

OFFICIAL
EXHIBITS
STATE OF INDIANA

FILED
September 28, 2020
INDIANA UTILITY
REGULATORY COMMISSION

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF NORTHERN INDIANA PUBLIC)
SERVICE COMPANY LLC FOR APPROVAL OF)
RESOURCE ADEQUACY ADJUSTMENT FACTORS)
TO BE APPLICABLE DURING THE BILLING) CAUSE NO. 44155 RA-18
CYCLES OF NOVEMBER 2020 THROUGH APRIL)
2021 PURSUANT TO IND. CODE § 8-1-2-42.)

IURC
PUBLIC'S

EXHIBIT NO.

10-19-20

REPORTER

INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR

PUBLIC'S EXHIBIT NO. 1

TESTIMONY OF OUCC WITNESS OF

KALEB G. LANTRIP

September 28, 2020

Respectfully submitted,



T. Jason Haas

Attorney No. 34983-29

Deputy Consumer Counselor

TESTIMONY OF OUCC WITNESS KALEB G. LANTRIP
CAUSE NO. 44155 RA-18
NORTHERN INDIANA PUBLIC SERVICE COMPANY

I. INTRODUCTION

1 **Q: Please state your name, business address, and employment capacity.**

2 A: My name is Kaleb G. Lantrip and my business address is 115 W. Washington St., Suite
3 1500 South, Indianapolis, Indiana 46204. I am employed as a Utility Analyst in the Indiana
4 Office of Utility Consumer Counselor's ("OUCC") Electric Division. A summary of my
5 educational background and experience is included in Appendix A attached to my
6 testimony.

7 **Q: What is the purpose of your testimony?**

8 A: I provide an analysis of Northern Indiana Public Service Company LLC's ("NIPSCO" or
9 "Petitioner") petition to adjust its retail electric rates through its Resource Adequacy
10 ("RA") adjustment mechanism (i.e. tracker). Ultimately, I recommend the Indiana Utility
11 Regulatory Commission ("Commission") approve NIPSCO's proposed RA adjustment
12 factors.

13 **Q: Please describe the review and analysis you conducted to prepare your testimony.**

14 A: I reviewed NIPSCO's prefiled testimony, verified petition, exhibits, workpapers, and
15 responses to the OUCC's informal data requests. I also reviewed the evidence provided in
16 Petitioner's last RA proceeding (Cause No. 44155 RA-17). Lastly, I reviewed the
17 Commission's Cause No. 45159 Base Rate Case Order, which affects this filing's recovery.

II. BASE RATE CASE CHANGES

1 **Q: What changes to the RA adjustment mechanism resulted from the Commission's**
2 **Cause No. 45159 Base Rate Case Order?**

3 A: The Commission's December 4, 2019 Cause No. 45159 Order approved, among other
4 things, eliminating NIPSCO Rider 775 – Interruptible Industrial Service Rider, removing
5 all embedded capacity costs and/or credits from base rates and tracking 100% of all
6 capacity costs and /or credits as a charge/credit to customers through the RA adjustment
7 mechanism, and set forth the demand allocators for the RA adjustment.¹

8 **Q: Does the Cause No. 45159 Order affect NIPSCO's recovery in this filing?**

9 A; Yes. NIPSCO's request to recover actual capacity costs for the period January 2020
10 through June 2020 in this RA-18 filing are governed under the Cause No. 45159 Order's
11 changes, which includes 100% tracking of capacity costs and/or credits.

III. REQUESTED RECOVERY

12 **Q: What relief does Petitioner seek in this RA tracker filing?**

13 A: Petitioner seeks approval of RA adjustment factors to be applicable during the billing
14 months of November 2020 through April 2021. Petitioner calculated the proposed factors
15 based on actual costs/revenues for capacity purchases/sales and capacity payments paid to
16 renewable resources under its Renewable Feed-In Tariff for the period January 2020
17 through June 2020, as well as reconciliation of prior RA costs to actual RA revenues from
18 November 2019 through April 2020.

¹ Petitioner's Exhibit No. 1, Verified Direct Testimony of Kelly M. Krupa, p. 4, lines 8-14.

1 **Q: What costs does Petitioner propose tracking in RA-18?**

2 A: Petitioner proposes recovering total costs of \$2,689,097.² This includes \$(17,168) in
3 Midcontinent Independent System Operator ("MISO") capacity auction sales proceeds,
4 \$579,840 of capacity charges related to NIPSCO's Renewable Feed-In Tariff, \$538,646 of
5 third party capacity purchases in accordance with the Cause No. 45159 Order, a \$34,662
6 charge resulting from a MISO alternative dispute resolution ("ADR") related to a January
7 30, 2019 MISO emergency event, and a one-time Zonal Resource Credit ("ZRC") of
8 \$(80,109) related to Rate 831 customers. Additionally, NIPSCO included a reconciliation
9 variance representing a \$1,633,226 under collection for the period November 2019 through
10 April 2020.³

11 **Q: Did Petitioner explain the nature of the third-party capacity purchases agreement?**

12 A: Yes. NIPSCO witness Rosalva Robles explains, in accordance the Cause No. 45159 Order,
13 the \$538,646 in third-party capacity purchases is attributable to bi-lateral capacity contracts
14 into which NIPSCO entered to address its capacity needs for five months (January through
15 May 2020) of the 2019-2020 MISO Planning Year and one month (June 2021) of the 2020-
16 2021 MISO Planning Year.⁴

17 **Q: Did Petitioner elaborate on the nature of the \$34,662 charge stemming from the**
18 **January 30, 2019 MISO Emergency Event?**

19 A: Yes. The \$34,662 charge is the result of a MISO requirement to reimburse other market
20 participants for the penalties assessed from that event. In RA-16, Ms. Robles detailed a
21 \$46,189 credit distributed to NIPSCO as part of a non-performance penalty assessed from
22 other market participants. As part of an ADR process between MISO and the penalized

² Petitioner's Attachment A, Schedule 1, line 3.

³ Krupa Direct, p. 6, line 4 through p. 7, line 3.

⁴ Petitioner's Exhibit No. 2, Verified Direct Testimony of Rosalva Robles, p. 8, lines 3-14.

1 Load Modifying Resource participants, this \$34,662 charge was ordered to be refunded
2 through MISO, as certain penalties were reconsidered to have been too heavily assessed.⁵

3 **Q: Did NIPSCO explain why it sold ZRCs to Rate 831 customers?**

4 A: Yes. As part of the Cause No. 45159 Order, Rate 831 customers are eligible to purchase
5 NIPSCO's excess ZRCs from its amount procured in MISO's Planning Resource Auction
6 ("PRA") at the MISO's Zone 6 PRA clearing price. Rate 831 customers engaged in a
7 \$80,109 purchase of ZRCs from NIPSCO in order to firm up portions of their interruptible
8 service under the new rate's tariff. Any proceeds from such 831 sales are to be credited to
9 NIPSCO customers through the RA tracker.⁶

10 **Q: Did Petitioner provide evidence to support its proposed RA tracker cost recovery?**

11 A: Yes. Petitioner provided invoices and workpapers to support the figures included in its RA
12 tracker.

13 **Q: What is the impact of the change in the RA factor on a typical residential customer's**
14 **bill?**

15 A: As a result of this RA tracker filing, a typical residential customer using 1,000 kWh per
16 month will experience a \$0.30 charge. This is an approximate \$3.81 decrease in the
17 monthly bill from the approximate \$4.11 charge currently in effect.⁷

18 **Q: What is driving this RA factor decrease?**

19 A: The elimination of NIPSCO's Rider 775 – Interruptible Industrial Service Rider had a
20 considerable impact on NIPSCO's RA factor and is the main component driving this
21 decrease.

22 **Q: When will the retail rates proposed in this proceeding become effective?**

⁵ Robles Direct, p. 8, line 15 through p. 9, line 6.

⁶ Robles Direct, p. 9, line 12 through p. 10, line 18.

⁷ Krupa Direct, p. 8, lines 8-14. Also see OUCC Attachment KGL-1.

1 A: Petitioner requests the revised RA Adjustment factors be made effective during the billing
2 cycles November 2020 through June 2021 and remain in effect until replaced by different
3 factors approved in a subsequent filing.

IV. RESOURCE ADEQUACY

4 **Q: Did NIPSCO have a sufficient Planning Reserve Margin ("PRM") for the MISO**
5 **Planning Year 2020-2021?**

6 A: Yes. NIPSCO's PRM for the 2020-2021 Planning Year met MISO's requirements of 18%
7 on an ICAP basis and 8.9% on a UCAP basis.⁸

8 **Q: Did NIPSCO participate in the annual MISO PRA for MISO Planning Year 2019-**
9 **2020?**

10 A: Yes. For the June 2019 through May 2020 PRA, NIPSCO had 17.1 MWs of ZRCs in
11 excess of its load obligation that were offered and cleared in the PRA for the MISO 2019-
12 2020 Planning Year, resulting in net proceeds of \$18,714. Petitioner realized net proceeds
13 of \$7,772 for the months of January 2020 through May 2020 in this current proceeding.

14 **Q: Did NIPSCO participate in the annual MISO PRA for Planning Year 2020-2021?**

15 A: Yes. For the June 2020 through May 2021 PRA, NIPSCO had 59.4 MW of ZRCs in excess
16 of its load obligation, which were offered and cleared in the PRA for the 2020-2021 MISO
17 Planning Year. This resulted in net proceeds of \$114,321. Petitioner realized net proceeds
18 of \$9,396 for the month of June 2020 in the current proceeding.

19 **Q: Are you providing an attachment illustrating how rates were calculated in the current**
20 **filing?**

21 A: Yes. Attachment KGL-1 shows a calculation of the typical residential customer's
22 forecasted bill impact.

⁸ Robles Direct, p. 6, lines 14-16.

V. OUCC CONCLUSION AND RECOMMENDATION

1 **Q: Did anything come to your attention that would indicate the proposed recovery of**
2 **Petitioner's RA adjustment factors was unreasonable?**

3 A: No. Nothing came to my attention indicating Petitioner's proposed RA adjustment factors,
4 for actual costs/revenues incurred during January 2020 through June 2020 and the variance
5 for the prior period November 2019 through April 2020, were unreasonable.

6 **Q: What do you recommend regarding Petitioner's proposed recovery in this**
7 **proceeding?**

8 A: I recommend the Commission approve Petitioner's proposed RA adjustment factors
9 applying to bills rendered by NIPSCO during the November 2020 through April 2021
10 billing cycles.

11 **Q: Does this conclude your testimony?**

12 A: Yes.

AFFIRMATION

I affirm, under the penalties for perjury, that the foregoing representations are true.

Kaleb G. Lantrip

Kaleb G. Lantrip
Utility Analyst II
Indiana Office of Utility Consumer Counselor
Cause No. 44155 RA-18
NIPSCO LLC

Date: September 28, 2020

APPENDIX A

1 **Q: Please describe your educational background and experience.**

2 A: I graduated from the Kelley School of Business of Indianapolis in 2014 with a Bachelor of
3 Science in Business with majors in Accounting and Finance. I am licensed in the State of
4 Indiana as a Certified Public Accountant. I attended the National Association of Regulatory
5 Utility Commissioners ("NARUC") Spring 2018 Conference held by New Mexico State
6 University. In August 2019, I attended the Intermediate Rate Course at Michigan State
7 University held by the Institute of Public Utilities. In September 2019, I attended the annual
8 Society of Depreciation Professionals conference held in Philadelphia and the Basics of
9 Depreciation course.

10 **Q: Have you previously testified before the Commission?**

11 A: Yes.

12 **Q: Please describe your duties and responsibilities at the OUCC.**

13 A: I review Indiana utilities' requests for regulatory relief filed with the Indiana Utility
14 Regulatory Commission. This involves, among other things, reading testimonies of
15 petitioners and intervenors, previous orders issued by the Commission, and any appellate
16 opinions to inform my analyses. I prepare and present testimony based on these analyses
17 and make recommendations to the Commission on behalf of Indiana utility consumers.

Northern Indiana Public Service Company
Cause No. 44155 RA-18

Calculation of RA Impact on the Bill of a Typical Residential Customer Using 1,000 kWh per month
For the period of November 1, 2020 through April 30, 2021

Line No.	RA Costs/(Credits)	Residential Customers (Rate 811)
1 Total Forecasted Semi-Annual mWh Sales for November 1, 2020 through April 30, 2020		1,516,562
2 Capacity Purchase Costs/(Sales Proceeds)	(17,168)	
3 Capacity Charges related to NIPSCO's Renewable Feed-In Tariff	1,073,039	
4 Total Capacity Costs (Line 2 + Line 3)	1,055,871	370,071
5 Total RA Allocated Costs	1,055,871	370,071
6 Variance from the Prior Period - Under/(Over) Recovery	1,633,226	90,655
7 Total Recovery through RA-18 (Line 5 + Line 6)	2,689,097	460,726
8 RA per kWh ((Line 7/Line 1)/1000)		\$ 0.000304
9 Current RA (RA-17)		\$ 0.004109
10 Increase/(Decrease) in RA (Line 8 - Line 9)		\$ (0.003805)
11 Dollar Increase/(Decrease) on Typical Residential Customer Bill (Line 10 x 1,000 kWh per month)		\$ (3.81)

CERTIFICATE OF SERVICE

This is to certify that a copy of the foregoing *Indiana Office of Utility Consumer Counselor Public's Exhibit No. 1 Testimony of OUCC Witness Kaleb G. Lantrip* has been served upon the following counsel of record in the captioned proceeding by electronic service on September 28 2020.

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Bette J. Dodd

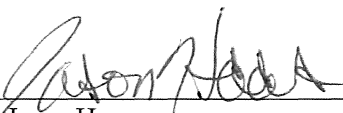
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