

Northern Indiana Public Service Company LLC

Cause No. 45967

FILED
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INDIANA UTILITY
REGULATORY COMMISSION

VERIFIED DIRECT TESTIMONY OF MICHAEL HOOPER

1 **Q1. Please state your name, business address and title.**

2 A1. My name is Michael W. Hooper and my business address is 801 East 86th
3 Avenue, Merrillville, Indiana 46410. I am President and Chief Operating
4 Officer for Northern Indiana Public Service Company LLC ("NIPSCO" or
5 "Company").

6 **Q2. Please describe your educational background.**

7 A2. I received a Bachelor of Science in Mechanical Engineering with Honors in
8 1995 from the West Virginia Institute of Technology. I am a licensed Project
9 Management Professional (PMP), and a graduate of the Strategic
10 Leadership program from The Ohio State University Fisher College of
11 Business.

12 **Q3. Please provide a summary of your professional experience.**

13 A3. I began my career at American Electric Power ("AEP") in 1995 as a Project
14 Engineer. I served at AEP for 16 years, where I held multiple positions,
15 including Manager of Major Projects Commissioning and Acceptance,
16 Manager of Project Scheduling, Estimating and Controls, Manager of

1 Outage Planning and Scheduling, and Supervisor of Outage and Planning
2 for Northeast Generation and Technical Support. During my tenure at
3 AEP, I was part of a team that managed budgets to within two percent for
4 at least three (3) consecutive years which could primarily be attributed to
5 the organization's strong foundation in Earned Value Management and
6 integration of schedule and cost. Upon my departure in 2011, I was serving
7 as Director of Project Controls for Generation Major Projects. I joined
8 NIPSCO in February 2011 as Vice President of Major Projects. In that role, I
9 was responsible for oversight for strategic planning, project planning, and
10 execution of all major generation, distribution, and transmission projects
11 (generally projects in excess of \$2 million). In 2014, I was named Senior Vice
12 President of Major Projects and Electric Field Operations for NIPSCO. In
13 this role, I was responsible for the successful planning, management, and
14 execution of the Company's key construction projects in Gas & Electric
15 Generation, Transmission, and Distribution areas, as well as oversight of
16 the Company's Electric Field Operations. I was promoted to Senior Vice
17 President, Electric Operations on July 1, 2015. I served as Senior Vice
18 President of Regulatory, Legislative Affairs and Strategy starting on

1 October 16, 2018. I accepted my current position of President and Chief
2 Operating Officer in June 2020.

3 **Q4. What are your responsibilities as President?**

4 A4. As President, I am responsible for all operations, regulatory strategy,
5 customer, community, compliance, and financial functions at NIPSCO and
6 for ensuring safe, reliable, and affordable service to NIPSCO's 1.2 million
7 electric and gas customers across the state.

8 **Q5. Have you previously testified before the Indiana Utility Regulatory**
9 **Commission ("Commission") or any other regulatory commission?**

10 A5. Yes. I previously submitted testimony before the Commission in support
11 of NIPSCO's most recent gas rate case in Cause No. 45621 and electric rate
12 cases in Cause Nos. 45772, 45159, and 44688. I also provided testimony
13 before the Commission on behalf of NIPSCO in Cause Nos. 44012 and
14 44311.

15 **Q6. What is the purpose of your direct testimony in this proceeding?**

16 A6. The purpose of my testimony is to: (1) provide an overview of NIPSCO and
17 its role in northern Indiana; (2) briefly describe NIPSCO's gas system; (3)
18 describe NIPSCO including its corporate structure, strategic vision, and its

1 commitments to its stakeholders; (4) explain how NIPSCO's vision and
2 commitments have been embraced and executed since its last gas base rate
3 proceeding;¹ (5) explain why NIPSCO is filing this case at this time; and (6)
4 provide a brief overview of NIPSCO's case-in-chief.

5 **Q7. Are you sponsoring any attachments to your direct testimony in this**
6 **Cause?**

7 A7. Yes. I am sponsoring Attachments 1-A through 1-D, all of which were
8 prepared by me or under my direction and supervision.

9 **NIPSCO Overview**

10 **Q8. Please briefly describe NIPSCO's operations and facilities.**

11 A8. NIPSCO and its predecessor companies have been serving northern
12 Indiana for over 100 years. NIPSCO provides natural gas service to
13 approximately 859,000 customers in 32 counties across the northern third
14 of Indiana and electric service to more than 483,000 customers in 20 counties
15 in northwest Indiana.²

¹ *Verified Petition of N. Ind. Pub. Serv. Co.*, Cause No. 45621 (IURC Jul. 27, 2022).

² NIPSCO is authorized by the Commission to provide natural gas utility service to the public in all or part of Adams, Allen, Benton, Carroll, Cass, Clinton, DeKalb, Elkhart, Fulton, Howard, Huntington, Jasper, Kosciusko, LaGrange, Lake, LaPorte, Marshall, Miami, Newton, Noble, Porter, Pulaski, St. Joseph, Starke, Steuben, Tippecanoe, Tipton, Wabash, Warren, Wells,

1 With respect to NIPSCO's gas distribution service provided to its
2 customers, about eight percent of those customers either transport their
3 own gas or take advantage of NIPSCO's Choice program, while the
4 remaining ninety-two percent of customers purchase sales service from
5 NIPSCO. Table 1 below summarizes NIPSCO's customers by group:

6 **Table 1 – 2022 Historic Base Period Customer Data³**
7

Customer Class	Customers	% of Total	Throughput Volumes (MDth)	% of Total
Residential	789,914	91.97%	68,796	18.93%
Commercial	66,062	7.69%	47,050	12.95%
Industrial	2,875	0.34%	247,512	68.12%
Total	858,851		363,358	

8
9 As discussed in greater detail by NIPSCO Witness Robles, NIPSCO
10 operates a system of approximately 17,850 miles of distribution line and
11 approximately 690 miles of high pressure transmission line, along with on-
12 system storage and liquefied natural gas systems that are and will continue
13 to be used and useful in providing service to those customers.

14 **Q9. Please further describe the nature of NIPSCO's customer base.?**

White and Whitley Counties in northern Indiana.

³ Source: NIPSCO response to 170 IAC 1-5-8(a)(3)(B) and 170 IAC 1-5-8(a)(3)(C).

1 A9. As Table 1 illustrates, while industrial customers make up less than one-
2 half of a percent of the total NIPSCO gas customers, they account for more
3 than 68 percent of system throughput sales during the base year. Moreover,
4 NIPSCO's five largest customers represent more than 50 percent of
5 NIPSCO's annual throughput. NIPSCO's level of service to its industrial
6 transportation customers is significantly higher than that for most gas
7 utilities. The Company is therefore highly dependent on the revenue
8 provided by these few customers. As a local distribution company that
9 operates and maintains a pipeline system, a significant portion of NIPSCO's
10 costs associated with providing gas service to its customers are fixed in
11 nature. NIPSCO continues to depend on volumetric rates to recover its
12 fixed costs and, as a result, material reductions in throughput volume
13 associated with the business and manufacturing activity of these few large
14 customers causes a significant negative impact to NIPSCO's ability to fund
15 its operations and produce financial results that support ongoing capital
16 investments.

17 **Q10. Please describe NIPSCO's role in northern Indiana.**

18 A10. NIPSCO is headquartered in Merrillville, Indiana and plays a critical role
19 in northern Indiana. Safe, reliable, and affordable energy is critically

1 important to northern Indiana. NIPSCO is continually focused on
2 improving customer service, enhancing the availability and reliability of
3 electricity and natural gas, and providing an infrastructure to support new
4 jobs and economic growth. As a critical energy provider in the region,
5 NIPSCO embraces its mission to engage its customers, employees, and
6 community partners to continuously improve and partner with these
7 stakeholders in supporting the success of the communities it serves. To this
8 end, NIPSCO's leadership team and other employees serve critical roles in
9 various community organizations. In 2022, NIPSCO supported 250 local
10 non-profit and community organizations with \$2.3 million in contributions
11 through targeted grant programs such as the Environmental Action Grant
12 and Public Safety Grant, as well as relationship-driven strategic impact
13 grants to Junior Achievement, Opportunity Enterprises, Meals on Wheels
14 of Northwest Indiana, Boys and Girls Clubs of Fort Wayne, and the
15 Challenger Learning Center in Hammond.

16 Through NIPSCO's Charity of Choice program, employees volunteered
17 nearly 700 hours to a variety of community causes across the service
18 territory during August 2022. Through NIPSCO's Dollars For Doers
19 corporate giving program, NIPSCO employees volunteered over 4,500

1 hours resulting in grants totaling more than \$90,000 in 2022. Ensuring
2 mission focus and strong governance in its Indiana non-profit
3 organizations, NIPSCO encourages and supports employees to participate
4 and serve on non-profit boards. The NiSource Inc. ("NiSource") foundation
5 board leadership program awards each employee who serves on a non-
6 profit board, \$2,500 to \$5,000 each year to gift to that organization, which
7 provided an additional \$130,000 in NIPSCO charitable contributions in
8 2022.

9 **Q11. Please describe NIPSCO's efforts to support low income customers.**

10 A11. NIPSCO remains sensitive to its customers in need, as demonstrated by
11 NIPSCO's work and support of the federal Low Income Home Energy
12 Assistance Program ("LIHEAP") to provide heating assistance for
13 households falling at or below 60% of the state median income. The
14 NIPSCO Customer Assistance for Residential Energy (CARE) low income
15 discount program (also known as the Universal Service Program) is
16 designed to provide further bill reductions to LIHEAP-eligible customers.
17 Once approved for LIHEAP, customers are automatically enrolled in the
18 program. In addition, LIHEAP approved customers are eligible for a
19 capped deposit amount. CARE is implemented in coordination with local

1 Community Action Agencies (“CAAs”) in each county under the Indiana
2 Housing and Community Development Authority (IHCDA). NIPSCO’s
3 Hardship Program, which is funded by an annual contribution of
4 shareholder dollars, also works with trustee offices throughout its service
5 territory to assist customers outside the federal poverty guidelines for
6 LIHEAP. Currently, NIPSCO’s Hardship Program offers up to \$400 in gas
7 bill assistance to households between 151% and 250% of the federal poverty
8 level. Hardship funds are available through many of the same local CAAs
9 where LIHEAP funds are distributed, and are available through May 31
10 each year, or until funds are exhausted. NIPSCO increased the income
11 eligibility criteria for the Hardship Program in November 2020 from 200%
12 to 250% of poverty level to assist more customers, and in February 2022,
13 NIPSCO launched two new energy assistance programs under its Hardship
14 Program for eligible seniors, active U.S. military, and veterans.

15 **NIPSCO’s Structure and its Strategic Vision**

16 **Q12. Please describe briefly NIPSCO and its relationship with its parent**
17 **company, NiSource.**

18 A12. NIPSCO is one of six natural gas and electric companies in the NiSource
19 family of utility companies. NiSource is headquartered in Merrillville

1 Indiana, and through NIPSCO and NiSource's gas utility subsidiaries
2 serves nearly 4 million natural gas and electric customers across six states
3 under the NIPSCO and Columbia Gas brands. NIPSCO is Indiana's largest
4 natural gas distribution company and the second largest electric utility,
5 serving approximately 859,000 natural gas and more than 483,000 electric
6 customers across 32 counties.

7 NIPSCO is among the largest employers in Indiana and one of the largest
8 employers in the northwest region of the State. NIPSCO and the other
9 NiSource operating companies employ about 7,500 employees.
10 Approximately 3,000 of those jobs are NIPSCO employees located in
11 Indiana and NiSource corporate employees based in the Merrillville
12 corporate headquarters, and approximately 950 contractor and contingent
13 resources are engaged by NIPSCO to work in its service territory.

14 **Q13. Please describe NIPSCO's strategic vision.**

15 A13. NIPSCO's vision is to be an innovative and trusted energy partner, and we
16 exist to deliver safe, reliable energy that drives value to our customers.
17 NIPSCO continues its focus on six core aspirational commitments that
18 frame the work it does – safety, customers, employees, operational

1 excellence, and financial. NIPSCO works to achieve this by delivering on
2 its commitments for its customers, employees, and all its stakeholders
3 through a focus on its priorities.

4 **Execution of NIPSCO's Strategic Vision and Commitments**

5 **Q14. How has NIPSCO approached its commitment to achieve industry**
6 **leading safety performance?**

7 A14. Safety is NIPSCO's foundational commitment, as reflected in its continuing
8 implementation of its Safety Management System ("SMS"), which has
9 matured to become a core operating model, which now drives daily
10 decisions and has enhanced how NIPSCO identifies and prioritizes
11 investments to reduce risks. NIPSCO has taken a number of steps to
12 improve its safety performance. For example, NIPSCO achieved
13 conformance certification in the American Petroleum Institute's
14 Recommended Practice 1173, SMS, which is a recognition that was earned
15 by the entire NiSource organization, our employees, and business partners.
16 Yet NIPSCO continues to challenge its operational thinking to find ways to
17 work better. Most importantly, while being certified in SMS is not an end
18 goal, it is a strong indicator that NIPSCO is continuing on the right path
19 related to safety. NIPSCO has also continued to improve its performance

1 in reducing third-party damages to its underground gas facilities. As
2 discussed by NIPSCO Witnesses Cocking and Smith, NIPSCO anticipates
3 increases in expenses associated with pipeline safety and damage
4 prevention to support not only compliance with increased regulatory
5 requirements but also furtherance of NIPSCO's commitment to industry-
6 leading safety performance. NIPSCO's SMS program focuses on leveraging
7 employees who are performing the work to identify and mitigate potential
8 risks, while continually assessing and improving processes and procedures
9 to keep all employees, contractors, customers, and the public safe. As
10 outlined by NIPSCO Witness Cocking, NIPSCO's SMS provides a
11 framework for reporting on identified risks and mitigation activities, along
12 with the sequencing of those efforts, to provide the highest risk reduction
13 at the best possible cost to customers.

14 **Q15. How has NIPSCO approached its commitment to customer service and**
15 **satisfaction?**

16 A15. NIPSCO's commitment to customer satisfaction and brand perception has
17 been demonstrated through the implementation of innovative customer
18 service initiatives geared towards improving the customer experience.
19 NIPSCO cares about its customers and works daily to listen, anticipate their

1 needs, earn their trust, and deliver safe, reliable, and affordable energy.
2 Customers have told NIPSCO they want more convenient ways to get
3 answers to their questions without needing to reach out by phone. In 2022,
4 NIPSCO announced that chatbot and live chat would now provide an
5 opportunity for customers to get immediate help, including enrolling in
6 payment plans, viewing their usage, finding payment locations,
7 understanding bill charges, and learning about different financial support
8 options. Digital Chatbot capability is live on the NIPSCO website and
9 mobile app, enabling customers to interact 24/7 with NIPSCO's automated
10 answering system, but also enabling live chat during certain business hours
11 for NIPSCO customers. Customers can also sign up to receive Push
12 Notifications about their Bills via the NIPSCO Mobile App. In 2022,
13 NIPSCO also implemented a new, conversational interactive voice
14 response system (IVR) that enables customers to use the automated system
15 to enroll in AutoPay, find payment locations, and utilize enhanced budget
16 billing options, in addition to managing their account details. NIPSCO can
17 now text or email information to a customer who has called in, so we do not
18 need to repeat it for them to write it down. Examples of what can be texted

1 or emailed include a link to upload documents, NIPSCO fax number,
2 payment mailing address, payment locations, and more.

3 NIPSCO also works to resolve its customers' concerns when they arise.
4 NIPSCO gas has not had a Commission-justified gas consumer complaint
5 since 2017, placing it best among its peer gas utilities. NIPSCO aspires for
6 even better performance and is optimistic that its continued focus on
7 improving customer service will produce further improvements in the
8 future.

9 **Q16. How has NIPSCO approached its commitment to customers by providing**
10 **dependable and timely service and emergency response?**

11 A16. NIPSCO's commitment to provide dependable and timely service and
12 emergency response is demonstrated through the performance in its gas
13 emergency response rate with an average of 21 minutes and 42 seconds
14 through year-to-date (September, 2023) and 22 minutes and 44 seconds for
15 calendar year 2022. In 2022, NIPSCO had an emergency response rate of
16 97.87% in 45 minutes or less and 98.28% in 45 minutes or less through year-
17 to-date (September 2023). This places the Company in the top quartile for

1 average response times relative to the American Gas Association (AGA)
2 benchmarks.

3 **Q17. How is NIPSCO delivering on its commitment to expand gas service to**
4 **previously unserved areas?**

5 A17. NIPSCO has added more than 11,000 net customers since the close of the
6 2020 base period in its last rate case, with a total of 17,090 gross new meter
7 sets during this period with 7,242 of the new services installed in the rural
8 portions of its service territory where natural gas service was not previously
9 available. Specifically, NIPSCO has seen especially strong growth in
10 Crown Point, Dyer, Demotte, Goshen, Plymouth, and Ft. Wayne areas. As
11 an example, NIPSCO worked with the Indiana Economic Development
12 Corporation, the Governor's Office, the City of Kokomo, and a prospective
13 customer (Star Plus LLC) to ensure that the necessary resources and
14 infrastructure was in place to make an economic development project in
15 Kokomo come to fruition (the "Kokomo Economic Development Project").
16 The Transmission, Distribution and Storage System Improvement Charge
17 ("TDSIC") project consisted of joint funding through a targeted economic
18 development project by NIPSCO and project funding support from
19 Kokomo and the State, as well as a significant contribution by the customer.

1 Treating the Kokomo Economic Development Project as a targeted
2 economic development project allowed NIPSCO to make the necessary
3 investment to extend the gas service required by the project, as well as
4 provide additional gas capacity through the Kokomo Deliverability Project,
5 which was required to increase capacity to Kokomo to serve additional
6 customers who may locate or expand operations within Kokomo. The
7 Kokomo Deliverability Project will bring significant, additional capacity to
8 the north side of Kokomo to support the natural growth of the City of
9 Kokomo including its planned industrial park, as well as future phases of
10 the Kokomo Economic Development Project. The Kokomo Deliverability
11 Project also brings the capability of having a secondary, large volume high
12 pressure gas feed into Kokomo to provide increased reliability for the
13 existing distribution system. The Kokomo Economic Development Project
14 is expected to bring approximately 1,300 new jobs in Phase 1 to the
15 community and a Phase 2 expansion was recently announced that is
16 expected to create an additional 1,400 jobs. This project is an example of the
17 progress that can be made through public-private partnerships. NIPSCO
18 continues to work with other communities to explore expansion of its
19 system into unserved/underserved areas of its service territory, while

1 focusing on appropriate economic investment considerations for all
2 NIPSCO customers.

3 **Q18. Has NIPSCO delivered on its commitment to employees through**
4 **continued improvement in employee inclusion, equity, diversity, and**
5 **engagement?**

6 A18. NIPSCO strives to foster a workplace that embraces diversity, equity, and
7 inclusion, where employees are energized and driven to care for our
8 customers and want to grow with them. Our day-to-day work can be as
9 diverse as the types of careers NIPSCO offers, and that means a variety of
10 opportunities that help employees feel excited about their work and
11 growth. At NIPSCO, employees have been an important focus and
12 continue to be a fundamental component of NIPSCO's journey toward
13 becoming a premier energy provider. The Company is focused on creating
14 an environment where each employee can reach their full potential and feel
15 psychologically safe while growing. NIPSCO respects and values the
16 dignity and rights of its employees, customers, and communities. NIPSCO
17 is committed to providing a work environment that is positive and
18 inclusive for all employees, and for ensuring that its leaders, employees,
19 and vendors represent the customers NIPSCO serves.

1 NIPSCO's approach is grounded in the following four principles that
2 NIPSCO employees foster, promote, and celebrate an inclusive culture:

- 3 • Providing equal employment opportunities to all employees and
4 applicants for employment without regard to race, color, religion,
5 national origin or ancestry, veteran status, disability, gender, age,
6 marital status, sexual orientation, gender identity, genetic
7 information, or any protected group status as defined by law. Each
8 employee is expected to abide by this principle.
- 9 • Continuing and enhancing the celebration and education of
10 diversity on cultural matters while promoting the organization's
11 inclusive brand within the communities we serve.
- 12 • Driving towards embedding diversity, equity, and inclusion across
13 the organization in areas of Talent Acquisition and Talent
14 Management.
- 15 • Encouraging employee involvement in programs offered by the
16 organizations we support. Through its involvement and support,
17 the Company has provided the opportunity for employees to
18 actively interact with minority, female and/or disabled persons who
19 could be considered for future potential employment.

1 NiSource captured several awards in 2022, including being recognized on
2 the Forbes list of Best Employers for Women and being named to the S&P
3 Global Sustainability Yearbook for the first time, recognizing NiSource as
4 one of the world's most sustainable companies.

5 Because NIPSCO cares about what its employees think about the company
6 and their work, we measure their engagement and development. One way
7 we do that is through our annual employee engagement survey. We review
8 the survey results and work with employees to listen to their ideas and
9 address concerns so we can continue to deliver on our commitments to our
10 stakeholders.

11 **Q19. How is NIPSCO delivering on its commitment to operational excellence?**

12 A19. NIPSCO strives for operational excellence by holding each other
13 accountable to continuously improve the way we work and perform with
14 excellence in the areas most important to our stakeholders – employee and
15 public safety, reliability, affordability, and environmental sustainability. In
16 our journey to always find a better way, NIPSCO continuously works to
17 meet customers' needs to keep prices reasonable. In the coming years,
18 NIPSCO will benefit from planned NiSource investments in new

1 technologies to change how NIPSCO plans, schedules and executes work
2 in the field, and engages and provides service to customers. Work planning
3 and dispatch will be standardized so front-line employees can achieve more
4 and have access to the information they need to complete work without
5 delays. Modernized infrastructure will enable better and more timely and
6 efficient help for customers with questions and concerns. When services
7 are provided efficiently to more than 1.2 million customers based on
8 appropriate and safe processes, NIPSCO's performance is enhanced
9 because its customers are comfortable that they are receiving the safe and
10 reliable service they expect at a reasonable cost. Customers are entitled to
11 expect responsive communication and access to accurate and timely
12 information about the service they receive. It is therefore critical that our
13 services be delivered in an efficient and transparent way in keeping with
14 those expectations.

15 NIPSCO also has a focus on leveraging its scale, driving efficiencies,
16 improving our cost structure and capabilities, and enhancing our
17 commitment to safety. Customers will benefit from this foundation of
18 operational excellence, with the ultimate goal of keeping our core
19 operations and maintenance spending relatively flat to help mitigate cost

1 increases.

2 **Q20. How has NIPSCO delivered on its commitment to sustained growth in**
3 **earnings and dividends for its investors?**

4 A20. NIPSCO as an operating company has contributed to sustained growth in
5 NiSource shareholder value. Among its successes have been the ongoing
6 investment in its gas and electric infrastructure and the successful execution
7 of its ongoing generation transition efforts on the electric side of its
8 business. While NIPSCO remains committed to providing its customers
9 with safe, reliable, and affordable natural gas service in Indiana, ongoing
10 investments to modernize and improve the safety of its natural gas
11 infrastructure dictate that its overall basic rates and charges will increase.
12 NIPSCO strives for reliable growth and value for its shareholders without
13 compromising safety, service reliability and integrity.

14 **Q21. How is NIPSCO executing on its commitment to system investments for**
15 **service integrity, safety, and compliance?**

16 A21. Since its last rate case, NIPSCO has invested and will continue to invest in
17 its gas infrastructure to continue serving its customers safely and reliably.
18 That objective is reflected in the estimated \$1.1 billion of cumulative

1 investment to be completed through the end of the 2024 forward test year
2 in this proceeding, measuring off the December 31, 2022 cutoff in NIPSCO's
3 last gas rate case. These investments to replace older assets, reduce system
4 risk, meet compliance requirements, and improve the robustness of the
5 system, have and will continue to improve system safety and reliability,
6 and they are the primary driver of NIPSCO's proposed rate increase.

7 NIPSCO's ongoing investments in its gas transmission, distribution, and
8 storage systems are required as a result of: (1) new delivery infrastructure
9 to serve new customers; (2) compliance with evolving standards for the
10 safety of underground pipelines; and (3) replacement of infrastructure to
11 modernize systems and enhance capacity. NIPSCO continues to balance
12 the need for new investments with the cost to its customers. Finally, the
13 enhancement of processes, compliance, performance, safety, and reliability
14 at NIPSCO has been and will continue to be critical to continued
15 improvements in the safety of our system for our customers and the public
16 as well as customer service and satisfaction.

17 **Q22. Are there additional benefits to NIPSCO's customers from the ongoing**
18 **system investments?**

1 A22. Yes. NIPSCO's commitment to investing in its gas transmission, gas
2 distribution, and storage system enhances system safety, reliability,
3 compliance, and environmental performance to ensure continued
4 availability of gas in the future. Indeed, NIPSCO and NiSource believe that
5 natural gas is an essential energy resource contributing to the nation's
6 efforts to reduce greenhouse gas emissions, and it remains a critical part of
7 today's diverse energy mix, as well as tomorrow's. Even as new energy
8 options gradually come online, natural gas will continue to play an
9 indispensable role in ensuring that commercial and industrial enterprises
10 are able to conduct their operations without interruption, and that
11 consumers—including the most vulnerable members of our society—have
12 a stable, uninterrupted supply of affordable energy to heat their homes,
13 cook their food, dry their clothes, and support their everyday lives. The
14 future of energy must take into consideration a balanced approach that
15 ensures that all Americans, including Hoosiers, across the economic
16 spectrum have access to a safe, reliable, sustainable, and affordable supply
17 of energy.

18 **Q23. Why is ongoing infrastructure investment a core objective for NIPSCO?**

1 A23. As the provider of critically important services to residential, commercial,
2 and industrial customers, NIPSCO plays an important role in the safety,
3 comfort, and economic vitality of the communities it serves. Much of the
4 infrastructure operated by NIPSCO has been in service for many decades,
5 and significant ongoing investment is required to maintain the systems to
6 reliably meet current and long-term safety and customer needs. Further,
7 increasing pipeline safety regulations that drive risk modeling, compliance,
8 and safety improvements, predominantly at the federal level, have added
9 to the focus on improvement of our facilities. As demonstrated in
10 NIPSCO's Federally Mandated Cost Adjustment ("FMCA") and TDSIC
11 filings, NIPSCO is engaged in ongoing investments to improve its system
12 to provide safe and reliable service.

13 **Q24. Considering the significant investments being made by NIPSCO, is it**
14 **important that NIPSCO maintain access to capital?**

15 A24. Yes. To successfully execute on its vision, NIPSCO needs to operate from a
16 solid financial foundation, with adequate liquidity and access to capital on
17 reasonable terms to support its ongoing investments. Access to capital on
18 reasonable terms is the lifeblood of any capital intensive business and an
19 important objective for NIPSCO. Access to capital is particularly critical for

1 NIPSCO because of the need to make ongoing investments in service
2 quality, safety, compliance and reliability and the ability to obtain that
3 capital on reasonable terms is important to manage the customer rate
4 impact of such investments. NIPSCO Witness Rea provides additional
5 detail about the status and importance of access to capital on competitive
6 terms as a driver for NIPSCO's success in meeting its commitments to
7 stakeholders.

8 **This Proceeding**

9 **Q25. Why is NIPSCO filing this case at this time?**

10 A25. NIPSCO is filing this case to begin to address some of the challenges it is
11 currently facing that are reflected in its current rates and rate structure. As
12 discussed in more detail by NIPSCO Witness Sears, the investment in its
13 gas system has grown and the result is that NIPSCO's current rates are
14 insufficient to recover the increased costs of providing service to its
15 customers.

16 **Q26. What are some of the challenges faced by NIPSCO?**

17 A26. First, as discussed by NIPSCO Witness Cocking, federal pipeline safety
18 requirements have increased since NIPSCO's last base rate case. While
19 these heightened requirements are beneficial for the safe operation of gas

1 systems and result in enhanced levels of system integrity, they come at an
2 increasing cost. The cost is not only associated with the installation of
3 upgraded facilities, but also to enhanced monitoring and maintenance with
4 a focus on proactive risk reduction. NIPSCO is committed to not only be in
5 compliance with these requirements but also to foster a safety focused
6 culture throughout its organization.

7 Second, as discussed by NIPSCO Witness Smith, NIPSCO's ongoing focus
8 on damage prevention requires additional investments to continue to
9 mitigate the risk of third-party damages to NIPSCO's underground
10 facilities.

11 Finally, as noted by NIPSCO Witness Weatherford, the level of operating
12 and maintenance expense NIPSCO experienced during the Historic Test
13 Year was higher than what is reflected in current base rates. The projected
14 level of operations and maintenance expense for the Forward Test Year is
15 less than 4% more than the actual 2022 levels..

16 **Q27. Has NIPSCO considered the impact of a rate increase on customers?**

17 A27. NIPSCO realizes that rate increases will always have an impact on
18 customers; however, in light of the large and growing capital program

1 which is necessary to retire and replace aging infrastructure and ensure
2 ongoing, reliable service, a rate increase is unavoidable. NIPSCO has taken,
3 and will continue to take, specific measures to assist those financially
4 insecure customers. In addition to the safety and reliability benefits
5 provided by NIPSCO's investments in safety and modernization, the
6 investments provide the ancillary benefit of energizing the local economies
7 through the wages paid to the skilled labor necessary to complete the work.
8 Throughout 2022, natural gas prices were unusually high because of a
9 variety of macroeconomic conditions. While natural gas prices are passed
10 through to NIPSCO's customers with no mark-up, customers experienced
11 higher than normal gas bills due to higher than usual natural gas prices.
12 This was largely driven by exogenous factors outside of NIPSCO's control.
13 NIPSCO took several steps in 2022 to mitigate the impact to its customers,
14 including committing to controlling its operating expenses and focusing on
15 efficiency for the ultimate benefit of our valued customers. While gas prices
16 have declined throughout 2023, NIPSCO aims to keep customer bills
17 affordable by managing its operating costs, even as NIPSCO recovers its
18 investments to better serve customers.

1 **Overview of NIPSCO's Case-In-Chief**

2 **Q28. Please identify the witnesses offered by the Company.**

3 A28. Attachment 1-A identifies NIPSCO's witnesses and the subject matter of
4 their testimony.

5 **Notices**

6 **Q29. Did NIPSCO provide notice of its intent to file a gas rate case in**
7 **accordance with the Commission's General Administrative Order 2013-**
8 **5?**

9 A29. Yes. Attachment 1-B is a copy of NIPSCO's notice that was hand delivered
10 to the Secretary to the Commission on September 25, 2023, a copy of which
11 was provided to the Indiana Office of Utility Consumer Counselor
12 ("OUCC") and other anticipated intervenors via email transmission.
13 NIPSCO met with the OUCC, the NIPSCO Industrial Group and
14 anticipated intervenors to discuss its filing in September.

15 **Q30. Will NIPSCO publish notice of the filing of this case in each County**
16 **where it provides gas service?**

17 A30. Yes. Attachment 1-C will be a copy of each of the Publishers' Affidavits
18 associated with the notices published in accordance with the law and
19 Commission practice. This attachment will be organized alphabetically by

1 County and will be filed with the Commission once all of the Publishers'
2 Affidavits have been received.

3 **Q31. Will NIPSCO provide its residential customers with written notice of the**
4 **relief requested in this proceeding?**

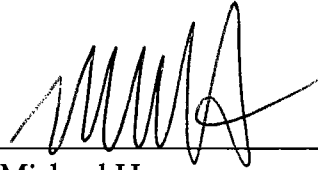
5 A31. Yes. Attachment 1-D will be a copy of the written notice provided to
6 residential customers within 45 days of the filing of the petition in this
7 proceeding. This notice will be provided as a bill insert to our residential
8 customers consistent with the Commission's rules. This attachment will be
9 filed with the Commission when available.

10 **Q32. Does this conclude your prefiled direct testimony?**

11 A32. Yes.

VERIFICATION

I, Michael Hooper, President and Chief Operating Officer of Northern Indiana Public Service Company LLC, affirm under penalties of perjury that the foregoing representations are true and correct to the best of my knowledge, information, and belief.

A handwritten signature in black ink, consisting of several loops and a final flourish, positioned above a horizontal line.

Michael Hooper

Date: October 25, 2023

**Northern Indiana Public Service Company LLC (NIPSCO)
2023-24 Gas Rate Case
Summary of Witness Testimony¹**

<u>Ex. No.</u>	<u>Witness Name</u>	<u>Summary of Testimony</u>
1	Michael Hooper	Mr. Hooper provides an overview of NIPSCO and its role in northern Indiana. He explains why NIPSCO is filing this case at this time and provides a brief overview of NIPSCO's case-in-chief.
2	Robert C. Sears	Mr. Sears discusses certain statutory requirements and explains the key drivers and objectives for filing this case. He introduces NIPSCO's proposed Sales Reconciliation Adjustment, summarizes NIPSCO's principles and objectives for designing rates in this proceeding, and describes NIPSCO's proposed IURC Gas Service Tariff, Original Volume No. 10, including the Schedule of Rates, Riders and General Rules and Regulations (the "Proposed Tariff"), proposed standard Agreement for Gas Service (for Rates 325, 328 and 338), and proposed Rate Release Form, and explains how the Proposed Tariff differs from NIPSCO's IURC Gas Service Tariff, Original Volume No. 9, currently on file with the Commission (the "Current Tariff").
3	Richard D. Weatherford	Mr. Weatherford presents the overall revenue requirement. He sponsors the results of NIPSCO's gas operations for the period beginning January 1, 2022 and ending December 31, 2022 (the "Historic Base Period"), and the projected results for the period beginning January 1, 2024 and ending December 31, 2024 (the "Forward Test Year"), adjusted on a pro forma basis for the normalization

¹ This Summary of the Company's case-in-chief witness testimony is intended facilitate review of this filing but is not an exhaustive list of the requests in this proceeding. A complete account of the requested relief can be found in the case-in-chief, including but not limited to petition, testimony, attachments, exhibits, workpapers, and MSFR responses.

		and annualization of certain amounts included in these periods. He quantifies the amount by which retail gas revenues should be increased so that the Company may have the opportunity to earn a fair and reasonable return. He supports NIPSCO's requests for deferred accounting for pensions and other post-retirement benefits and line locate expense. Finally, he presents the implementation in two steps of the proposed increase.
4	Elizabeth A. Dousias	Ms. Dousias presents NIPSCO's forecasted rate base as of June 30, 2024 (Step 1) and December 31, 2024 (Step 2), which reflects the Forward Test Year investment level that is utilized within the revenue requirement sponsored by NIPSCO Witness Weatherford. She also supports the proposed new Rider 392 – Sales Reconciliation Adjustment Mechanism.
5	Nick Bly	Mr. Bly presents the projected operation and maintenance (“O&M”) expenses associated with services provided by NiSource Corporate Services Company (“NCSC”) to NIPSCO, and any adjustments to those expenses for the 2023 Forecast Period and the Forward Test Year.
6	Gunnar J. Gode	Mr. Gode supports the actual O&M expenses associated with services provided by NCSC to NIPSCO for the Base period and the projected level of such expenses during the Forward Test Year.
7	Patrick L. Baryenbruch	Mr. Baryenbruch evaluates the reasonableness and necessity, of the services provided during the Historic Base Period, by NCSC to NIPSCO's gas utility.
8	Orville Cocking	Mr. Cocking provides an overview of NIPSCO's gas operations and maintenance, storage and liquefied natural gas, and damage prevention organizations. He describes NIPSCO's pipeline safety programs and processes, describes the types of pipeline compliance regulations with which

		NIPSCO must comply, and addresses NIPSCO's plan to update its communications technology associated with its gas meters. Finally, he sponsors a portion of NIPSCO's O&M expense adjustment included in Adjustment OM 2-24.
9	Rick Smith	Mr. Smith provides an overview of NIPSCO's Damage Prevention Organization, describes NIPSCO's ongoing focus on damage prevention, and sponsors a portion of NIPSCO's O&M expense adjustment included in Adjustment OM 2-24. He also supports NIPSCO's request for deferred accounting for line locate expenses.
10	Rosalva Robles	Ms. Robles describes NIPSCO's gas infrastructure and explains how the quality of that system supports the safe delivery of natural gas. She also describes proposed changes to NIPSCO's Rates 228 and 238 in its Current Tariff. In addition, she discusses the planning assumptions that support NIPSCO's forecasted cost of gas sold, forecasted gas in storage, and forecasted on-system storage activity. Finally, she provides support for the adjustment to the Company's test year revenues to remove forecasted off-system displacement revenues.
11	Kirstie Eyre	Ms. Eyre supports NiSource total rewards, which includes supporting details for total rewards programs, policies, and philosophies including base compensation/wages, incentive compensation, and employee benefits such as healthcare and dental coverage. She also sets forth comparative analyses to establish the reasonableness and competitiveness of the wages, salaries, and incentive compensation provided to employees.
12	John J. Spanos	Mr. Spanos explains the methods and procedures used in the Depreciation Study and sets forth the annual depreciation rates as of December 31, 2022.

		He presents and explains the depreciation accrual rates developed for projected electric and common plant in service as of December 31, 2024.
13	Vincent V. Rea	Mr. Rea recommends the appropriate rate of return on common equity and overall rate of return for NIPSCO's jurisdictional gas operations in relation to its revenue requirement calculation.
14	Jonathan Bass	Mr. Bass presents and supports NIPSCO's federal and state income tax expense and taxes other than income tax expense adjustments for the Forward Test Year at present and proposed rates. He also presents and supports NIPSCO's Accumulated Deferred Income Taxes and Post 1970 Investment Tax Credit balances and related pro forma adjustments, which are included as components of NIPSCO's capital structure.
15	Malissa Bartos	Ms. Bartos explains four analyses: (1) how residential and commercial billing month sales for the Historic Base Period are normalized for weather; (2) the adjustment to unbilled Historic Base Period consumption to reflect the unbilled estimate that would have been made under normal weather conditions; (3) how design day consumption is derived; and (4) the number of customers and usage forecast for the 2023 Forecast Period and the Forward Test Year.
16	John D. Taylor	Mr. Taylor describes the Atrium Cost of Service Model (Atrium Model) used for NIPSCO's gas cost of service study and the various cost allocation principles, factors that influence the cost allocation framework, and the underlying methodology and basis used in the Company's gas cost of service studies. He describes the "Special Studies" employed to apportion the various categories of plant and O&M expenses to the respective customer classes. He presents the class-by-class rate of return results and corresponding revenue

		<p>surpluses or deficiencies from NIPSCO's ACOSS including the resulting unit costs by class for customer, demand, and energy-related costs with the ACOSS. He discusses revenue allocation and rate design principles and the appropriate guidelines for use in evaluating class revenue levels and rate structures. He also explains and supports the allocation of the Company's revenue deficiency to the various rate classes consistent with the class revenue mitigation objectives discussed by NIPSCO Witness Sears. He supports NIPSCO's proposed Sales Reconciliation Adjustment. Finally, he discusses NIPSCO's rate design proposals.</p>
17	Estana Davis	<p>Ms. Davis supports NIPSCO's revenue adjustments for weather normalization, large migrations, small migrations, lighting, demand side management ("DSM") true-up, DSM lost margin, interdepartmental, and cost of gas sold adjustments.</p>
18	Andrew L. Trump	<p>Mr. Trump provides context for the Business Case, explains key observations and results of the Business Case, and briefly explains NIPSCO's plan to implement new communications modules for its gas meters.</p>
19		Accounting adjustments support



Erin E. Whitehead

Phone: 317-965-8334

Email: ewhitehead@nisource.com

September 25, 2023

Via Hand Delivery

Ms. Dana Kosco
Secretary of the Commission
Indiana Utility Regulatory Commission
101 West Washington Street, Suite 1500 East
Indianapolis, Indiana 46204

RECEIVED

SEP 25 2023

INDIANA UTILITY REGULATORY COMMISSION

RE: Notice of Intent to File Gas Rate Case

Dear Ms. Kosco:

In accordance with Indiana Utility Regulatory Commission General Administrative Order 2013-5, Northern Indiana Public Service Company LLC hereby provides notice of its intent to file a gas rate case pursuant to Ind. Code § 8-1-2-42.7 on or after October 25, 2023. Please let me know if you have any questions or concerns about this notice.

Sincerely,

A handwritten signature in black ink that reads "Erin E. Whitehead". The signature is written in a cursive style.

Erin E. Whitehead

Vice President, Regulatory and Major Accounts

cc: Via Email Transmission

William Fine (wfine@oucc.in.gov)

Randall C. Helmen (rhelmen@oucc.in.gov)

Jennifer Washburn (jwashburn@citact.org)

Todd A. Richardson (trichardson@lewis-kappes.com)

Aaron A. Schmoll (aschmoll@lewis-kappes.com)

Joseph Rompala (jrompala@lewis-kappes.com)

Attachment 1-C

To be submitted as a late-filed exhibit

Attachment 1-D

To be submitted as a late-filed exhibit