

[28] *Id.* at 62,168-69; *see also Mkt.-Based Rates for Wholesale Sales of Elec. Energy, Capacity & Ancillary Servs. by Pub. Utils.*, Order No. 697, 119 FERC ¶ 61,295, at P 882, *clarified*, 121 FERC ¶ 61,260 (2007), *order on reh'g*, Order No. 697-A, 123 FERC ¶ 61,055, *clarified*, 124 FERC ¶ 61,055, *order on reh'g*, Order No. 697-B, 125 FERC ¶ 61,326 (2008), *order on reh'g*, Order No. 697-C, 127 FERC ¶ 61,284 (2009), *order on reh'g*, Order No. 697-D, 130 FERC ¶ 61,206 (2010), *aff'd sub nom. Mont. Consumer Counsel v. FERC*, 659 F.3d 910 (9th Cir. 2011).

18. Although the Filings do not present any of the three types of evidence established in *Edgar*, we nonetheless find that the Applicants have demonstrated that the Affiliate PPAs do not raise affiliate abuse concerns. As noted above, in *Edgar*, the Commission explained that its interest is in ensuring that arrangements avoid undue affiliate preference and that "it is essential that ratepayers be protected and that transactions be above suspicion in order to ensure that the market is not distorted."[29] While *Edgar* establishes three types of evidence that might indicate a lack of affiliate abuse, *Edgar* also explains that "there may be several ways in which a utility could demonstrate lack of affiliate abuse. The [three *Edgar* criteria] are examples of ways to demonstrate lack of affiliate abuse and not necessarily an all-inclusive list."[30] Here, Applicants have presented evidence that the price terms in the Affiliate PPAs are above suspicion and that the market is not distorted based on the fact that those price terms are dictated by the terms of the Special Contracts, which were negotiated at arms-length by unaffiliated parties.[31] The Commission has approved similar affiliate sales associated with long-term power purchase agreements that were negotiated between unaffiliated parties. In such power purchase agreements, the Commission has found that arm's-length pricing terms constitute evidence of the price purchasers are willing to pay for identical services in the same market from an unaffiliated seller.[32]

19. We also find that the Applicants have set forth evidence that demonstrates that captive ratepayers are protected. Specifically, given the facts in this record, we find that the Settlement Agreement put in place by the Indiana Commission and complementary terms embedded within the Affiliate PPAs protect captive ratepayers, for the purposes of the Commission's evaluation of the affiliate sale, by isolating costs and risks associated with the generation procured under the Affiliate PPAs. We note that the Indiana Commission has effectuated requirements through the Settlement Agreement to ensure that expenses related to the Affiliate PPAs will be kept separate from NIPSCO's current customers' rates, allowing NIPSCO to pass these costs through directly to the Megaload

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[29] *Edgar*, 55 FERC at 62,167 (citing *Teco Power Servs. Corp.*, 52 FERC ¶ 61,191, at 61,697 (1990)).

[30] *Id*.

[31] Amazon Filing at 14; Alphabet Filing at 13. *See also NMRD Data Center III*, 178 FERC ¶ 61,049 (2022) (approving an affiliate sales agreement where a franchised public utility served as the contractual intermediary between a market-based rate seller and a large load customer intending to operate a data center).

[32] *See, e.g.*, *N. States Power Co.*, *a Minn. corporation*, 169 FERC ¶ 61,170, at P 11 (2019); *DTE Elec. Co.*, 168 FERC ¶ 61,114, at P 8 (2019); *Flat Ridge 2 Wind Energy LLC*, 167 FERC ¶ 61,036, at P 10 (2019).

Customers and to pass payments received from the Megaload Customers directly to NiSource GenCo.[33] NiSource GenCo will build, own, and operate the generation assets required to serve the Megaload Customers, and the Indiana Commission Joint Order is clear that other retail customers will not be financially responsible for any expenses of NIPSCO or NiSource resulting from the Affiliate PPAs.[34] The Applicants explain that this structure will isolate to NiSource GenCo the risks associated with the purchase, ownership or lease, development, financing, construction, and operation of the necessary generation to serve the Megaload Customers.[35]

20. In addition, the Applicants explain that, in the event of a material default by NiSource under the Affiliate PPAs, NIPSCO's other retail customers will not be financially responsible under the terms of the Settlement Agreement.[36] In this situation, NIPSCO will file notice of the default with the Indiana Commission and submit a proposed plan to address the default, including potential exercise of NIPSCO's option to go into default and pay liquidated damages or attempt to procure replacement resources to continue service under the Special Contract. In addition, the Settlement Agreement provides that, in the event of default, NIPSCO will bear the burden of demonstrating the reasonableness of any proposed cost recovery or regulatory accounting.[37]

21. NIPSCO has committed to track and separate all pass-through MISO energy settlement charges and revenues that are incurred by virtue of NIPSCO serving the Megaload Customers' load.[38] Similarly, NiSource GenCo will register as a separate market participant within MISO, which will isolate NiSource GenCo's MISO-related charges and allow them to be recovered pursuant to the terms of the Affiliate PPA rather than recovered from non-Megaload ratepayers.[39]

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[33] Settlement Agreement at 4, 8.

[34] Indiana Commission Joint Order at 39; Settlement Agreement at 4.

[35] Amazon Filing at 7; Alphabet Filing at 7.

[36] Settlement Agreement at 4.

[37] *Id*. at 14-15.

[38] Amazon Filing at 8; Alphabet Filing at 7. The Applicants will maintain separate desks for submitting offers into the MISO market, and NiSource GenCo will only make available to the wholesale market that generation that exceeds the capacity needed by NIPSCO to serve the Megaload Customers.

[39] Amazon Filing at 8; Alphabet Filing at 7.

22. The Settlement Agreement also requires the Applicants to annually provide to the Indiana Commission: (1) a comparison of Megaload Customer actual demand to forecasted demand; and (2) a comparison of Megaload Customer demand to NiSource GenCo capacity and how NIPSCO and NiSource GenCo met NIPSCO Megaload Customers' demand needs.[40] Implementation of these measures will sufficiently limit the ability of NiSource GenCo to engage in transactions that would improperly be to its benefit at the expense of NIPSCO's captive customers.

23. We therefore grant the Applicants' requested authorization to make affiliate sales at market-based rates, pursuant to the terms of the Amazon PPA and the Alphabet PPA, effective as of the date of this order.

24. The authorization granted herein is limited to the specific facts, circumstances, and representations presented by the Applicants in their request for authorization. The Applicants are obligated to inform the Commission, within 30 days, if there are changes to the facts upon which the Commission relied in granting them authorization to make sales under the Amazon PPA and the Alphabet PPA. In addition, as a condition of the authorization granted herein, we require the Applicants to maintain records to enable the Commission to audit whether the representations and commitments made in their filing remain accurate.[41] We also note that the Applicants must receive prior approval from the Commission under section 205 of the FPA for any other sales to affiliates with a franchised electric service territory and captive customers.[42]

25. Finally, we direct NiSource GenCo to revise the limitations and exemptions sections of its market-based rate tariff, within 30 days of the date of this order, to list the specific, limited authorization granted herein, to reflect the effective date of the authorization, and to include a citation to this order.[43]

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[40] Settlement Agreement at 15.

[41] *See FirstEnergy Serv. Co.*, 181 FERC ¶ 61,201, at P 28 (2022); *AEP Energy Partners, Inc.*, 170 FERC ¶ 61,101, at PP 15-16 (2020).

[42] *See* 18 C.F.R. § 35.13.

[43] Order No. 697, 119 FERC ¶ 61,295, at app. C.

The Commission orders:

(A) NiSource GenCo is hereby authorized to make affiliate wholesale power sales at market-based rates to NIPSCO, pursuant to the terms and conditions of the Amazon and Alphabet PPAs, effective as of the date of this order, as discussed in the body of this order.

(B) NiSource GenCo is hereby directed, within 30 days of the date of this order, to revise its market-based rate tariff, citing to this order, to authorize wholesale sales to NIPSCO at market-based rates pursuant to a power purchase agreement, as discussed in the body of this order.

By the Commission.

(S E A L)

Carlos D. Clay,
Deputy Secretary.