

FILED
May 3, 2018
INDIANA UTILITY
REGULATORY COMMISSION

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

**VERIFIED PETITION OF NORTHERN INDIANA)
PUBLIC SERVICE COMPANY LLC FOR (1))
APPROVAL OF AN ADJUSTMENT TO ITS GAS)
SERVICE RATES THROUGH ITS)
TRANSMISSION, DISTRIBUTION, AND)
STORAGE SYSTEM IMPROVEMENT CHARGE)
("TDSIC") RATE SCHEDULE; (2) AUTHORITY)
TO DEFER 20% OF THE APPROVED CAPITAL)
EXPENDITURES AND TDSIC COSTS FOR)
RECOVERY IN PETITIONER'S NEXT)
GENERAL RATE CASE; AND (3) APPROVAL OF)
PETITIONER'S UPDATED 7-YEAR GAS PLAN,)
INCLUDING ACTUAL AND PROPOSED)
ESTIMATED CAPITAL EXPENDITURES AND)
TDSIC COSTS THAT EXCEED THE APPROVED)
AMOUNTS IN CAUSE NO. 44403-TDSIC-7, ALL)
PURSUANT TO IND. CODE CH. 8-1-39-9.)**

CAUSE NO. 44403 TDSIC-008

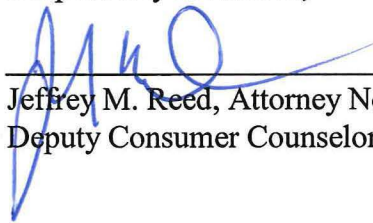
INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR

PUBLIC'S EXHIBIT NO. 2

**REVISED PUBLIC (REDACTED) TESTIMONY OF OUCC WITNESS
LEON A. GOLDEN**

May 3, 2018

Respectfully submitted,



Jeffrey M. Reed, Attorney No. 11651-49
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1

Transmission System Projects (Table 1)

Project Year	Project ID	Project Title	Approved Project Cost (TDSIC7-G)	Updated Project Cost (TDSIC8-G)	Variance (%)
2017	TP1	State Line to Highland Transmission Project	██████████	██████████	7.7
2017	TP2	22" From Aetna to US 35 - LaPorte	██████████	██████████	1.1
2017	IM24-DIM3	Corrosion Rectifiers Install/Replace	██████████	██████████	25.4
2017	TP9	16" Aetna to Tassinong	██████████	██████████	N/A
2017	SD14	Engineering Capital Projects	██████████	██████████	38.1
2018	ILI3	ILI Modifications – 24" Royal Center to Laketon	██████████	██████████	N/A

2 **Q: Are there any project estimate updates listed in Table 1 to which the OUCC**
3 **objects?**

4 **A:** No. NIPSCO has adequately explained the cost increases for all of the six projects
5 listed in Table 1. The OUCC does not object to updated cost estimates for these six
6 projects:

7 **[Project ID: TP1] *State Line to Highland Transmission Project***

8 This project shows an increase of \$404,519 or 7.7% due to difficulties with pipeline
9 tapping, the installation of a complete grounding system, and site restoration costs.
10 In TDSIC-7, NIPSCO experienced problems with valves that required the
11 installation of two stopples.⁹ The problems experienced during the TDSIC-7 also
12 affected the project as it was completed; specifically, problems during tapping. Mr.
13 Bull testified that tapping procedures that typically take 3-8 hours to perform took
14 significantly longer on this project, up to 18 hours for one tap.¹⁰ Poor pipe condition

⁹ A stopple is a piece of equipment used to temporarily stop the flow of gas in an active pipeline to allow for tie-ins or maintenance activities.

¹⁰ Petitioner's Confidential Exhibit No. 3, page 49, lines 10 – 15.

1 can require additional pipe replacement and fittings in the tap area, and it is
2 reasonable that these risks would not have been known until construction activities
3 had begun. The main drivers for increases of \$ [REDACTED] for the tapping costs were
4 attributable to labor and associated extended equipment rental.¹¹

5 An analysis of the Highland Junction site indicated that a complete
6 grounding system would be required as a result of updated safety standards because
7 the Highland Junction site contains both electric and natural gas facilities. In
8 addition, restoration costs increased as a result of curbing requirements and the need
9 to plant trees near the parking lot of an impacted hospital. The increase in actual
10 costs associated with the grounding system and restoration costs are
11 \$ [REDACTED].¹²

12 **[Project ID: TP2] 22" From Aetna to US 35 - LaPorte**

13 This project shows a 2017 increase of \$ [REDACTED] or 1.1% for several reasons. First
14 there were complications with the bore. After hitting rock, the bore head broke off,
15 resulting in delays completing the bore. While I confirmed NIPSCO is not seeking
16 to recover costs of the contractor's damaged equipment, there were reasonably
17 unanticipated costs associated with the delay; specifically labor and equipment
18 rental. Second, the Bailey regulator station had a design change in order to
19 accommodate an unavailable easement at the proposed site. Third, after excavation
20 was started for the Michigan City regulator station, it was discovered that there
21 would be interferences between the station foundation and an existing 22" line. This

¹¹ Confidential Exhibit Gas Plan Update-8, Confidential Appendix 4, page 3.

¹² Confidential Exhibit Gas Plan Update-8, Confidential Appendix 4, page 2.

1 estimate for engineering of system deliverability projects was \$ [REDACTED].
2 That has now increased to \$ [REDACTED]. To prevent construction delays, NIPSCO
3 started land acquisition processes on the Wheatfield project. In addition,
4 engineering, land surveying, and environmental permitting process were started in
5 2017 for the Churubusco project in order to avoid project delays when the project
6 begins in 2019.¹⁴

7 **[Project ID: ILI3] *ILI Modifications – 24” Royal Center to Laketon***

8 The increase for this project is related to the movement of work from 2017 into
9 2018. NIPSCO has carried over \$120,000 into 2018 to complete work that could
10 not be completed in 2017 due to inclement weather. The overall project is now
11 estimated at \$ [REDACTED], or \$ [REDACTED] below the previously approved estimated
12 amount. NIPSCO will complete as-built drawing, completion of job books, bollard
13 installation, and electrical grounding work at the regulator station in 2018.¹⁵

III. DISTRIBUTION SYSTEM INVESTMENTS

14 **Q: In your analysis of NIPSCO's TDSIC Plan Update, are there any Distribution**
15 **System Investment projects that have increased by at least \$100,000 or 20%?**

¹⁴ Confidential Exhibit Gas Plan Update-8, Confidential Appendix 4, page 21.

¹⁵ Petitioner's Confidential Exhibit No. 3, page 51, lines 13 – 19.

1 A: Yes. One Distribution System Improvement project shows an increase of 20% or
2 \$100,000 over that approved in NIPSCO's TDSIC-7 Plan Update.¹⁶ The project
3 **[Project ID: RE1] Rural Extensions** saw an increase of 26.7% in 2017 actual costs
4 with actual costs of \$20,781,764, versus an approved TDSIC-7 amount of
5 \$ [REDACTED].

6 **Q: Please describe your analysis of the [Project ID: RE1] Rural Extensions**
7 **project.**

8 A: NIPSCO cites greater than anticipated customer demand for increases to this
9 project. NIPSCO's New Business department forecast the number of connections
10 expected to be made based on previous customer connections, planned marketing,
11 and anticipated availability of new main.¹⁷ It had originally estimated 2,955
12 services for 2017 and completed a total of 3,193. In addition, nearly twenty miles
13 of total main installed to serve these rural extensions required greater than the
14 typical 2" plastic main.¹⁸ My analysis of this project included review of four PCRs,
15 each citing greater than anticipated demand as the justification for the requested
16 increase in project funds.¹⁹ There were several large rural main extension projects
17 that were constructed based on customer demand.²⁰ NIPSCO verifies natural gas
18 demand of potential commercial customers before constructing rural main
19 extensions to determine adequate pipe size, based on the projected load.²¹

20 **Q: Does the OUCC object to the actual costs incurred on this project?**

¹⁶ Confidential Exhibit Gas Plan Update-8 (Confidential), pages 3 – 26.

¹⁷ Petitioner's Confidential Exhibit No. 3, page 27, lines 4 – 8.

¹⁸ Petitioner's Confidential Exhibit No. 3, page 50, lines 14 – 27.

¹⁹ Confidential Exhibit Gas Plan Update-8, Confidential Appendix 4, pages 31 – 34.

²⁰ Petitioner's Confidential Exhibit No. 3, page 50, lines 18 – 20.


²¹ Petitioner's Confidential Exhibit No. 3, page 29, lines 8 – 13.

CERTIFICATE OF SERVICE

This is to certify that a copy of the foregoing *Indiana Office of Utility Consumer Counselor Revised Public's Exhibit No. 2 Public (Redacted) Testimony of OUCC Witness Leon A. Golden* has been served upon the following counsel of record in the captioned proceeding by electronic service on May 3, 2018.

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