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; (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-8, ALL PURSUANT TO IND. CODE CH. 8-1-39-9, AND (4) APPROVAL OF PETITIONER'S RETURN OF EXCESS INCOME TAX REVENUE RECOVERED THROUGH ITS BASE RATES BETWEEN JANUARY 1 AND APRIL 30, 2018 THROUGH ITS TDSIC FACTOR.	)	**CAUSE NO. 44403-TDSIC-9**

SUBMISSION OF REVISIONS

Northern Indiana Public Service Company LLC ("NIPSCO"), by counsel, hereby submits revisions to its testimony and schedules supporting its request in this Cause (the "TDSIC-9 Filing") to implement changes necessary to comply with the results of the September 19, 2018 Order in Cause No. 44988 (the "Gas Rate Case Order"), as follows:

(1) In compliance with the Gas Rate Case Order, NIPSCO filed its Compliance Filing – Step 1 on September 20, 2018 for rates to become effective October 1, 2018 (the "Step 1 Rates").

(2) The factors requested in the TDSIC-9 Filing were forecasted to be in effect for the period January through July 2019. The TDSIC-9 revenue requirement was based on net capital expenditures as of June 30, 2018, and post in-service carrying charges ("PISCC"), operations and maintenance, depreciation and property taxes for the six month period ended June 30, 2018.

(3) The revisions set out below are being made to reflect amounts that are now being collected through base rates. The projects that were in service as of June 30, 2018 that had costs included in the TDSIC-9 Filing as of June 30, 2018 were removed, resulting in a decrease in the proposed factors.

(4) The revisions to Petitioner's Exhibit No. 1, Attachment 1-A, Attachment 1, Schedules 1 through 11, are as follows:

<u>Attachment 1, Schedule 1 (pages 1-4)</u>

- The "Net Balance" (Col. F and N) is from the original TDSIC-9 filing.

- Projects that were in service as of June 30, 2018 have been moved into Base Rates in accordance with the Gas Rate Case Order. NIPSCO added a new column titled "Net Balance Rolling into Base Rates" (Col. G and O) to remove these balances from the TDSIC-9 Filing. A total of $245,504,027 was included in Base Rates (Pg. 4, Col. O).
- NIPSCO has added a second new column titled "Net Balance Staying in Tracker" (Col. H and P). This subtracts the "Net Balance Rolling into Base Rates" from the original "Capital Expenditures Net Balance". A total of $207,415,266 will continue to be included for recover in NIPSCO's gas TDSIC tracker filings (Pg. 4, Col. P).

<u>Attachment 1, Schedule 2</u>

- Net Plant Additions to Date (Line 1) was updated to pull from Schedule 1, Column P and reflects amounts removed from the TDSIC-9 Filing consistent with Attachment 1, Schedule 1, Pages 1 through 3.
- Lines 3, 4, 5, 6, and 8 were updated based on Line 1.

<u>Attachment 1, Schedule 3 (pages 1-3)</u>

- No change
- PISCC will continue to be included in future filings as those amounts are recovered based on actual historical periods. Once projects are in base rates or recovered in the tracker, PISCC will be suspended.

<u>Attachment 1, Schedule 4 (pages 1-4)</u>

- No change
- Expenses will continue to be included in future filings as those amounts are recovered based on actual historical periods. Expenses incurred after October 1, 2018 will not be included as they will be recovered in base rates in accordance with the Gas Rate Case Order.

<u>Attachment 1, Schedule 5</u>

- Return on Capital (Line 1) was updated to reflect amounts removed from the TDSIC-9 Filing consistent with Attachment 1, Schedule 2.
- Lines 3, 5, 7, 8, and 9 were updated based on Line 1.
- The current rural margin credit calculation will continue to be included in future gas TDSIC tracker filings as those are recovered based on actual

services installed from historical periods. On October 1, 2018, those rural margin assets will be recovered in base rates in accordance with the Gas Rate Case Order, and the rural margin credit calculation will "reset" to measure the incentive for new services beginning October 1, 2018.

- No changes were made to the Removal of Multi-Unit Projects from Previous Filings in Lines 11 through 31.

<u>Attachment 1, Schedule 6 (pages 1-3)</u>

- No change

<u>Attachment 1, Schedule 7</u>

- The Revenue Requirement Allocation Factors in Columns B, G, and L were updated to reflect the new TDSIC allocators approved in the Gas Rate Case Order (Joint Exhibit E to the Stipulation and Settlement Agreement). See updates to Attachment 2, Schedule 4.
- The Transmission Capital Revenue Requirement (Col. C) on Line 7, the Distribution Capital Revenue Requirement (Col. H) on Line 14, and the Storage Capital Revenue Requirement (Col. M) on Line 21 were updated to reflect amounts removed from the TDSIC-9 Filing consistent with Attachment 1, Schedule 5.

<u>Attachment 1, Schedule 8 (pages 1-2)</u>

- The Revenue Requirements (Col. B, F, and J) were updated with the reduced amounts from Schedule 7.
- No changes were made to the Under/(Over) Recovery (Col. C, G, and K) or to the Base Rate Adjustment due to Tax Reform (Col. Q).
- Column T calculates the lower TDSIC factors based on the reduced total revenue requirement.

<u>Attachment 1, Schedule 9</u>

- The Revenue Requirement (Line 6) was updated to reflect amounts removed from the TDSIC-9 Filing consistent with Attachment 1, Schedule 5.
- Line 7 and Line 11 were updated based on Line 6.
- The updated schedule continues to show no amount in excess of the 2% Retail Revenue Cap.

Attachment 1, Schedule 10

- Lines 45 through 49 were added to reduce the Total Deferred Revenue Requirement by the amount of Deferred Revenue Requirement rolled into Base Rates in accordance with the Gas Rate Case Order. Line 49 shows the Total Adjusted Deferred Revenue Requirement for consideration in NIPSCO's next general rate case.
- Lines 50 through 56 were added to show the reconciliation of the Deferred Revenue Requirement in the TDSIC schedules to the balance in the General Ledger. The difference between the Schedule 10 balance and the General Ledger is the Return on Capital for TDSIC filings that were not yet billed as of June 30, 2018 (TDSIC-8 and TDSIC-9).

Attachment 1, Schedule 11

- No change

(5) The revisions to Petitioner's Exhibit No. 1, Attachment 1-A, Attachment 2, Schedules 1 through 6, are as follows:

Attachment 2, Schedule 1

- No change

Attachment 2, Schedule 2

- No change

Attachment 2, Schedule 3

- Total Company CWIP Investment (Line 1) was updated to reflect amounts removed from the TDSIC-9 Filing consistent with Attachment 1, Schedule 2.
- Lines 3, 4, 5, 6, and 8 were updated based on Line 1.

Attachment 2, Schedule 4

- Updated Title from "Revenue Allocators from Gas TDSIC-3 Order" to "Revenue Allocators from Gas Rate Case 44988 Order."

- Margin, Gas Costs, Revenue, and the calculated Allocators were updated in accordance the Gas Rate Case Order (Joint Exhibit E to the Stipulation and Settlement Agreement).
- The allocators approved in the Gas Rate Case Order for the Transmission, Distribution, and Storage gas functions were combined into one allocation chart.

Attachment 2, Schedule 5 (pages 1-3)

- No change

Attachment 2, Schedule 6 (pages 1-2)

- No change

(6) The revisions to Petitioner's Exhibit No. 1, Attachment 1-A, Attachment 3, are as follows:

- Replaced with Appendix F – Transmission, Distribution and Storage System Improvement Charge (First Revised Sheet No. 137), showing the TDSIC factors shown in Attachment 1, Schedule 8, to become effective for bills rendered by NIPSCO for the months of January through June 2019, or until replaced by different TDSIC factors that are approved in a subsequent proceeding.

(7) The revisions to Petitioner's Exhibit No. 2 reflect the results of the Gas Rate Case Order as shown in the redlined version attached hereto.

(8) The revisions to Petitioner's Confidential Exhibit No. 3 reflect the results of the Gas Rate Case Order as shown in the redlined version attached hereto.

A clean and redlined version of Petitioner's Exhibit No. 2 (Revised) and the revised pages in Petitioner's Confidential Exhibit No. 3 reflecting the changes is attached hereto. The clean version of Attachment 1-A (Attachments 1, 2 and 3), Petitioner's Exhibit No. 2 (Revised), and the revised pages in Petitioner's Confidential Exhibit No. 3, will be included in the court reporter's copies offered into evidence at the hearing.

Respectfully submitted,

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing was served by email transmission upon the following:

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Dated this 26th of September, 2018.

Christopher C. Earle

NORTHERN INDIANA PUBLIC SERVICE COMPANY LLC

Summary of TDSIC Capital Expenditures - Transmission Projects

	(A)	(B)	(C)	(D)[1]	(E)[2]	(F)	(G)	(H)
	Detail by Project Transmission Capital Projects	**Actual Project Expenditures for period ended June 30, 2018**						
Line No.		Capital Expenditures Prior Balance	Capital Expenditures Current Activity (Col. D - Col. B)	Capital Expenditures Current Balance	Accumulated Depreciation	Capital Expenditures Net Balance (Col. D - Col. E)	Net Balance Rolling into Base Rates	Net Balance Staying in Tracker (Col. F - Col. G)
1	Transmission Pipeline Replacement	$ 138,556,981	$ 44,549,626	$ 183,106,607	$ 690,306	$ 182,416,301	$ 39,835,370	$ 142,580,931
2	Prepare Lines for In-Line Inspections	$ 19,438,594	$ 3,519,245	$ 22,957,839	$ 319,874	$ 22,637,965	$ 19,115,915	$ 3,522,050
3	Shallow Pipe Replacement	$ 1,770,934	$ (4,188)	$ 1,766,746	$ 28,512	$ 1,738,234	$ 1,673,667	$ 64,567
4	Inspect & Mitigate	$ 27,379,372	$ 1,380,378	$ 28,759,750	$ 526,631	$ 28,233,119	$ 26,627,402	$ 1,605,717
5	System Deliverability	$ 16,931,085	$ 2,828,526	$ 19,759,611	$ 694,997	$ 19,064,614	$ 16,049,730	$ 3,014,884
6	Indirect Capital	$ 19,316,498	$ 3,829,135	$ 23,145,633	$ -	$ 23,145,633	$ 10,690,827	$ 12,454,806
7	AFUDC	$ 7,185,612	$ 1,976,677	$ 9,162,289	$ -	$ 9,162,289	$ 3,133,912	$ 6,028,377
8	**Total Transmission**	**$ 230,579,076**	**$ 58,079,399**	**$ 288,658,475**	**$ 2,260,320**	**$ 286,398,155**	**$ 117,126,823**	**$ 169,271,332**

	(I)	(J)	(K)	(L)[1]	(M)[2]	(N)	(O)	(P)
	Detail by FERC Account Transmission Capital Projects	**Actual Project Expenditures for period ended June 30, 2018**						
Line No.		Capital Expenditures Prior Balance	Capital Expenditures Current (Col. L - Col. J)	Capital Expenditures Current Balance	Accumulated Depreciation	Capital Expenditures Net Balance (Col. L - Col. M)	Net Balance Rolling into Base Rates	Net Balance Staying in Tracker (Col. N - Col. O)
9	365 - Land & Land Rights	$ 716,986	$ 598	$ 717,584	$ -	$ 717,584	$ 717,547	$ 37
10	366 - Structures and Improvements	$ 1,933,810	$ 4,518	$ 1,938,328	$ 26,757	$ 1,911,571	$ 1,897,514	$ 14,057
11	367 - Mains	$ 188,957,410	$ 48,988,641	$ 237,946,051	$ 1,755,672	$ 236,190,379	$ 89,244,011	$ 146,946,368
12	369 - Meas. & Reg Station Equipment	$ 11,692,089	$ 3,443,608	$ 15,135,697	$ 382,546	$ 14,753,151	$ 10,891,800	$ 3,861,351
13	370 - Communication Equipment	$ -	$ (714)	$ (714)	$ -	$ (714)	$ -	$ (714)
14	Indirect Capital	$ 19,338,326	$ 3,892,939	$ 23,231,265	$ -	$ 23,231,265	$ 10,774,127	$ 12,457,138
15	AFUDC	$ 7,162,464	$ 1,980,655	$ 9,143,119	$ -	$ 9,143,119	$ 3,113,886	$ 6,029,233
16	**Total Transmission**	**$ 229,801,085**	**$ 58,310,245**	**$ 288,111,330**	**$ 2,164,975**	**$ 285,946,355**	**$ 116,638,885**	**$ 169,307,470**

[1] *See the direct testimony of NIPSCO witness Donald L. Bull for an explanation of the difference between the project category and FERC Account totals shown in Column D and Column J.*

[2] *Accumulated Depreciation is calculated on Capitalized Direct Costs plus corresponding related project Indirect Costs and AFUDC totals shown in Column E and Column K.*

NORTHERN INDIANA PUBLIC SERVICE COMPANY LLC

Summary of TDSIC Capital Expenditures - Distribution Projects

	(A)	(B)	(C)	(D)[1]	(E)[2]	(F)	(G)	(H)
	Detail by Project Distribution Capital Projects	**Actual Project Expenditures for period ended June 30, 2018**						
Line No.		Capital Expenditures Prior Balance	Capital Expenditures Current Activity (Col. D - Col. B)	Capital Expenditures Current Balance	Accumulated Depreciation	Capital Expenditures Net Balance (Col. D - Col. E)	Net Balance Rolling into Base Rates	Net Balance Staying in Tracker (Col. F - Col. G)
1	Bare Steel Replacement	$ 30,733,127	$ 2,955,343	$ 33,688,470	$ 1,040,078	$ 32,648,392	$ 29,486,995	$ 3,161,397
2	System Deliverability	$ 3,606,926	$ 5,082	$ 3,612,008	$ 62,805	$ 3,549,203	$ 3,480,464	$ 68,739
3	Master Meter System Upgrades	$ 652,160	$ -	$ 652,160	$ 13,413	$ 638,747	$ 638,558	$ 189
4	Inspect & Mitigate	$ 9,187,785	$ 470,301	$ 9,658,086	$ 307,554	$ 9,350,532	$ 8,795,433	$ 555,099
5	Rural Extensions	$ 83,297,836	$ 9,382,040	$ 92,679,876	$ 3,177,815	$ 89,502,061	$ 61,324,584	$ 28,177,477
6	Indirect Capital	$ 20,792,811	$ 1,951,094	$ 22,743,905	$ -	$ 22,743,905	$ 17,240,187	$ 5,503,718
7	AFUDC	$ 2,293,161	$ 57,642	$ 2,350,803	$ -	$ 2,350,803	$ 2,278,997	$ 71,806
8	**Total Distribution**	**$ 150,563,806**	**$ 14,821,502**	**$ 165,385,308**	**$ 4,601,665**	**$ 160,783,643**	**$ 123,245,218**	**$ 37,538,425**

	(I)	(J)	(K)	(L)[1]	(M)[2]	(N)	(O)	(P)
	Detail by FERC Account Distribution Capital Projects	**Actual Project Expenditures for period ended June 30, 2018**						
Line No.		Capital Expenditures Prior Balance	Capital Expenditures Current (Col. L - Col. J)	Capital Expenditures Current Balance	Accumulated Depreciation	Capital Expenditures Net Balance (Col. L - Col. M)	Net Balance Rolling into Base Rates	Net Balance Staying in Tracker (Col. N - Col. O)
9	374 - Land & Land Rights	$ 9,092	$ 19,601	$ 28,693	$ (4)	$ 28,697	$ 28,697	$ -
10	375 - Structures and Improvements	$ 153,220	$ 47	$ 153,267	$ 13,653	$ 139,614	$ 139,614	$ -
11	376 - Mains	$ 76,383,218	$ 7,789,909	$ 84,173,127	$ 2,492,592	$ 81,680,535	$ 74,946,894	$ 6,733,641
12	378 - Meas. & Reg Station Equipment	$ 9,635,222	$ (304,902)	$ 9,330,320	$ 360,068	$ 8,970,252	$ 8,205,215	$ 765,037
13	380 - Services	$ 36,368,658	$ 6,588,989	$ 42,957,647	$ 1,593,667	$ 41,363,980	$ 17,912,034	$ 23,451,946
14	382 - Meter Installations	$ 2,024,944	$ (1,613,733)	$ 411,211	$ 31,115	$ 380,096	$ 90,349	$ 289,747
15	383 - House Regulators	$ 1,836,608	$ 1,618	$ 1,838,226	$ 117,310	$ 1,720,916	$ 1,035,003	$ 685,913
16	384 - House Regulator Installations	$ 1,239	$ -	$ 1,239	$ 24	$ 1,215	$ 1,215	$ -
17	385 - Industrial Measuring and Regulating Station Equip	$ 1,141,641	$ 163,634	$ 1,305,275	$ 71,728	$ 1,233,547	$ 1,202,136	$ 31,411
18	397 - Communication Equipment	$ 131,240	$ -	$ 131,240	$ 14,471	$ 116,769	$ 116,769	$ -
19	Indirect Capital	$ 20,707,619	$ 1,890,872	$ 22,598,491	$ -	$ 22,598,491	$ 17,091,667	$ 5,506,824
20	AFUDC	$ 2,264,624	$ 53,695	$ 2,318,319	$ -	$ 2,318,319	$ 2,247,342	$ 70,977
21	**Total Distribution**	**$ 150,657,325**	**$ 14,589,730**	**$ 165,247,055**	**$ 4,694,624**	**$ 160,552,431**	**$ 123,016,935**	**$ 37,535,496**

[1] See the direct testimony of NIPSCO witness Donald L. Bull for an explanation of the difference between the project category and FERC Account totals shown in Column D and Column J.

[2] Accumulated Depreciation is calculated on Capitalized Direct Costs plus corresponding related project Indirect Costs and AFUDC totals shown in Column E and Column K.

NORTHERN INDIANA PUBLIC SERVICE COMPANY LLC

Summary of TDSIC Capital Expenditures - Storage Projects

	(A)	(B)	(C)	(D)[1]	(E)[2]	(F)	(G)	(H)
	Detail by Project Storage Capital Projects	**Actual Project Expenditures for period ended June 30, 2018**						
Line No.		Capital Expenditures Prior Balance	Capital Expenditures Current Activity (Col. D - Col. B)	Capital Expenditures Current Balance	Accumulated Depreciation	Capital Expenditures Net Balance (Col. D - Col. E)	Net Balance Rolling into Base Rates	Net Balance Staying in Tracker (Col. F - Col. G)
1	Storage Projects	$ 4,992,864	$ (11,573)	$ 4,981,291	$ 51,683	$ 4,929,608	$ 4,399,489	$ 530,119
2	Indirect Capital	$ 692,809	$ (1,872)	$ 690,937	$ -	$ 690,937	$ 633,755	$ 57,182
3	AFUDC	$ 111,604	$ 5,346	$ 116,950	$ -	$ 116,950	$ 98,742	$ 18,208
4	**Total Storage**	**$ 5,797,277**	**$ (8,099)**	**$ 5,789,178**	**$ 51,683**	**$ 5,737,495**	**$ 5,131,986**	**$ 605,509**

	(I)	(J)	(K)	(L)[1]	(M)[2]	(N)	(O)	(P)
	Detail by FERC Account Storage Capital Projects	**Actual Project Expenditures for period ended June 30, 2018**						
Line No.		Capital Expenditures Prior Balance	Capital Expenditures Current (Col. L - Col. J)	Capital Expenditures Current Balance	Accumulated Depreciation	Capital Expenditures Net Balance (Col. L - Col. M)	Net Balance Rolling into Base Rates	Net Balance Staying in Tracker (Col. N - Col. O)
5	351 - Structures and Improvements	$ 395,299	$ (395,299)	$ -	$ 266	$ (266)	$ (266)	$ -
6	353 - Lines	$ 1,896,226	$ (117,664)	$ 1,778,562	$ 18,802	$ 1,759,760	$ 1,759,760	$ -
7	354 - Compressor Station Equipment - Storage	$ (259,563)	$ 501,929	$ 242,366	$ 1,688	$ 240,678	$ 204,666	$ 36,012
8	355 - Meas. & Reg Station Equipment	$ (135,102)	$ 135,214	$ 112	$ -	$ 112	$ 112	$ -
9	356 - Purification Equipment	$ 534,148	$ 97,155	$ 631,303	$ 2,395	$ 628,908	$ 591,805	$ 37,103
10	357 - Other Equipment	$ 34,160	$ (1,105)	$ 33,055	$ 5,196	$ 27,859	$ 27,859	$ -
11	361- Structures & Improvement	$ 1,135,079	$ 94,798	$ 1,229,877	$ 9,331	$ 1,220,546	$ 1,184,534	$ 36,012
12	362 - Gas Holders - Storage	$ 145,779	$ (0)	$ 145,779	$ 159	$ 145,620	$ 145,620	$ -
13	363 - Equipment	$ 1,816,262	$ (322,063)	$ 1,494,199	$ 16,232	$ 1,477,967	$ 1,084,752	$ 393,215
14	Indirect Capital	$ 756,174	$ (5,455)	$ 750,719	$ -	$ 750,719	$ 698,942	$ 51,777
15	AFUDC	$ 163,288	$ 5,316	$ 168,604	$ -	$ 168,604	$ 150,423	$ 18,181
16	**Total Storage**	**$ 6,481,749**	**$ (7,173)**	**$ 6,474,576**	**$ 54,069**	**$ 6,420,507**	**$ 5,848,207**	**$ 572,300**

[1] See the direct testimony of NIPSCO witness Donald L. Bull for an explanation of the difference between the project category and FERC Account totals shown in Column D and Column J.

[2] Accumulated Depreciation is calculated on Capitalized Direct Costs plus corresponding related project Indirect Costs and AFUDC totals shown in Column E and Column K.

NORTHERN INDIANA PUBLIC SERVICE COMPANY LLC

Summary of TDSIC Capital Expenditures - Gas Transmission, Distribution & Storage Combined

	(A)	(B)	(C)	(D)[1]	(E)[2]	(F)	(G)	(H)
Line No.	Detail by Cost Type Capital Projects	Actual Project Expenditures for period ended June 30, 2018						
		Capital Expenditures Prior Balance	Capital Expenditures Current Activity (Col. D - Col. B)	Capital Expenditures Current Balance	Accumulated Depreciation	Capital Expenditures Net Balance (Col. D - Col. E)	Net Balance Rolling into Base Rates	Net Balance Staying in Tracker (Col. F - Col. G)
1	Direct Cost - Transmission (Sch1, p1, ∑ Lines 1-5)	$ 204,076,966	$ 52,273,587	$ 256,350,553	$ 2,260,320	$ 254,090,233	$ 103,302,084	$ 150,788,149
2	Direct Cost - Distribution (Sch1, p2, ∑ Lines 1-5)	$ 127,477,834	$ 12,812,766	$ 140,290,600	$ 4,601,665	$ 135,688,935	$ 103,726,034	$ 31,962,901
3	Direct Cost - Storage (Sch1, p3, Line 1)	$ 4,992,864	$ (11,573)	$ 4,981,291	$ 51,683	$ 4,929,608	$ 4,399,489	$ 530,119
4	Indirect Costs (Sch1, p1, Line 6; p2, Line 6; p3, Line 2)	$ 40,802,118	$ 5,778,357	$ 46,580,475	$ -	$ 46,580,475	$ 28,564,769	$ 18,015,706
5	AFUDC (Sch1, p1, Line 7; p2, Line 7; p3, Line 3)	$ 9,590,377	$ 2,039,665	$ 11,630,042	$ -	$ 11,630,042	$ 5,511,651	$ 6,118,391
6	**Total Costs**	**$ 386,940,159**	**$ 72,892,802**	**$ 459,832,961**	**$ 6,913,668**	**$ 452,919,293**	**$ 245,504,027**	**$ 207,415,266**

	(I)	(J)	(K)	(L)[1]	(M)[2]	(N)	(O)	(P)
Line No.	Detail by Cost Type FERC Account Detail	Actual Project Expenditures for period ended June 30, 2018						
		Capital Expenditures Prior Balance	Capital Expenditures Current (Col. L - Col. J)	Capital Expenditures Current Balance	Accumulated Depreciation	Capital Expenditures Net Balance (Col. L - Col. M)	Net Balance Rolling into Base Rates	Net Balance Staying in Tracker (Col. N - Col. O)
7	Direct Costs - Transmission (Sch1, p1, ∑ Lines 9-13)	$ 203,300,295	$ 52,436,651	$ 255,736,946	$ 2,164,975	$ 253,571,971	$ 102,750,872	$ 150,821,099
8	Direct Costs - Distribution (Sch1, p2, ∑ Lines 9-18)	$ 127,685,082	$ 12,645,163	$ 140,330,245	$ 4,694,624	$ 135,635,621	$ 103,677,926	$ 31,957,695
9	Direct Costs - Storage (Sch1, p3, ∑ Lines 5-13)	$ 5,562,287	$ (7,034)	$ 5,555,253	$ 54,069	$ 5,501,184	$ 4,998,842	$ 502,342
10	Indirect Costs (Sch1, p1, Line 14; p2, Line 19; p3, Line 14)	$ 40,802,118	$ 5,778,357	$ 46,580,475	$ -	$ 46,580,475	$ 28,564,736	$ 18,015,739
11	AFUDC (Sch1, p1, Line 15; p2, Line 20; p3, Line 15)	$ 9,590,377	$ 2,039,665	$ 11,630,042	$ -	$ 11,630,042	$ 5,511,651	$ 6,118,391
12	**Total Costs**	**$ 386,940,159**	**$ 72,892,802**	**$ 459,832,961**	**$ 6,913,668**	**$ 452,919,293**	**$ 245,504,027**	**$ 207,415,266**

[1] See the direct testimony of NIPSCO witness Donald L. Bull for an explanation of the difference between the project category and FERC Account totals shown in Column D and Column J.

[2] Accumulated Depreciation is calculated on Capitalized Direct Costs plus corresponding related project Indirect Costs and AFUDC totals shown in Column E and Column K.

NORTHERN INDIANA PUBLIC SERVICE COMPANY LLC

Calculation of Gas Revenue Requirements - Return On Investment
For the 6 Month Billing Period of:
January - June 2019

	(A)		(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)
			Transmission			Distribution			Storage			Total Transmission, Distribution & Storage		
Line No.	Revenue Requirement on TDSIC Plant:		Debt	Equity	Total	Debt	Equity	Total	Debt	Equity	Total	Debt	Equity	Total
1	Net Plant Additions to Date (Sch.1, Col. P)		$ 169,307,470	$ 169,307,470	$ 169,307,470	$ 37,535,496	$ 37,535,496	$ 37,535,496	$ 572,300	$ 572,300	$ 572,300	$ 207,415,266	$ 207,415,266	$ 207,415,266
2	Cost of Capital (Att. 2, Sch.1)		1.73%	4.36%	6.09%	1.73%	4.36%	6.09%	1.73%	4.36%	6.09%	1.73%	4.36%	6.09%
3	Annual Return Requirement (Line 1 X Line 2)		$ 2,929,019	$ 7,381,806	$ 10,310,825	$ 649,364	$ 1,636,548	$ 2,285,912	$ 9,901	$ 24,952	$ 34,853	$ 3,588,284	$ 9,043,306	$ 12,631,590
4	Semi-Annual Revenue Requirement (Line 3 X 50%)	**100%**	$ 1,464,510	$ 3,690,903	$ 5,155,413	$ 324,682	$ 818,274	$ 1,142,956	$ 4,951	$ 12,476	$ 17,427	$ 1,794,142	$ 4,521,653	$ 6,315,795
5	Less Deferred Revenue Requirement - Capital (Line 4 x 20%)	**20%**	$ 292,902	$ 738,181	$ 1,031,083	$ 64,936	$ 163,655	$ 228,591	$ 990	$ 2,495	$ 3,485	$ 358,828	$ 904,331	$ 1,263,159
6	Adjusted Semi-Annual Revenue Requirement - Capital (Line 4 - Line 5)	**80%**	$ 1,171,608	$ 2,952,722	$ 4,124,330	$ 259,746	$ 654,619	$ 914,365	$ 3,961	$ 9,981	$ 13,942	$ 1,435,314	$ 3,617,322	$ 5,052,636
7	Revenue Conversion Factor (Att. 2, Sch.2, Line 10) [1]		1.016298	1.363129	1.264604	1.016298	1.363129	1.264603	1.016298	1.363129	1.264596	1.016298	1.363129	1.264604
8	Semi-Annual Revenue Requirement Adjusted for Taxes (Line 6 X Line 7)		$ 1,190,703	$ 4,024,941	$ 5,215,644	$ 263,979	$ 892,330	$ 1,156,309	$ 4,026	$ 13,605	$ 17,631	$ 1,458,707	$ 4,930,877	$ 6,389,584

[1] The Revenue Conversion Factor in Columns D, G, J and M is calculated by taking Line 8 divided by Line 6

NORTHERN INDIANA PUBLIC SERVICE COMPANY LLC

Summary of Post In-Service Carrying Charge
For the 6 Month Billing Period of:
January - June 2019

	(A)		(B)	(C)	(D)
	Calculation of Post In-Service Carrying Charge - Transmission Projects		**January - June 2018**		
Line No.	**Capital Projects**		**Cost of Debt**	**Cost of Equity**	**Total**
1	Transmission Pipeline Replacement		$ 10,470	$ 33,465	$ 43,935
2	Prepare Lines for In-Line Inspections		$ 51,173	$ 152,359	$ 203,532
3	Shallow Pipe Replacement		$ 366	$ 1,106	$ 1,472
4	Inspect & Mitigate		$ 10,647	$ 28,849	$ 39,496
5	System Deliverability		$ 7,099	$ 25,183	$ 32,282
6	Total Transmission (Sum of Lines 1 - 5)	**100%**	$ 79,755	$ 240,962	$ 320,717
7	Less Deferred Revenue Requirement - PISCC (Line 6 x 20%)	**20%**	$ 15,951	$ 48,192	$ 64,143
8	Adjusted Semi-Annual Revenue Requirement - PISCC (Line 6 - Line 7)	**80%**	$ 63,804	$ 192,770	$ 256,574
9	Revenue Conversion Factor (Att. 2, Sch.2, Line 10)		1.016298	1.363129	
10	Semi-Annual Revenue Requirement Adjusted for Taxes (Line 8 X Line 9)		$ 64,844	$ 262,770	$ 327,614

NORTHERN INDIANA PUBLIC SERVICE COMPANY LLC

Summary of Post In-Service Carrying Charge
For the 6 Month Billing Period of:
January - June 2019

	(A)		(B)	(C)	(D)
	Calculation of Post In-Service Carrying Charge - Distribution Projects	**January - June 2018**			
Line No.	**Capital Projects**		**Cost of Debt**	**Cost of Equity**	**Total**
1	Bare Steel Replacement		$ 25,302	$ 75,996	$ 101,298
2	Master Meter System Upgrades		$ 1,549	$ 3,906	$ 5,455
3	Inspect & Mitigate		$ 8,646	$ 25,331	$ 33,977
4	System Deliverability - Distribution		$ (128)	$ (280)	$ (408)
5	Rural Extensions		$ 70,591	$ 210,328	$ 280,919
6	Total Distribution (Sum of Lines 1 - 5)	**100%**	$ 105,960	$ 315,281	$ 421,241
7	Less Deferred Revenue Requirement - PISCC (Line 6 x 20%)	**20%**	$ 21,192	$ 63,056	$ 84,248
8	Adjusted Semi-Annual Revenue Requirement - PISCC (Line 6 - Line 7)	**80%**	$ 84,768	$ 252,225	$ 336,993
9	Revenue Conversion Factor (Att. 2, Sch.2, Line 10)		1.016298	1.363129	
10	Semi-Annual Revenue Requirement Adjusted for Taxes (Line 8 X Line 9)		$ 86,150	$ 343,815	$ 429,965

NORTHERN INDIANA PUBLIC SERVICE COMPANY LLC

Summary of Post In-Service Carrying Charge
For the 6 Month Billing Period of:
January - June 2019

	(A)		(B)	(C)	(D)
	Calculation of Post In-Service Carrying Charge - Storage Projects		**January - June 2018**		
Line No.	**Capital Projects**		**Cost of Debt**	**Cost of Equity**	**Total**
1	Storage Projects		$ (97)	$ (734)	$ (831)
2	Total Storage	**100%**	$ (97)	$ (734)	$ (831)
3	Less Deferred Revenue Requirement - PISCC (Line 2 x 20%)	**20%**	$ (19)	$ (147)	$ (166)
4	Adjusted Semi-Annual Revenue Requirement - PISCC (Line 2 - Line 3)	**80%**	$ (78)	$ (587)	$ (665)
5	Revenue Conversion Factor (Att. 2, Sch.2, Line 10)		1.016298	1.363129	
6	Semi-Annual Revenue Requirement Adjusted for Taxes (Line 4 X Line 5)		$ (79)	$ (800)	$ (879)

NORTHERN INDIANA PUBLIC SERVICE COMPANY LLC

Schedule of Total Depreciation, O&M and Property Tax Expenses - Transmission
For the 6 Month Billing Period of:
January - June 2019

Transmission Costs Incurred January - June 2018

Line No.	(A) Month	(B) Depreciation Expense	(C) Property Tax Expense	(D) O&M Expense [1]		(E) Total Expense (Col.B + Col.C + Col.D)
1	January-18	$ 125,829	$ 30,853	$ 23,767		$ 180,449
2	February-18	$ 126,771	$ 30,853	$ 7,474		$ 165,098
3	March-18	$ 126,861	$ 30,853	$ 12,387		$ 170,101
4	April-18	$ 126,814	$ 30,853	$ 26,635		$ 184,302
5	May-18	$ 126,782	$ 30,853	$ 37,429		$ 195,064
6	June-18	$ 126,812	$ 30,853	$ 24,606		$ 182,271
7	Total Expense (Sum of Lines 1-6)	$ 759,869	$ 185,118	$ 132,298	**100%**	$ 1,077,285
8	Less Deferred Revenue Requirement - Expense (Line 7 x 20%)				**20%**	$ 215,457
9	Adjusted Semi-Annual Revenue Requirement - Expense (Line 7 - Line 8)				**80%**	$ 861,828
10	URT Rate[2]					1.015058
11	Revenue Requirement Adjusted for Taxes (Line 9 x Line 10)					$ 874,805

[1] O&M expense for the 6 months ended June 30, 2018 totaled $1,486,506. This amount was allocated between Transmission (8.9%) and Distribution (91.1%) based on the allocation methodology as approved in Cause No. 44403 - TDSIC-1.

[2] Adjustment for Utility Receipts Tax on Retail Sales (URTRS) of 1.4% grossed up for Adjusted Gross Income Tax

NORTHERN INDIANA PUBLIC SERVICE COMPANY LLC

Schedule of Total Depreciation, O&M and Property Tax Expenses - Distribution
For the 6 Month Billing Period of:
January - June 2019

	(A)	(B)	(C)	(D)		(E)
		Distribution Costs incurred January - June 2018				
Line No.	Month	Depreciation Expense	Property Tax Expense	O&M Expense [1]		Total Expense (Col.B + Col.C + Col.D)
1	January-18	$ 192,317	$ 30,020	$ 243,281		$ 465,618
2	February-18	$ 195,768	$ 30,020	$ 76,508		$ 302,296
3	March-18	$ 198,583	$ 30,020	$ 126,797		$ 355,400
4	April-18	$ 201,209	$ 30,020	$ 272,631		$ 503,860
5	May-18	$ 202,984	$ 30,020	$ 383,120		$ 616,124
6	June-18	$ 204,737	$ 30,020	$ 251,871		$ 486,628
7	Total Expense (Sum of Lines 1-6)	$ 1,195,598	$ 180,120	$ 1,354,208	**100%**	$ 2,729,926
8	Less Deferred Revenue Requirement - Expense (Line 7 x 20%)				**20%**	$ 545,985
9	Adjusted Semi-Annual Revenue Requirement - Expense (Line 7 - Line 8)				**80%**	$ 2,183,941
10	URT Rate[2]					1.015058
11	Revenue Requirement Adjusted for Taxes (Line 9 x Line 10)					$ 2,216,826

[1] O&M expense for the 6 months ended June 30, 2018 totaled $1,486,506. This amount was allocated between Transmission (8.9%) and Distribution (91.1%) based on the allocation methodology as approved in Cause No. 44403 - TDSIC-1.

[2] Adjustment for Utility Receipts Tax on Retail Sales (URTRS) of 1.4% grossed up for Adjusted Gross Income Tax

NORTHERN INDIANA PUBLIC SERVICE COMPANY LLC

Schedule of Total Depreciation, O&M and Property Tax Expenses - Storage
For the 6 Month Billing Period of:
January - June 2019

Storage Costs incurred January - June 2018

Line No.	(A) Month	(B) Depreciation Expense	(C) Property Tax Expense	(D) O&M Expense		(E) Total Expense (Col.B + Col.C + Col.D)
1	January-18	$ 1,684	$ 909	$ -		$ 2,593
2	February-18	$ 1,682	$ 909	$ -		$ 2,591
3	March-18	$ 1,675	$ 909	$ -		$ 2,584
4	April-18	$ 1,626	$ 909	$ -		$ 2,535
5	May-18	$ 1,545	$ 909	$ -		$ 2,454
6	June-18	$ 1,568	$ 909	$ -		$ 2,477
7	Total Expense (Sum of Lines 1-6)	$ 9,780	$ 5,454	$ -	**100%**	$ 15,234
8	Less Deferred Revenue Requirement - Expense (Line 7 x 20%)				**20%**	$ 3,047
9	Adjusted Semi-Annual Revenue Requirement - Expense (Line 7 - Line 8)				**80%**	$ 12,187
10	URT Rate[1]					1.015058
11	Revenue Requirement Adjusted for Taxes (Line 9 x Line 10)					$ 12,371

[1] Adjustment for Utility Receipts Tax on Retail Sales (URTRS) of 1.4% grossed up for Adjusted Gross Income Tax

NORTHERN INDIANA PUBLIC SERVICE COMPANY LLC

Schedule of Total Depreciation, O&M and Property Tax Expenses - Consolidation
For the 6 Month Billing Period of:
January - June 2019

Consolidation of Depreciation, Property Tax, and O&M Expenses incurred January - June 2018

	(A)	(B)	(C)	(D)		(E)
Line No.	**Month**	**Depreciation Expense**	**Property Tax Expense**	**O&M Expense**		**Total Expense (Col.B + Col.C + Col.D)**
1	January-18	$ 319,830	$ 61,782	$ 267,048		$ 648,660
2	February-18	$ 324,221	$ 61,782	$ 83,982		$ 469,985
3	March-18	$ 327,119	$ 61,782	$ 139,184		$ 528,085
4	April-18	$ 329,649	$ 61,782	$ 299,266		$ 690,697
5	May-18	$ 331,311	$ 61,782	$ 420,549		$ 813,642
6	June-18	$ 333,117	$ 61,782	$ 276,477		$ 671,376
7	Total Expense (Sum of Lines 1-6)	$ 1,965,247	$ 370,692	$ 1,486,506	**100%**	$ 3,822,445
8	Less Deferred Revenue Requirement - Expense (Line 7 x 20%)				**20%**	$ 764,489
9	Adjusted Semi-Annual Revenue Requirement - Expense (Line 7 - Line 8)				**80%**	$ 3,057,956
10	URT Rate[1]					1.015058
11	Revenue Requirement Adjusted for Taxes (Line 9 x Line 10)					$ 3,104,002

[1] Adjustment for Utility Receipts Tax on Retail Sales (URTRS) of 1.4% grossed up for Adjusted Gross Income Tax

CAUSE NO. 44403-TDSIC-9
ATTACHMENT 1
REVISED SCHEDULE 5

NORTHERN INDIANA PUBLIC SERVICE COMPANY LLC

Schedule of Total Revenue Requirement (80%)
For the 6 Month Billing Period of:
January - June 2019

Line No.	(A) Type	(B) Transmission	(C) Distribution	(D) Storage	(E) Total (Col.B + Col.C + Col.D)
1	Return on Capital (Att.1, Sch.2, Line 8)	$ 5,215,644	$ 1,156,309	$ 17,631	$ 6,389,584
2	Post In-Service Carrying Costs (Att.1, Sch.3, Col.D)	327,614	429,965	(879)	756,700
3	Subtotal Capital Revenue Requirement (Line 1 + Line 2)	$ 5,543,258	$ 1,586,274	$ 16,752	$ 7,146,284
4	Return of Expense Revenue Requirement (Att.1, Sch.4, Col.E, Line 11)	$ 874,805	$ 2,216,826	$ 12,371	$ 3,104,002
5	Subtotal Semi-Annual Revenue Requirement (Line 3 + Line 4)	$ 6,418,063	$ 3,803,100	$ 29,123	$ 10,250,286
6	Less: Rural Extension Margin Credit (Att. 2, Sch. 5, Pg. 3, Col. H, Line 12)	$ -	$ 1,497,925	$ -	$ 1,497,925
7	Total Semi-Annual Revenue Requirement - Prior to Assessment of 2% Retail Revenue Cap (Line 5 - Line 6)	$ 6,418,063	$ 2,305,175	$ 29,123	$ 8,752,361
8	Amount in Excess of 2% Retail Revenue Cap (Att.1 Sch 9, Line 13)	-	-	-	-
9	Total Semi-Annual Revenue Requirement after Assessment of 2% Retail Revenue Cap (Line 7 - Line 8)	**$ 6,418,063**	**$ 2,305,175**	**$ 29,123**	**$ 8,752,361**
10	**Removal of Multi-Unit Projects - Revenue Requirement Effect on Previous Filings**				
11	**TDSIC-4[1]**	$ -	$ -	$ -	$ -
	TDSIC-5				
12	Return on Capital	$ (201,951)	$ (277,894)	$ (3,761)	$ (483,606)
13	Post In-Service Carrying Costs	(164,049)	(175,869)	(3,079)	(342,997)
14	Subtotal Capital Revenue Requirement (Line 12 + Line 13)	$ (366,000)	$ (453,763)	$ (6,840)	$ (826,603)
15	Return of Expense Revenue Requirement	$ (22,664)	$ (42,253)	$ (513)	$ (65,430)
16	Subtotal Semi-Annual Revenue Requirement (Line 14 + Line 15)	$ (388,664)	$ (496,016)	$ (7,353)	$ (892,033)
	TDSIC-6				
17	Return on Capital	$ (202,328)	$ (306,694)	$ (5,672)	$ (514,694)
18	Post In-Service Carrying Costs	(15,053)	(122,917)	(4,574)	(142,544)
19	Subtotal Capital Revenue Requirement (Line 17 + Line 18)	$ (217,381)	$ (429,611)	$ (10,246)	$ (657,238)
20	Return of Expense Revenue Requirement	$ (29,740)	$ (43,356)	$ (564)	$ (73,660)
21	Subtotal Semi-Annual Revenue Requirement (Line 19 + Line 20)	$ (247,121)	$ (472,967)	$ (10,810)	$ (730,898)
	TDSIC-7				
22	Return on Capital	$ (287,652)	$ (295,875)	$ (29,170)	$ (612,697)
23	Post In-Service Carrying Costs	(9,269)	(48,812)	(2,997)	(61,078)
24	Subtotal Capital Revenue Requirement (Line 22 + Line 23)	$ (296,921)	$ (344,687)	$ (32,167)	$ (673,775)
25	Return of Expense Revenue Requirement	$ (31,765)	$ (67,419)	$ (794)	$ (99,978)
26	Subtotal Semi-Annual Revenue Requirement (Line 24 + Line 25)	$ (328,686)	$ (412,106)	$ (32,961)	$ (773,753)
	Total Revenue Requirement Change from Previous Filings				
27	Return on Capital (Line 12 + Line 17 + Line 22)	$ (691,931)	$ (880,463)	$ (38,603)	$ (1,610,997)
28	Post In-Service Carrying Costs (Line 13 + Line 18 + Line 23)	(188,371)	(347,598)	(10,650)	(546,619)
29	Subtotal Capital Revenue Requirement (Line 27 + Line 28)	$ (880,302)	$ (1,228,061)	$ (49,253)	$ (2,157,616)
30	Subtotal Return of Expense Revenue Requirement (Line 15 + Line 20 + Line 25)	$ (84,169)	$ (153,028)	$ (1,871)	$ (239,068)
31	**Subtotal Semi-Annual Revenue Requirement (Line 29 + Line 30)**	**$ (964,471)**	**$ (1,381,089)**	**$ (51,124)**	**$ (2,396,684)**
32	**Revised TDSIC-9 Semi-Annual Revenue Requirement (Line 9 + Line 31)**	**$ 5,453,592**	**$ 924,086**	**$ (22,001)**	**$ 6,355,677**

[1] Multi-Unit Projects have been identified and removed from TDSIC filings beginning with TDSIC-4 per the Indiana Supreme Court Opinion of June 20, 2018.
TDSIC-4 exceeded the 2% test with and without Multi-Unit Projects, so there is no revision to the 80% Revenue Requirement for that filing.
The reduced revenue was included as a reduction in the 20% TDSIC Deferred Regulatory Asset and removed for future revenue recovery.

NORTHERN INDIANA PUBLIC SERVICE COMPANY LLC
Reconciliation of Revenue Recovery
For Previous Billing Period of:
January - June 2018

Transmission - Capital

	(A)	(B)	(C)	(D)	(E)	(F)
Line No.	Rate Code	Revenue Requirement - Per TDSIC-7 30-Day Filing No. 50168	Prior Period Variance per TDSIC-7 30-Day Filing No. 50168	Total Revenue Requirement - Per TDSIC-7 30-Day Filing No. 50168 (Col. B + Col. C)	Actual Revenue Collected	Under/(Over) Recovery in TDSIC-9 (Col. D - Col. E)
1	111	$ 4,334,401	$ 125,083	$ 4,459,484	$ 5,900,753	$ (1,441,269)
2	115	76,324	5,321	81,645	133,427	(51,782)
3	121	1,538,803	118,366	1,657,169	2,192,057	(534,888)
4	125	316,906	16,798	333,704	384,302	(50,598)
5	128	144,083	8,130	152,213	188,715	(36,502)
6	138	52,311	2,560	54,871	68,570	(13,699)
7	Total (Sum of Lines 1-6)	$ 6,462,828	$ 276,258	$ 6,739,086	$ 8,867,824	$ (2,128,738)

Transmission - Expense

	(G)	(H)	(I)	(J)	(K)	(L)
Line No.	Rate Code	Revenue Requirement - Per TDSIC-7 30-Day Filing No. 50168	Prior Period Variance per TDSIC-7 30-Day Filing No. 50168	Total Revenue Requirement - Per TDSIC-7 30-Day Filing No. 50168 (Col. H + Col. I)	Actual Revenue Collected	Under/(Over) Recovery in TDSIC-9 (Col. J - Col. K)
8	111	$ 305,270	$ 32,882	$ 338,152	$ 370,690	$ (32,538)
9	115	5,375	995	6,370	8,689	(2,319)
10	121	108,377	17,121	125,498	139,056	(13,558)
11	125	22,320	1,463	23,783	23,220	563
12	128	10,148	548	10,696	12,080	(1,384)
13	138	3,684	441	4,125	4,251	(126)
14	Total (Sum of Lines 8-13)	$ 455,174	$ 53,450	$ 508,624	$ 557,986	$ (49,362)

Total Transmission

	(M)	(N)	(O)	(P)	(Q)	(R)
Line No.	Rate Code	Revenue Requirement - Per TDSIC-7 30-Day Filing No. 50168	Prior Period Variance per TDSIC-7 30-Day Filing No. 50168	Total Revenue Requirement - Per TDSIC-7 30-Day Filing No. 50168 (Col. N + Col. O)	Actual Revenue Collected	Under/(Over) Recovery in TDSIC-9 (Col. P - Col. Q)
15	111	$ 4,639,671	$ 157,965	$ 4,797,636	$ 6,271,443	$ (1,473,807)
16	115	81,699	6,316	88,015	142,116	(54,101)
17	121	1,647,180	135,487	1,782,667	2,331,113	(548,446)
18	125	339,226	18,261	357,487	407,522	(50,035)
19	128	154,231	8,678	162,909	200,795	(37,886)
20	138	55,995	3,001	58,996	72,821	(13,825)
21	Total (Sum of Lines 15-20)	$ 6,918,002	$ 329,708	$ 7,247,710	$ 9,425,810	$ (2,178,100)

NORTHERN INDIANA PUBLIC SERVICE COMPANY LLC
Reconciliation of Revenue Recovery
For Previous Billing Period of:
January - June 2018

	(A)	(B)	(C)	(D)	(E)	(F)
	Distribution - Capital					
Line No.	Rate Code	Revenue Requirement - Per TDSIC-7 30-Day Filing No. 50168	Prior Period Variance per TDSIC-7 30-Day Filing No. 50168	Total Revenue Requirement - Per TDSIC-7 30-Day Filing No. 50168 (Col. B + Col. C)	Actual Revenue Collected	Under/(Over) Recovery in TDSIC-9 (Col. D - Col. E)
1	111	$ 2,516,386	$ (96,456)	$ 2,419,930	$ 3,384,519	$ (964,589)
2	115	44,311	2,100	46,411	79,947	(33,536)
3	121	893,369	83,038	976,407	1,347,006	(370,599)
4	125	183,983	19,123	203,106	242,434	(39,328)
5	128	83,649	15,120	98,769	123,930	(25,161)
6	138	30,370	1,675	32,045	41,728	(9,683)
7	Total (Sum of Lines 1-6)	$ 3,752,068	$ 24,600	$ 3,776,668	$ 5,219,564	$ (1,442,896)

	(G)	(H)	(I)	(J)	(K)	(L)
	Distribution - Expense					
Line No.	Rate Code	Revenue Requirement - Per TDSIC-7 30-Day Filing No. 50168	Prior Period Variance per TDSIC-7 30-Day Filing No. 50168	Total Revenue Requirement - Per TDSIC-7 30-Day Filing No. 50168 (Col. H + Col. I)	Actual Revenue Collected	Under/(Over) Recovery in TDSIC-9 (Col. J - Col. K)
8	111	$ 1,137,308	$ 346,213	$ 1,483,521	$ 1,633,472	$ (149,951)
9	115	20,027	9,252	29,279	40,152	(10,873)
10	121	403,768	153,235	557,003	618,446	(61,443)
11	125	83,153	13,690	96,843	93,804	3,039
12	128	37,806	11	37,817	41,660	(3,843)
13	138	13,726	3,826	17,552	17,457	95
14	Total (Sum of Lines 8-13)	$ 1,695,788	$ 526,227	$ 2,222,015	$ 2,444,991	$ (222,976)

	(M)	(N)	(O)	(P)	(Q)	(R)
	Total Distribution					
Line No.	Rate Code	Revenue Requirement - Per TDSIC-7 30-Day Filing No. 50168	Prior Period Variance per TDSIC-7 30-Day Filing No. 50168	Total Revenue Requirement - Per TDSIC-7 30-Day Filing No. 50168 (Col. N + Col. O)	Actual Revenue Collected	Under/(Over) Recovery in TDSIC-9 (Col. P - Col. Q)
15	111	$ 3,653,694	$ 249,757	$ 3,903,451	$ 5,017,991	$ (1,114,540)
16	115	64,338	11,352	75,690	120,099	(44,409)
17	121	1,297,137	236,273	1,533,410	1,965,452	(432,042)
18	125	267,136	32,813	299,949	336,238	(36,289)
19	128	121,455	15,131	136,586	165,590	(29,004)
20	138	44,096	5,501	49,597	59,185	(9,588)
21	Total (Sum of Lines 15-20)	$ 5,447,856	$ 550,827	$ 5,998,683	$ 7,664,555	$ (1,665,872)

NORTHERN INDIANA PUBLIC SERVICE COMPANY LLC
Reconciliation of Revenue Recovery
For Previous Billing Period of:
January - June 2018

Storage - Capital

Line No.	(A) Rate Code	(B) Revenue Requirement - Per TDSIC-7 30-Day Filing No. 50168	(C) Prior Period Variance per TDSIC-7 30-Day Filing No. 50168	(D) Total Revenue Requirement - Per TDSIC-7 30-Day Filing No. 50168	(E) Actual Revenue Collected	(F) Under/(Over) Recovery in TDSIC-9 (Col. D - Col. E)
1	111	$ 162,245	$ 4,666	$ 166,911	$ 224,464	$ (57,553)
2	115	2,857	300	3,157	5,230	(2,073)
3	121	57,601	7,216	64,817	86,649	(21,832)
4	125	11,862	1,111	12,973	15,161	(2,188)
5	128	5,393	603	5,996	7,527	(1,531)
6	138	1,958	144	2,102	2,681	(579)
7	Total (Sum of Lines 1-6)	$ 241,916	$ 14,040	$ 255,956	$ 341,712	$ (85,756)

Storage - Expense

Line No.	(G) Rate Code	(H) Revenue Requirement - Per TDSIC-7 30-Day Filing No. 50168	(I) Prior Period Variance per TDSIC-7 30-Day Filing No. 50168	(J) Total Revenue Requirement - Per TDSIC-7 30-Day Filing No. 50168 (Col. H + Col. I)	(K) Actual Revenue Collected	(L) Under/(Over) Recovery in TDSIC-9 (Col. J - Col. K)
8	111	$ 8,142	$ 6,797	$ 14,939	$ 12,675	$ 2,264
9	115	143	48	191	263	(72)
10	121	2,891	671	3,562	3,823	(261)
11	125	595	13	608	643	(35)
12	128	271	239	510	-	510
13	138	98	6	104	122	(18)
14	Total (Sum of Lines 8-13)	$ 12,140	$ 7,774	$ 19,914	$ 17,526	$ 2,388

Total Storage

Line No.	(M) Rate Code	(N) Revenue Requirement - Per TDSIC-7 30-Day Filing No. 50168	(O) Prior Period Variance per TDSIC-7 30-Day Filing No. 50168	(P) Total Revenue Requirement - Per TDSIC-7 30-Day Filing No. 50168	(Q) Actual Revenue Collected	(R) Under/(Over) Recovery in TDSIC-9 (Col. P - Col. Q)
15	111	$ 170,387	$ 11,463	$ 181,850	$ 237,139	$ (55,289)
16	115	3,000	348	3,348	5,493	(2,145)
17	121	60,492	7,887	68,379	90,472	(22,093)
18	125	12,457	1,124	13,581	15,804	(2,223)
19	128	5,664	842	6,506	7,527	(1,021)
20	138	2,056	150	2,206	2,803	(597)
21	Total (Sum of Lines 15-20)	$ 254,056	$ 21,814	$ 275,870	$ 359,238	$ (83,368)

NORTHERN INDIANA PUBLIC SERVICE COMPANY LLC

Allocation of Revenue Requirement
For the Semi-Annual Billing Period of:
January - June 2019

Transmission

Line No.	(A) Rate Code	(B) Revenue Requirement Allocation Factor [1] (Att.2, Sch.4, Col.E)	(C) Capital Revenue Requirement (Att.1, Sch.5, Col.B, Line 3 + Line 29) * Col.B	(D) Expense Revenue Requirement (Att.1, Sch.5, Col.B, Line 4 + Line 30) * Col.B	(E) Total Revenue Requirement (Col.C + Col. D)
1	111	64.69%	$ 3,016,404	$ 511,452	$ 3,527,856
2	115	0.67%	$ 31,013	$ 5,258	$ 36,271
3	121	23.75%	$ 1,107,294	$ 187,749	$ 1,295,043
4	125	4.78%	$ 222,798	$ 37,777	$ 260,575
5	128	5.45%	$ 253,920	$ 43,054	$ 296,974
6	138	0.68%	$ 31,526	$ 5,345	$ 36,871
7	Total (Sum of Lines 1-6)	100.00%	$ 4,662,956	$ 790,636	$ 5,453,592

Distribution

Line No.	(F) Rate Code	(G) Revenue Requirement Allocation Factor [1] (Att.2, Sch.4, Col.E)	(H) Capital Revenue Requirement (Att.1, Sch.5, Col.C, Line 3 - Line 6 + Line 29) * Col.G	(I) Expense Revenue Requirement (Att.1, Sch.5, Col.C, Line 4 + Line 30) * Col.G	(J) Total Revenue Requirement (Col. H + Col. I)
8	111	64.69%	$ (737,264)	$ 1,335,043	$ 597,779
9	115	0.67%	$ (7,580)	$ 13,726	$ 6,146
10	121	23.75%	$ (270,643)	$ 490,082	$ 219,439
11	125	4.78%	$ (54,456)	$ 98,609	$ 44,153
12	128	5.45%	$ (62,063)	$ 112,384	$ 50,321
13	138	0.68%	$ (7,706)	$ 13,953	$ 6,247
14	Total (Sum of Lines 8-13)	100.00%	$ (1,139,712)	$ 2,063,798	$ 924,085

Storage

Line No.	(K) Rate Code	(L) Revenue Requirement Allocation Factor [1] (Att.2, Sch.4, Col.E)	(M) Capital Revenue Requirement (Att.1, Sch.5, Col.D, Line 3 + Line 29) * Col.L	(N) Expense Revenue Requirement (Att.1, Sch.5, Col.D, Line 4 + Line 30) * Col.L	(O) Total Revenue Requirement (Col.M + Col. N)
15	111	64.69%	$ (21,024)	$ 6,792	$ (14,232)
16	115	0.67%	$ (216)	$ 70	$ (146)
17	121	23.75%	$ (7,718)	$ 2,493	$ (5,225)
18	125	4.78%	$ (1,553)	$ 502	$ (1,051)
19	128	5.45%	$ (1,770)	$ 572	$ (1,198)
20	138	0.68%	$ (220)	$ 71	$ (149)
21	Total (Sum of Lines 15-20)	100.00%	$ (32,501)	$ 10,500	$ (22,001)

Total

Line No.	(P) Rate Code	(Q)	(R) Capital Revenue Requirement (Col.C + Col.H + Col.M)	(S) Expense Revenue Requirement (Col.D + Col.I + Col.N)	(T) Total Revenue Requirement (Col.R + Col. S)
22	111		$ 2,258,116	$ 1,853,287	$ 4,111,403
23	115		$ 23,217	$ 19,054	$ 42,271
24	121		$ 828,933	$ 680,324	$ 1,509,257
25	125		$ 166,789	$ 136,888	$ 303,677
26	128		$ 190,087	$ 156,010	$ 346,097
27	138		$ 23,600	$ 19,369	$ 42,969
28	Total (Sum of Lines 22-27)		$ 3,490,742	$ 2,864,932	$ 6,355,676

[1] Allocation percentages set forth in the gas rate case Cause No. 44988

NORTHERN INDIANA PUBLIC SERVICE COMPANY LLC

Allocation of Revenue Requirement
For the Semi-Annual Billing Period of:
January - June 2019

	(A)	(B)	(C)	(D)
		Transmission		
Line No.	Rate Code	Revenue Requirement (Att 1, Sch 7, Col. E)	Under/(Over) Recovery (Att 1, Sch 6, Pg 1, Col. R)	Total Transmission Revenue Requirement (Col.B + Col.C)
1	111	$ 3,527,856	$ (1,473,807)	$ 2,054,049
2	115	$ 36,271	$ (54,101)	$ (17,830)
3	121	$ 1,295,043	$ (548,446)	$ 746,597
4	125	$ 260,575	$ (50,035)	$ 210,540
5	128	$ 296,974	$ (37,886)	$ 259,088
6	138	$ 36,871	$ (13,825)	$ 23,046
7	Total (Sum of Lines 1-6)	$ 5,453,590	$ (2,178,100)	$ 3,275,490

	(E)	(F)	(G)	(H)
		Distribution		
Line No.	Rate Code	Revenue Requirement (Att 1, Sch 7, Col. J)	Under/(Over) Recovery (Att 1, Sch 6, Pg 2, Col. R)	Total Distribution Revenue Requirement (Col.F + Col.G)
8	111	$ 597,779	$ (1,114,540)	$ (516,761)
9	115	$ 6,146	$ (44,409)	$ (38,263)
10	121	$ 219,439	$ (432,042)	$ (212,603)
11	125	$ 44,153	$ (36,289)	$ 7,864
12	128	$ 50,321	$ (29,004)	$ 21,317
13	138	$ 6,247	$ (9,588)	$ (3,341)
14	Total (Sum of Lines 8-13)	$ 924,085	$ (1,665,872)	$ (741,787)

	(I)	(J)	(K)	(L)
		Storage		
Line No.	Rate Code	Revenue Requirement (Att 1, Sch 7, Col. O)	Under/(Over) Recovery (Att 1, Sch 6, Pg 3, Col. R)	Total Storage Revenue Requirement (Col.J + Col.K)
15	111	$ (14,232)	$ (55,289)	$ (69,521)
16	115	$ (146)	$ (2,145)	$ (2,291)
17	121	$ (5,225)	$ (22,093)	$ (27,318)
18	125	$ (1,051)	$ (2,223)	$ (3,274)
19	128	$ (1,198)	$ (1,021)	$ (2,219)
20	138	$ (149)	$ (597)	$ (746)
21	Total (Sum of Lines 15-20)	$ (22,001)	$ (83,368)	$ (105,369)

	(M)	(N)	(O)	(P)	(Q)	(R)	(S)	(T)
				Total			TDSIC Factor	
Line No.	Rate Code	Revenue Requirement (Col. B + Col. F + Col. J)	Under/(Over) Recovery (Col. C + Col. G + Col. K)	Total TDSIC Revenue Requirement (Col. D + Col. H + Col. L)	Total Base Rate Adjustment due to Tax Reform (Att. 1, Sch. 8, Pg. 2, Col. D)	Total Revenue Requirement (Col. P + Col. Q)	Est. Therm Sales for 6 months January - June 2019	TDSIC Factor per therm (Col.R / Col.S)
22	111	$ 4,111,403	$ (2,643,636)	$ 1,467,767	$ (4,695,407)	$ (3,227,640)	458,821,368	$ (0.007035)
23	115	$ 42,271	$ (100,655)	$ (58,384)	$ (59,113)	$ (117,497)	5,467,239	$ (0.021491)
24	121	$ 1,509,257	$ (1,002,581)	$ 506,676	$ (1,544,368)	$ (1,037,692)	220,589,735	$ (0.004704)
25	125	$ 303,677	$ (88,547)	$ 215,130	$ (116,285)	$ 98,845	69,881,939	$ 0.001414
26	128	$ 346,097	$ (67,911)	$ 278,186	$ (500,459)	$ (222,273)	1,206,019,353	$ (0.000184)
27	138	$ 42,969	$ (24,010)	$ 18,959	$ (141,639)	$ (122,680)	28,611,858	$ (0.004288)
28	Total (Sum of Lines 22-27)	$ 6,355,674	$ (3,927,340)	$ 2,428,334	$ (7,057,271)	$ (4,628,937)	1,989,391,492	

NORTHERN INDIANA PUBLIC SERVICE COMPANY LLC

Calculation of Total Rate Adjustment Factors
For the 4-Month Billing Period of:
January 1, 2018 through April 30, 2018

	(A)	(B)	(C)	(D)
Line No.	Rate Code	TCJA Base Rate Incremental Factor per Therm[1]	Booked Therm Sales for the 4 Month Billing Period of January 1, 2018 through April 30, 2018	Total Base Rate Adjustment due to Tax Reform (Col. B * Col. C)
1	111	$ (0.012308)	381,492,297	$ (4,695,407)
2	115	$ (0.010737)	5,505,664	$ (59,113)
3	121	$ (0.008251)	187,162,631	$ (1,544,368)
4	125	$ (0.002255)	51,566,959	$ (116,285)
5	128	$ (0.000545)	918,273,049	$ (500,459)
6	138	$ (0.006287)	22,528,851	$ (141,639)
7	Total (Sum of Lines 1-6)		1,566,529,451	$ (7,057,271)

[1] Factors calculated from the adjustment needed for TCJA impact on base rates in the 30-Day Filing No. 50168

NORTHERN INDIANA PUBLIC SERVICE COMPANY LLC

2% Retail Revenue Cap Test
For The 12 Months Ended
June 30, 2018

	(A)	(B)	(C)	(D)	(E)
Line No.	**Calculation**	**Transmission**	**Distribution**	**Storage**	**Total**
1	Retail Revenue Cap for 12 months:				
2	Actual Retail Revenue @ 06/30/2018				$ 700,386,648
3	Mulitplied by 2% Limit				2%
4	Total Retail Revenue Cap				$ 14,007,733
5	Current TDSIC Annualized Revenue Requirement for 12 months:				
6	TDSIC-9 Revenue Requirement (6 months) (Att. 1, Sch. 5, Line 32)	$ 5,453,592	$ 924,086	$ (22,001)	$ 6,355,677
7	Total TDSIC Annualized Revenue Requirement for 12 months (Line 6 x 2)	$ 10,907,184	$ 1,848,173	$ (44,002)	$ 12,711,355
8	Previous TDSIC Annualized Revenue Requirement for 12 months:				
9	TDSIC-7 30-Day Filing No. 50168 Revenue Requirement (6 months)	$ 6,918,002	$ 5,447,856	$ 254,058	$ 12,619,916
10	Total TDSIC Annualized Revenue Requirement for 12 months (Line 9 x 2)	$ 13,836,004	$ 10,895,712	$ 508,116	$ 25,239,832
11	Incremental TDSIC Revenue Requirement for 12 months (Line 7 less Line 10)	$ (2,928,820)	$ (9,047,539)	$ (552,118)	$ (12,528,477)
12	**Amount in Excess of 2% Retail Revenue Cap (Line 11 less Line 4)**				**$ -**
13	**Semi-Annual Amount in Excess of 2% Retail Revenue Cap (Line 12 / 2)**				**$ -**

CAUSE NO. 44403-TDSIC-9
ATTACHMENT 1
REVISED SCHEDULE 10

NORTHERN INDIANA PUBLIC SERVICE COMPANY LLC

Deferred Revenue Requirement (20%) as of June 30, 2018 Before Tax Gross-Up

Transmission

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
Line No.	Deferred Revenue Requirement by TDSIC Filing	Return on Capital (Att.1, Sch.2, Col.D, Line 5)	Return on PISCC (Att.1, Sch.3, Pg 1, Col.D, Line 7)	Return of Expense (Att.1, Sch.4, Pg.1, Col.E, Line 8)	Subtotal Capital and Expense (Col.B + Col.C + Col.D)	Carrying Charges	Amount in Excess of 2% Retail Revenue Cap	Carrying Charges on Amount in Excess of 2% Retail Revenue Cap	Total Deferred Revenue (Col. E + Col. F + Col. G + Col. H)
1	TDSIC-1	$ 2,272	$ -	$ 3,778	$ 6,050	$ -	$ -	$ -	$ 6,050
2	TDSIC-2	-	-	-	-	-	-	-	-
3	TDSIC-3	145,008	86,740	84,879	316,627	2,872	-	-	319,499
4	TDSIC-4	331,464	144,314	38,481	514,259	3,706	434,956	-	952,921
5	TDSIC-5	611,831	159,147	66,296	837,274	20,496	-	-	857,770
6	TDSIC-6	892,154	(23,806)	72,443	940,791	24,365	-	17,752	982,908
7	TDSIC-7	1,140,157	122,769	112,101	1,375,027	46,018	-	17,116	1,438,161
8	MUP Removal TDSIC-4,5,6,7	(150,790)	(55,075)	(24,718)	(230,583)	(18,531)	(174,333)	(8,620)	(432,067)
9	TDSIC-8	1,401,505	133,091	151,112	1,685,708	70,641	-	15,352	1,771,701
10	TDSIC-9	1,031,083	64,143	215,457	1,310,683	108,655	-	13,245	1,432,583
11	Total (Sum of Lines 1-10)	$ 5,404,684	$ 631,323	$ 719,829	$ 6,755,836	$ 258,222	$ 260,623	$ 54,845	$ 7,329,526

Distribution

	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)	(R)
Line No.	Deferred Revenue Requirement by TDSIC Filing	Return on Capital (Att.1, Sch.2, Col.G, Line 5)	Return on PISCC (Att.1, Sch.3, Pg 2, Col.D, Line 7)	Return of Expense (Att.1, Sch.4, Pg.2, Col.E, Line 8)	Subtotal Capital and Expense (Col.K + Col.L + Col.M)	Carrying Charges	Amount in Excess of 2% Retail Revenue Cap	Carrying Charges on Amount in Excess of 2% Retail Revenue Cap	Total Deferred Revenue (Col. N + Col. O + Col. P + Col. Q)
12	TDSIC-1	$ 26,147	$ 102	$ 38,672	$ 64,921	$ -	$ -	$ -	$ 64,921
13	TDSIC-2	-	-	-	-	-	-	-	-
14	TDSIC-3	323,390	179,557	789,052	1,291,999	28,857	-	-	1,320,856
15	TDSIC-4	563,676	277,824	215,437	1,056,937	34,566	893,950	-	1,985,453
16	TDSIC-5	693,166	262,771	379,787	1,335,724	78,006	-	-	1,413,730
17	TDSIC-6	761,548	430	365,475	1,127,453	90,192	-	21,753	1,239,398
18	TDSIC-7	865,015	79,632	417,641	1,362,288	126,837	-	35,567	1,524,692
19	MUP Removal TDSIC-4,5,6,7	(195,800)	(85,463)	(43,538)	(324,801)	(23,476)	(335,862)	(11,427)	(695,566)
20	TDSIC-8	902,375	59,369	450,654	1,412,399	164,755	-	30,210	1,607,364
21	TDSIC-9	228,591	84,248	545,985	858,824	196,533	-	27,107	1,082,464
22	Total (Sum of Lines 12-21)	$ 4,168,108	$ 858,470	$ 3,159,165	$ 8,185,744	$ 696,270	$ 558,088	$ 103,210	$ 9,543,312

Storage

	(S)	(T)	(U)	(V)	(W)	(X)	(Y)	(Z)	(AA)
Line No.	Deferred Revenue Requirement by TDSIC Filing	Return on Capital (Att.1, Sch.2, Col.J, Line 5)	Return on PISCC (Att.1, Sch.3, Pg 3, Col.D, Line 3)	Return of Expense (Att.1, Sch.4, Pg.3, Col.E, Line 8)	Subtotal Capital and Expense (Col.T + Col.U + Col.V)	Carrying Charges	Amount in Excess of 2% Retail Revenue Cap	Carrying Charges on Amount in Excess of 2% Retail Revenue Cap	Total Deferred Revenue (Col. W +Col. X + Col. Y + Col. Z)
23	TDSIC-1	$ 320	$ -	$ -	$ 320	$ -	$ -	$ -	$ 320
24	TDSIC-2	-	-	-	-	-	-	-	-
25	TDSIC-3	8,487	3,549	488	12,524	11	-	-	12,535
26	TDSIC-4	30,168	6,954	762	37,884	42	32,043	-	69,969
27	TDSIC-5	36,634	23,003	2,153	61,790	995	-	-	62,785
28	TDSIC-6	38,978	792	2,233	42,003	1,254	-	7,192	50,449
29	TDSIC-7	44,095	3,174	2,990	50,259	2,943	-	7,289	60,491
30	MUP Removal TDSIC-4,5,6,7	(8,233)	(1,866)	(523)	(10,622)	(281)	(11,153)	(162)	(22,218)
31	TDSIC-8	39,509	(549)	2,744	41,704	4,373	-	1,151	47,228
32	TDSIC-9	3,485	(166)	3,047	6,366	4,851	-	7,479	18,696
33	Total (Sum of Lines 23-32)	$ 193,443	$ 34,891	$ 13,894	$ 242,227	$ 14,188	$ 20,890	$ 22,949	$ 300,255

Total

	(AB)	(AC)	(AD)	(AE)	(AF)	(AG)	(AH)	(AI)	(AJ)
Line No.	Deferred Revenue Requirement by TDSIC Filing	Return on Capital (Col.B + Col.K + Col.T)	Return on PISCC (Col.C + Col.L + Col.U)	Return of Expense (Col.D + Col.M + Col.V)	Subtotal Capital and Expense (Col.AC + Col.AD + Col.AE)	Carrying Charges (Col.F + Col.O + Col.X)	Amount in Excess of 2% Retail Revenue Cap (Col.G + Col.P + Col.Y)	Carrying Charges on Amount in Excess of 2% Retail Revenue Cap (Col.H + Col.Q + Col.Z)	Total Deferred Revenue (Col. AF + Col. AG + Col. AH + Col. AI)
34	TDSIC-1	$ 28,739	$ 102	$ 42,450	$ 71,291	$ -	$ -	$ -	$ 71,291
35	TDSIC-2	-	-	-	-	-	-	-	-
36	TDSIC-3	476,885	269,846	874,419	1,621,150	31,740	-	-	1,652,890
37	TDSIC-4	925,308	429,092	254,680	1,609,080	38,314	1,360,949	-	3,008,343
38	TDSIC-5	1,341,631	444,921	448,236	2,234,788	99,497	-	-	2,334,285
39	TDSIC-6	1,692,680	(22,584)	440,151	2,110,247	115,811	-	46,697	2,272,755
40	TDSIC-7	2,049,267	205,575	532,732	2,787,574	175,798	-	59,972	3,023,344
41	MUP Removal TDSIC-4,5,6,7	(354,823)	(142,404)	(68,779)	(566,006)	(42,288)	(521,348)	(20,209)	(1,149,851)
42	TDSIC-8	2,343,389	191,911	604,510	3,139,810	239,769	-	46,713	3,426,292
43	TDSIC-9	1,263,159	148,225	764,489	2,175,873	310,039	-	47,831	2,533,743
44	Total (Sum of Lines 34-43)	$ 9,766,235	$ 1,524,684	$ 3,892,888	$ 15,183,807	$ 968,680	$ 839,601	$ 181,004	$ 17,173,092
45	Less Deferred Revenue Requirement Rolled into Base Rates								
46	Transmission	$ 2,972,096	$ 631,323	$ 719,829	$ 4,323,248	$ 258,222	$ 260,623	$ 54,845	$ 4,896,938
47	Distribution	3,037,142	858,470	3,159,165	7,054,777	696,270	558,088	103,210	8,412,345
48	Storage	150,449	34,891	13,894	199,234	14,188	20,890	22,949	257,261
49	Total Adjusted Deferred Revenue Requirement	$ 3,606,548	$ -	$ -	$ 3,606,548	$ -	$ -	$ -	$ 3,606,548

50	Reconciliation of Deferred Revenue Requirement to General Ledger			
51		Regulatory		Accounting
52	Schedule 10 Total as of TDSIC-9 Compliance Filing	$ 17,173,092	General Ledger Balance at 6/30/2018	$ 14,881,450
53	Less: TDSIC-8 Return on Capital (Line 42, Col. AC)	(2,343,389)	Prior Period Adj. for PISCC	(315,335)
54	Less: TDSIC-9 Return on Capital (Line 43, Col. AC)	(1,263,159)	Prior Period Adj. for Multi-Unit Projects	(16,389)
55	Plus: Schedule 11 Deferral - 112th Street	877,114	Miscellaneous Adjustments	(106,069)
56	Total Deferred Revenue Requirement	$ 14,443,657		$ 14,443,657

CAUSE NO. 44403-TDSIC-9
ATTACHMENT 1
SCHEDULE 11

NORTHERN INDIANA PUBLIC SERVICE COMPANY LLC

112th Street Project Deferral
Depreciation and Property Tax Expenses
Through June 30, 2018
Before Tax Gross-Up

Line No.	(A) Month	(B) Depreciation Expense [1]	(C) Property Tax Expense [1]	(D) Total Expense (Col.B + Col.C)
1				
2	January-18	$ 15,345	$ 7,671	$ 23,016
3	February-18	$ 15,345	$ 7,671	$ 23,016
4	March-18	$ 15,345	$ 7,671	$ 23,016
5	April-18	$ 15,345	$ 7,671	$ 23,016
6	May-18	$ 15,345	$ 7,671	$ 23,016
7	June-18	$ 15,345	$ 7,671	$ 23,016
8	TDSIC-9 Filing Expense	$ 92,070	$ 46,026	$ 138,096
9	Prior 112th Street Project Deferred Balance	$ 475,162	$ 263,856	$ 739,018
10	**Total 112th Street Project Deferred Balance**	**$ 567,232**	**$ 309,882**	**$ 877,114**

[1] Depreciation and Property Tax Expense related to the difference between the amount approved for the 112th street project in Cause No. 44403-TDSIC-1 (Direct costs of $3,322,780 plus AFUDC and Indirect costs) and the actual project cost.

NORTHERN INDIANA PUBLIC SERVICE COMPANY LLC

Calculation of Gas Weighted Cost of Capital
as of June 30, 2018

	(A)		(B)	(C)	(D)	(E)
Line No.	**Description**		**Amount ($000)**	**Percent of Total**	**Cost in Percent**	**Weighted Average Cost in Percent**
1	Common Equity		2,648,671	43.45%	9.90%	4.30%
2	Long Term Debt		2,102,971	34.50%	5.01%	1.73%
3	Deferred Taxes		1,183,704	19.42%	0.00%	0.00%
4	Post 1970 ITC		2,875	0.05%	7.74%	0.00%
5	Customer Deposits		71,226	1.17%	4.92%	0.06%
6	Post Retirement Liability		86,199	1.41%	0.00%	0.00%
7	Total		6,095,646	100.00%		6.09%

For Calculation of LTD to Determine Deductible Interest Expense:

8	Common Equity	$	2,648,671	43.47%	9.90%	4.30%
9	Long Term Debt	$	2,102,971	34.52%	5.01%	1.73%
10	Deferred Taxes	$	1,183,704	19.43%	0.00%	0.00%
11	Customer Deposits	$	71,226	1.17%	4.92%	0.06%
12	Post Retirement Liability	$	86,199	1.42%	0.00%	0.00%
13	Total	$	6,092,771	100.00%		6.09%

NORTHERN INDIANA PUBLIC SERVICE COMPANY LLC

Calculation of Revenue Conversion Factor

	(A)	(B)	(C)	(D)
Line No.	**Description**	**Statutory Rate**	**Debt**	**Equity**
1	Gross Revenue Change		100.000000%	100.000000%
2	Public Utility Fee (PUF Rate x Line 1)	0.1202041%	0.120204%	0.120204%
3	Subtotal (Line 1 - Line 2)		99.879796%	99.879796%
4	Utility Receipts Tax on Retail Sales (URT Rate x Line 1)	1.400000%	1.400000%	1.400000%
5	Subtotal (Line 3 - Line 4)		98.479796%	98.479796%
6	State Income Tax (see below)	5.625000%	0.083444%	5.618239%
7	Subtotal (Line 5 - Line 6)		98.396352%	92.861557%
8	Federal Income Tax (Federal Income Tax Rate x Line 7) [1]	21.000000%	0.000000%	19.500927%
9	Subtotal (Line 7 - Line 8)		98.396352%	73.360630%
10	Revenue Conversion Factor (Line 1 / Line 9)		1.016298	1.363129

11	State Income Tax Calculations:	
12	Debt:	(Line 4 divided by (1 minus State Income Tax Rate)) minus Line 4
13	Equity:	State Income Tax Rate X Line 3

[1] **Federal income taxes are not applied to the calculation of the Debt component for the Revenue Conversion Factor as Federal income taxes are only inclusive of net income after all costs, including interest.**

CAUSE NO. 44403-TDSIC-9
ATTACHMENT 2
REVISED SCHEDULE 3

NORTHERN INDIANA PUBLIC SERVICE COMPANY LLC

Proof of Calculation of Gas Revenue Requirement for Capital to be Recovered
For the 6 Month Billing Period of:
January - June 2019

Line No.	(A)	(B)	(C)	(D)
		Rate of Return		
	Description	Debt	Equity	Total
1	Total Company CWIP Investment			$ 207,415,266
2	Cost of Capital	1.73%	4.36%	6.09%
3	Annual Return Revenue Requirement (Att 1 Sch 2 Line 3 Col M)			**$ 12,631,590**
4	Semi-Annual Return Revenue Requirement (Line 3 / (6/12) months)			$ 6,315,795
5	Less: Deferred Revenue Requirement @ 20% (Att 1 Sch 2 Line 5 Col M)			$ (1,263,159)
6	Semi-Annual Return Revenue Requirement @ 80% (Line 4 - Line 5)			**$ 5,052,636**
7	Revenue Conversion Factor	**1.016298**	**1.363129**	**1.264604**
8	Semi-Annual Revenue Requirement CWIP (Att.1, Sch.2, Line 8)			$ 6,389,584

	(E)	(F)	(G)	(H)
	Components of Revenue Conversion Factor	Statutory Rate	Effective Rate	
9	Public Utility Fee	0.120204%	0.120204%	0.120204%
10	Utility Receipts Tax	1.400000%	1.400000%	1.400000%
11	State Income Tax	5.625000%	0.083444%	5.618239%
12	Federal Income Tax	21.000000%	0.000000%	19.500927%
13	Effective Rate		1.603648%	26.639370%
14	Complement		98.396352%	73.360630%
15	Revenue Conversion Factor (1 divided by Complement)		**1.016298**	**1.363129**

	Proving Calculation		
16	Semi-Annual Revenue Requirement	$ 6,389,584	$ 6,389,584
17	Public Utility Fee	(7,681)	(7,681)
	Indiana Utility Receipts Tax	(89,454)	
18	Interest Expense deductible for		
19	State and Federal tax purposes		
20	Line 1, Column D x Line 2, Column B		(1,435,314)
21	Taxable for State Income Tax		$ 4,946,590
22	State Income Tax	(278,246)	(278,246)
	Less IN Utility Receipts Tax		(89,454)
23	Taxable for Federal Income Tax		$ 4,578,890
24	Federal Income Tax	(961,567)	(961,567)
25	Semi-Annual Revenue Requirement[1]	**$ 5,052,636**	

[1] Difference between Line 6 and Line 25 is due to rounding

NORTHERN INDIANA PUBLIC SERVICE COMPANY LLC

TDSIC Allocators

Revenue Allocators from Gas Rate Case 44988 Order

Line No.	(A)	(B)	(C)	(D) (Col. B + Col. C)	(E) (Col. D, Lines 2-7/Col. D, Line 8)
1	**Rate**	**Margin**	**Gas Costs**	**Revenue**	**Allocators**
2	111	$ 255,246,231	$ 207,808,679	$ 463,054,910	64.69%
3	115	$ 2,356,890	$ 2,403,993	$ 4,760,883	0.67%
4	121[2]	$ 85,613,191	$ 84,370,019	$ 169,983,210	23.75%
5	125	$ 13,470,950	$ 20,731,302	$ 34,202,252	4.78%
6	128	$ 37,546,011	$ 1,433,892	$ 38,979,903	5.45%
7	138	$ 4,681,019	$ 158,639	$ 4,839,658	0.68%
8	**Total**	**$ 398,914,292**	**$ 316,906,524**	**$ 715,820,816**	**100.00%**

[1] See Joint Exhibit E in the Stipulation and Settlement Agreement in Cause No. 44988
[2] Includes Rate 134

NORTHERN INDIANA PUBLIC SERVICE COMPANY LLC
Calculation of Rural Extension Credit
January - June 2018
Distribution Rural Extension Credit - Rate 111

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
		Rate 111						
Line No.	Description	January-18	February-18	March-18	April-18	May-18	June-18	TOTAL
1	Total Billed Therms	1,424,786	1,266,571	980,806	919,712	473,761	168,701	
2	Number of Customers (Cumulative Meters Installed)	8,715	8,770	8,884	8,965	8,989	8,994	
3	Average Therms Per Customer (Line 1 / Line 2)	163	144	110	103	53	19	
4	Customer Charge	$ 11.00	$ 11.00	$ 11.00	$ 11.00	$ 11.00	$ 11.00	
5	Customer Charge Revenue (Line 2 * Line 4)	$ 95,865	$ 96,470	$ 97,724	$ 98,615	$ 98,879	$ 98,934	$ 586,487
6	Distribution Rate[1]	$ 0.11129	$ 0.11129	$ 0.11129	$ 0.11129	$ 0.09898	$ 0.09898	
7	Distribution Revenue (Line 2 * Line 3 * Line 6)	$ 158,564	$ 140,957	$ 109,154	$ 102,355	$ 46,893	$ 16,698	$ 574,621
8	Total Rural Extension Credit (Line 5 + Line 7)	$ 254,429	$ 237,427	$ 206,878	$ 200,970	$ 145,772	$ 115,632	$ 1,161,108
9	Rural Extension Credit @ 80% (Line 8 * .8)	$ 203,544	$ 189,941	$ 165,502	$ 160,776	$ 116,617	$ 92,506	$ 928,886

[1] Factors change in May for TCJA impact on base rates in the Compliance Filing in 30-Day Filing No. 50168

NORTHERN INDIANA PUBLIC SERVICE COMPANY LLC
Calculation of Rural Extension Credit
January - June 2018
Distribution Rural Extension Credit - Rate 121

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
					Rate 121			
Line No.	**Description**	January-18	February-18	March-18	April-18	May-18	June-18	**TOTAL**
1	Total Billed Therms	1,132,240	1,169,907	945,001	924,340	613,781	398,350	
2	Number of Customers (Cumulative Meters Installed)	965	974	979	983	985	988	
3	Average Therms Per Customer (Line 1 / Line 2)	1,173	1,201	965	940	623	403	
4	Customer Charge	$ 30.00	$ 30.00	$ 30.00	$ 30.00	$ 30.00	$ 30.00	
5	Customer Charge Revenue (Line 2 * Line 4)	$ 28,950	$ 29,220	$ 29,370	$ 29,490	$ 29,550	$ 29,640	$ 176,220
6	Distribution Rate[1]	$ 0.09904	$ 0.09904	$ 0.09904	$ 0.09904	$ 0.09079	$ 0.09079	
7	Distribution Revenue (Line 2 * Line 3 * Line 6)	$ 112,137	$ 115,868	$ 93,593	$ 91,547	$ 55,725	$ 36,166	$ 505,035
8	Total Rural Extension Credit (Line 5 + Line 7)	$ 141,087	$ 145,088	$ 122,963	$ 121,037	$ 85,275	$ 65,806	$ 681,255
9	Rural Extension Credit @ 80% (Line 8 * .8)	$ 112,870	$ 116,070	$ 98,370	$ 96,829	$ 68,220	$ 52,645	$ 545,004

[1] Factors change in May for TCJA impact on base rates in the Compliance Filing in 30-Day Filing No. 50168

NORTHERN INDIANA PUBLIC SERVICE COMPANY LLC
Calculation of Rural Extension Credit
January - June 2018
Distribution Rural Extension Credit - Rate 125

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
					Rate 125			
Line No.	**Description**	January-18	February-18	March-18	April-18	May-18	June-18	**TOTAL**
1	Total Billed Therms	29,795	32,670	26,906	23,436	22,908	176,934	
2	Number of Customers (Cumulative Meters Installed)	8	8	8	8	8	8	
3	Average Therms Per Customer (Line 1 / Line 2)	3,724	4,084	3,363	2,930	2,864	22,117	
4	Customer Charge	$ 250.00	$ 250.00	$ 250.00	$ 250.00	$ 250.00	$ 250.00	
5	Customer Charge Revenue (Line 2 * Line 4)	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 12,000
6	Distribution Rate[1]	$ 0.05971	$ 0.05971	$ 0.05971	$ 0.05971	$ 0.05658	$ 0.05658	
7	Distribution Revenue (Line No. 2 * Line 3 * Line 6)	$ 1,779	$ 1,951	$ 1,607	$ 1,399	$ 1,296	$ 10,011	$ 18,043
8	Total Rural Extension Credit (Line 5 + Line 7)	$ 3,779	$ 3,951	$ 3,607	$ 3,399	$ 3,296	$ 12,011	$ 30,043
9	Rural Extension Credit @ 80% (Line 8 * .8)	$ 3,023	$ 3,161	$ 2,885	$ 2,719	$ 2,637	$ 9,609	$ 24,034
10	Total 6 Month Rural Extension Credit @ 80% - Rate 111 (Att 2, Sch 5, p1, Line 9, Col H)							$ 928,886
11	Total 6 Month Rural Extension Credit @ 80% - Rate 121 (Att 2, Sch 5, p2, Line 9, Col H)							$ 545,004
12	Total 6 Month Rural Extension Credit @ 80% (Line 9 + Line 10 + Line 11)							$ 1,497,925

[1] Factors change in May for TCJA impact on base rates in the Compliance Filing in 30-Day Filing No. 50168

NORTHERN INDIANA PUBLIC SERVICE COMPANY LLC

Estimated Revenue Requirement Based on the Approved Revised TDSIC-8 7-Year Gas TDSIC Plan (in millions)

		Estimated Revenues							
Line No.	**Rate Code**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**Total**
1	111	$ -	$ 0.5	$ 7.7	$ 16.9	$ 19.5	$ 23.4	$ 28.7	$ 96.7
2	115	$ -	$ 0.0	$ 0.1	$ 0.3	$ 0.3	$ 0.4	$ 0.5	$ 1.7
3	121	$ -	$ 0.2	$ 2.7	$ 6.1	$ 6.9	$ 8.3	$ 10.2	$ 34.5
4	125	$ -	$ 0.0	$ 0.6	$ 1.2	$ 1.4	$ 1.7	$ 2.1	$ 7.1
5	128	$ -	$ 0.0	$ 0.3	$ 0.6	$ 0.6	$ 0.8	$ 1.0	$ 3.2
6	138	$ -	$ 0.0	$ 0.1	$ 0.2	$ 0.2	$ 0.3	$ 0.3	$ 1.2
7	**Total**	**$ -**	**$ 0.7**	**$ 11.5**	**$ 25.3**	**$ 29.1**	**$ 35.0**	**$ 42.8**	**$ 144.4**

Projected Impact on Retail Revenue from TDSIC Rate Schedule (in millions)

				2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
8	Prior Year TDSIC Revenue			$ -	$ -	$ 0.7	$ 11.5	$ 25.3	$ 29.1	$ 35.0
9	Incremental TDSIC Revenue			$ -	$ 0.7	$ 10.8	$ 13.9	$ 3.7	$ 5.9	$ 7.8
10	Total TDSIC Revenue			$ -	$ 0.7	$ 11.5	$ 25.3	$ 29.1	$ 35.0	$ 42.8
11	Total Retail Revenue [1] (Current line 9 + prior line 11)	[2]	$ 700.4	$ 700.4	$ 701.1	$ 711.9	$ 725.7	$ 729.4	$ 735.3	$ 743.2
12	Annual % Increase (Current line 9 ÷ prior line 11)	[3]		0.00%	0.11%	1.53%	1.95%	0.51%	0.81%	1.06%
13	Average Annual % Increase (Average of Line 12)									0.85%

[1] Assumes the revenues from base rates and charges and all trackers is constant prior to and as of 6/30/2018.
[2] Operating revenue of $700,386,648 for the twelve months ended 6/30/2018.
[3] See Att. 1, Sch. 9 for Semi-Annual 2% Retail Revenue Cap test calculation performed at each filing.

NORTHERN INDIANA PUBLIC SERVICE COMPANY LLC

Estimated Revenue Requirement Based on TDSIC-9 Proposed 7-Year Gas TDSIC Plan (in millions)

		Estimated Revenues							
Line No.	**Rate Code**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**Total**
1	111	$ -	$ 0.5	$ 7.7	$ 16.9	$ 19.7	$ 24.6	$ 30.1	$ 99.5
2	115	$ -	$ 0.0	$ 0.1	$ 0.3	$ 0.3	$ 0.4	$ 0.5	$ 1.8
3	121	$ -	$ 0.2	$ 2.7	$ 6.1	$ 7.0	$ 8.7	$ 10.7	$ 35.5
4	125	$ -	$ 0.0	$ 0.6	$ 1.2	$ 1.4	$ 1.8	$ 2.2	$ 7.3
5	128	$ -	$ 0.0	$ 0.3	$ 0.6	$ 0.7	$ 0.8	$ 1.0	$ 3.3
6	138	$ -	$ 0.0	$ 0.1	$ 0.2	$ 0.2	$ 0.3	$ 0.4	$ 1.2
7	**Total**	**$ -**	**$ 0.7**	**$ 11.5**	**$ 25.3**	**$ 29.4**	**$ 36.7**	**$ 44.8**	**$ 148.5**
	Removal of Multi-Unit Projects [1]								
8	TDSIC-4	-	-	-	-	-	-	-	-
9	TDSIC-5	-	-	-	(0.9)	(0.9)	(0.9)	(0.9)	(3.6)
10	TDSIC-6	-	-	-	-	(0.7)	(0.7)	(0.7)	(2.2)
11	TDSIC-7	-	-	-	-	(0.8)	(0.8)	(0.8)	(2.3)
12	Revised Total	**$ -**	**$ 0.7**	**$ 11.5**	**$ 24.5**	**$ 27.0**	**$ 34.3**	**$ 42.4**	**$ 140.5**

Projected Impact on Retail Revenue from TDSIC Rate Schedule (in millions)

Line No.				**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
13	Prior Year TDSIC Revenue			$ -	$ -	$ 0.7	$ 11.5	$ 24.5	$ 27.0	$ 34.3
14	Incremental TDSIC Revenue			$ -	$ 0.7	$ 10.8	$ 13.0	$ 2.6	$ 7.3	$ 8.1
15	Total TDSIC Revenue			$ -	$ 0.7	$ 11.5	$ 24.5	$ 27.0	$ 34.3	$ 42.4
16	Total Retail Revenue [2] (Current line 9 + prior line 11)	[3]	$ 700.4	$ 700.4	$ 701.1	$ 711.9	$ 724.8	$ 727.4	$ 734.7	$ 742.8
17	Annual % Increase (Current line 9 ÷ prior line 11)	[4]		0.00%	0.11%	1.53%	1.82%	0.36%	1.00%	1.10%
18	Average Annual % Increase (Average of Line 12)									0.85%

[1] Multi-Unit Projects have been identified and removed from TDSIC filings beginning with TDSIC-4 per the Indiana Supreme Court Opinion on June 20, 2018. TDSIC-4 exceeded the 2% test with and without Multi-Unit Projects, so there is no revision to the estimated revenue for that filing since the adjustment amounts were to the Deferred Revenue Requirement (20%) as included on Att. 1, Sch 10.

[2] Assumes the revenues from base rates and charges and all trackers is constant prior to and as of 6/30/2018.

[3] Operating revenue of $700,386,648 for the twelve months ended 6/30/2018.

[4] See Att. 1, Sch. 9 for Semi-Annual 2% Retail Revenue Cap test calculation performed at each filing.

APPENDIX F
TRANSMISSION, DISTRIBUTION AND STORAGE SYSTEM IMPROVEMENT CHARGE (TDSIC)

The TDSIC in Rates 111, 115, 121, 125, 128 and 138, shall be computed as set forth in Rider 188. The TDSIC set forth below are effective for bills rendered for the billing month of January 2019, and will remain in place until a new TDSIC is approved by the Commission in a subsequent proceeding:

Rate Schedule	TDSIC per Therm per Month
Rate 111 (with associated Rate 151, Rider 180 and Rider 181)	A credit of $0.007035
Rate 115 (with associated Rate 151, Rider 180 and Rider 181)	A credit of $0.021491
Rate 121 (with associated Rate 151, Rider 180 and Rider181)	A credit of $0.004704
Rate 125 (with associated Rate 151, Rider 180 and Rider 181)	A charge of $0.001414
Rate 128	A credit of $0.000184
Rate 138	A credit of $0.004288

NORTHERN INDIANA PUBLIC SERVICE COMPANY **First Revised ~~Original~~ Sheet No. 137**
IURC Gas Service Tariff **Superseding**
Original Volume No. 8 **Original Sheet No. 137**

APPENDIX F
TRANSMISSION, DISTRIBUTION AND STORAGE SYSTEM
IMPROVEMENT CHARGE (TDSIC)

The TDSIC in Rates 111, 115, 121, 125, 128 and 138, shall be computed as set forth in Rider 188. The TDSIC set forth below are effective for bills rendered for the billing month of January 2019~~October 2018~~, and will remain in place until a new TDSIC is approved by the Commission in a subsequent proceeding:

Rate Schedule	TDSIC per Therm per Month
Rate 111 (with associated Rate 151, Rider 180 and Rider 181)	A credit ~~charge~~ of $0.007035~~037176~~
Rate 115 (with associated Rate 151, Rider 180 and Rider 181)	A credit ~~charge~~ of $0.021491~~020451~~
Rate 121 (with associated Rate 151, Rider 180 and Rider181)	A credit ~~charge~~ of $0.004704~~021714~~
Rate 125 (with associated Rate 151, Rider 180 and Rider 181)	A charge of $0.001414~~010413~~
Rate 128	A credit ~~charge~~ of $0.000184~~000463~~
Rate 138	A credit ~~charge~~ of $0.004288~~002296~~

Issued Date **Effective Date**
12/__ ~~09/19~~/2018 **01/01/2019~~10/01/2018~~**

NIPSCO

VERIFIED DIRECT TESTIMONY OF JAMES F. RACHER

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

A1. My name is James F. Racher. My business address is 290 W. Nationwide Blvd., Columbus, Ohio 43215. I am employed by NiSource Corporate Services Company ("NCSC") and my current position is Director of Regulatory.

Q2. On whose behalf are you submitting this direct testimony?

A2. I am submitting this testimony on behalf of Northern Indiana Public Service Company LLC ("NIPSCO").

Q3. Please describe your educational and employment background.

A3. I received a Bachelor of Science in Business Administration degree, majoring in Finance, in 1987 from The Ohio State University. I also received a Master of Business Administration degree from Franklin University in 2002. I began my career with Columbia Gas distribution companies in 1988 in the Eastern Rate department as a Rate Analyst. I held various positions of increasing responsibility in the Rate and Regulatory department from 1988 to 1996, when I was promoted to the position of Team Leader of Regulatory for the Finance and Regulatory department in the Shared Services Center of the Columbia Energy Group distribution companies. I was promoted to Director of Regulatory Accounting in 2000, and I held that position until leaving the company in November, 2002. In May 2007, I accepted the position of Director, Demand Forecast and Regulatory Services in NCSC's Rate and Regulatory Services department. In September 2017, I was appointed to my current position in the Regulatory department.

Q4. What are your responsibilities as Director of Regulatory?

A4. I am responsible for the preparation and coordination of NIPSCO's Gas Demand Side Management filings, Gas Cost Adjustment filings, and the Gas Transmission, Distribution and Storage System Improvement Charge ("TDSIC") filings, which is the subject of this testimony. I am also responsible for preparation and coordination of NIPSCO's gas earnings test schedules. Additionally, I am responsible for the preparation and coordination of various rate, tracker, and compliance filings for Columbia Gas of Kentucky, Inc. and Bay State Gas Company d/b/a Columbia Gas of Massachusetts.

Q5. Have you previously testified before the Indiana Utility Regulatory Commission or any other regulatory commissions?

A5. Yes. I have testified before the Indiana Utility Regulatory Commission ("Commission") in NIPSCO's last gas TDSIC semi-annual tracker filing in Cause No. 44403-TDSIC-8. I have also submitted testimony in NIPSCO's request for approval of NIPSCO's second gas TDSIC 7-Year Plan currently pending in Cause No. 45074. I have testified before the Kentucky Public Service Commission, the Virginia State Corporation Commission, and the Pennsylvania Public Utility Commission.

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

A6. The purpose of my testimony is to support NIPSCO's proposed ratemaking treatment for TDSIC factors to be applicable and made effective for bills rendered by NIPSCO for the months of January through June 2019, or until replaced by different factors that are approved in a subsequent proceeding, to effectuate the timely recovery of 80% of approved capital expenditures and TDSIC costs incurred in connection with NIPSCO's eligible transmission, distribution, and storage system improvements. I also support the modifications to the proposed TDSIC factors that NIPSCO is including in this proceeding to adjust for the exclusion of multiple-unit projects related revenue previously collected in Cause Nos. 44403-TDSIC-4, 5, 6 and 7 in accordance with the Indiana Supreme Court opinion issued June 20, 2018, reversing the Commission and the Indiana Court of Appeals in NIPSCO's gas tracker proceeding in Cause No. 44403-TDSIC-4 (the "TDSIC-4 Opinion"). Finally, I support NIPSCO's request to return the excess income tax revenue recovered through NIPSCO's base rates and any applicable charges between January 1, 2018 and April 30, 2018, currently reflected as a regulatory liability, in accordance with the Commission's January 3, 2018 Order initiating Cause No. 45032 and the Stipulation and Settlement Agreement approved in Cause No. 44988.

Q7. Are you sponsoring any attachments to your direct testimony?

A7. Yes. NIPSCO's Verified Petition initiating this Cause is designated as Petitioner's Exhibit No. 1, Attachment 1-A sponsored by NIPSCO Witness Becker. I am sponsoring the following attachments to NIPSCO's Verified Petition, all of which were prepared by me or under my direction and supervision: (1) Attachment 1, Schedule 1 (Columns E, F, G, M, N and O), and Schedules 2 through 11, which show the calculations underlying the proposed capital and expense revenue requirement related to eligible TDSIC costs incurred through June 30, 2018; (2) Attachment 2, Schedules 1 through 6, which represent additional underlying support used in the calculation of the revenue requirement in Attachment 1; and (3) Attachment 3, which contains a clean and redlined version of NIPSCO's revised tariff sheet reflecting the TDSIC factors to become effective for bills rendered by NIPSCO during the months of January through June 2019, or until replaced by different factors that are approved in a subsequent proceeding.

Q8. Please describe any changes that have been made to the schedules included in Attachments 1 and 2.

A8. Attachment 1, Schedules 1 through 11 and Attachment 2, Schedules 1 through 6, reflect the same schedule format, except as noted below, included in NIPSCO's supplemental filing in Cause No. 44403-TDSIC-8 that removed costs associated with multiple-unit projects. The prior balances included on Attachment 1, Schedule 1 (Columns B and J) agree to NIPSCO's supplemental filing in Cause No. 44403-TDSIC-8, Attachment 1, Schedule 1, Columns D and L. The 400 series rates were replaced with the 100 series rates as approved in Cause No. 44988.

Attachment 1, Schedule 4, Page 4 was added to show a total expense amount by month of the Depreciation, Operations and Maintenance ("O&M") and Property Tax Expenses.

Attachment 1, Schedule 5 was modified to show the net reduction in the revenue requirements from Cause Nos. 44403-TDSIC-4, 5, 6 and 7 (Lines 10 through 31) reflecting the exclusion of multiple-unit projects.

As further discussed below, in this filing NIPSCO is including a new one-time Attachment 1, Schedule 8, Page 2 to show the calculation of the adjustment to the TDSIC-9 revenue requirement by rate class to address the Tax Cuts and Jobs Act ("TCJA") refund impact.

NIPSCO proposes to return the difference between the amounts collected in gas base rates from January through April 2018 using the old 35% federal tax rate and the new 21% rate under the TCJA that became effective on January 1, 2018. NIPSCO, therefore, made a change to Attachment 1, Schedule 8, Page 1 to include a column (Column Q) reflecting this difference.[1]

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[1] In the Stipulation and Settlement Agreement approved in Cause No. 44988, NIPSCO noted

<u>Revenue Requirement for Approved Capital Expenditures and TDSIC Costs</u>

Q9. What is the total net amount of investment in transmission, distribution, and storage system improvements upon which the Company seeks to earn a return in this proceeding?

A9. Attachment 1, Schedule 2 shows that the total cost of the eligible transmission, distribution, and storage system improvements ("Eligible TDSIC Assets") incurred through June 30, 2018, upon which NIPSCO requests authority to earn a return is $207,415,266 as shown in Attachment 1, Schedule 1 (Page 4, Column P). This total includes an allowance for funds used during construction ("AFUDC"), other indirect costs, and is net of accumulated depreciation.

Q10. Did NIPSCO exclude the multiple-unit project costs from the eligible investments included in Attachment 1, Schedule 1?

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that it will "return excess income tax revenue recovered through its base rates and any applicable charges between January 1, 2018 and April 30, 2018 . . . over a six (6) month period beginning January 1, 2019, on a per therm basis, through its approved TDSIC factor in Cause No. 44403-TDSIC-9 to be filed August 31, 2018." This refund is calculated in Attachment 1, Schedule 8, Page 2 and is reflected in the TDSIC revenue requirement and associated rates shown in Attachment 1, Schedule 8, Page 1, Column Q.

A10. Yes. NIPSCO determined the multiple-unit projects no longer eligible for TDSIC tracker recovery by referencing the table of multiple-unit projects in Petitioner's Exhibit No. 3 (Question/Answer 59) in Cause No. 44403-TDSIC-4. Each project listed in that table was reviewed and if that project did not have an identified asset or cost estimate in TDSIC-3 or TDSIC-1, then it was determined to be a multiple-unit project that is not eligible for TDSIC tracker recovery. This is the same process that was used in NIPSCO's supplemental filing in Cause No. 44403-TDSIC-8.

Q11. Does the revenue requirement in this proceeding continue to reflect the specific cost recovery treatment for the 112th Street Project set forth in the TDSIC-1 Order?[2]

A11. Yes. NIPSCO is only seeking approval to recover a return on its investment and the related depreciation expense, property taxes and carrying charges associated with $3,322,780 of the total direct capital costs incurred through December 31, 2015. This amount is included in Attachment 1, Schedule 1 (Page 4) and represents NIPSCO's best estimate provided in Cause No.

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[2] The Commission's Order dated January 28, 2015 in Cause No. 44403-TDSIC-1 is referred to herein as the "TDSIC-1 Order."

44403, and which is inclusive of the 20% contingency percentage. Consistent with the TDSIC-1 Order, NIPSCO will defer for recovery in its base rates consistent with Ind. Code § 8-1-39-9(b) the depreciation expense and property taxes related to the difference between this amount and the actual amount of the 112th Street Project.[3] Attachment 1, Schedule 11 shows the depreciation and property taxes NIPSCO plans to defer relating to this difference for the months of January through June 2018 is $138,096 and the total deferred balance is $877,114.

Q12. Please provide an overview of indirect capital costs.

A12. Indirect capital costs are associated with capital projects and must be capitalized in order to comply with Generally Accepted Accounting Principles ("GAAP"). However, these often cannot be charged directly to a specific capital project work order as they cannot be directly linked to one particular project. These capital costs tend to be incurred away from the job site. NIPSCO groups these indirect capital costs into three categories: (1) overheads, (2) stores, freight and handling, and (3) AFUDC.

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[3] Mr. Bull sponsors Confidential Attachment 3-C, which shows the costs incurred to date related to this project

The overheads component of indirect capital includes items such as:

1. Portions of benefits such as vacation and holiday pay;

2. Portions of charges incurred for outside services that support NIPSCO's capital project processes; and

3. Portions of payroll for NIPSCO employees involved in supporting capital projects in either a project management function (i.e., project engineering, operations) or an administrative and general function (i.e., fixed asset accounting, financial planning).

Stores, freight, and handling charges are also indirect capital costs that must be capitalized for GAAP purposes. This component of indirect capital represents costs that NIPSCO incurs to procure materials and equipment. Generally, this represents the payroll for NIPSCO's supply chain and procurement functions. It also includes labor costs and other warehousing expenses associated with NIPSCO's warehousing function for inventoried materials and supplies.

The last component of NIPSCO's indirect capital is AFUDC. NIPSCO computes AFUDC amounts and relevant AFUDC rates for Eligible TDSIC projects in accordance with the FERC Uniform System of Accounts. NIPSCO's calculation of AFUDC is also consistent with GAAP. NIPSCO also has a process to ensure that AFUDC is no longer recorded after such costs are given construction work in progress ("CWIP") ratemaking treatment, are otherwise reflected in base gas rates, or the project is placed in service, whichever occurs first.

All three of the indirect capital components must be capitalized in order to conform with GAAP for public utilities. NIPSCO has consistently followed this approach internally for both direct and indirect capital costs for years, including during the test year in its general rate proceeding in Cause No. 44988.

Q13. Please explain how the AFUDC amount on Attachment 1, Schedule 1 was calculated.

A13. As discussed above, the AFUDC related to TDSIC projects was calculated in accordance with the instructions of the FERC Uniform System of Accounts. NIPSCO's calculation of AFUDC is also consistent with GAAP.

Q14. If the Commission approves the proposed ratemaking treatment for costs of Eligible TDSIC Assets incurred through June 30, 2018 shown on

Attachment 1, Schedule 1, will the Company cease accruing AFUDC on those costs?

A14. Yes. NIPSCO will cease accruing AFUDC on construction costs once the incurred costs receive CWIP ratemaking treatment, are otherwise reflected in base gas rates, or the project is placed in service, whichever occurs first. As discussed below, after the in-service date, NIPSCO will calculate and include for recovery post in-service carrying charges ("PISCC") on costs which have been placed into service and are not receiving ratemaking treatment until such costs receive CWIP ratemaking treatment, or are otherwise reflected in base gas rates.

Q15. Please explain how the accumulated depreciation amount on Attachment 1, Schedule 1 was calculated.

A15. NIPSCO has calculated the depreciation expense related to TDSIC capital expenditures according to each asset's designated FERC account classification. Each asset, upon being placed in service, is depreciated by NIPSCO according to the associated FERC account composite remaining life approved by the Commission's November 4, 2010 Order in Cause No. 43894.

Q16. Please explain the calculation of the "return on" portion of NIPSCO's semi-annual revenue requirement related to costs of Eligible TDSIC Assets incurred through June 30, 2018.

A16. The calculation of NIPSCO's "return on" portion of the revenue requirement for costs of Eligible TDSIC Assets incurred through June 30, 2018 is shown on Attachment 1, Schedule 2. The annual revenue requirement for the return on investment is calculated by multiplying the June 30, 2018 net book value of all TDSIC projects by the debt and equity components of NIPSCO's weighted average cost of capital. The product of this calculation is then multiplied by 50% to calculate a semi-annual revenue requirement. This semi-annual amount is then multiplied by 20% to calculate the deferred amount. The 80% portion is then adjusted for taxes. The semi-annual Return on Investment amount is then shown on Attachment 1, Schedule 5 to be recovered for bills rendered during the months of January through June 2019, not to exceed an average aggregate increase in NIPSCO's total retail revenues of more than two percent (2%) in a twelve (12) month period.

Q17. Please explain how the post-in-service carrying charges amount on Attachment 1, Schedule 3 was calculated.

A17. Attachment 1, Schedule 3 shows post-in-service carrying costs associated with Eligible TDSIC Assets that were placed into service prior to June 30, 2018. The total PISCC by function is shown on Attachment 1, Schedule 3, Column D and multiplied by 20% to calculate the deferred amount. The 80% portion is then adjusted for taxes. The semi-annual PISCC amount is then shown on Attachment 1, Schedule 5 to determine the proposed total semi-annual revenue requirement to be recovered for bills rendered during the months of January through June 2019. In this filing, NIPSCO is proposing recovery of all eligible PISCC incurred for the period January through June 2018, as shown on Schedule 3, provided that the result does not exceed an average aggregate increase in NIPSCO's total retail revenues of more than two percent (2%) in a twelve (12) month period.

In the TDSIC-1 Order, the Commission authorized NIPSCO to record and recover PISCC at the effective weighted average cost of capital rate ("WACC") over the respective PISCC time period. PISCC is calculated by multiplying the value of costs which have been placed in service and are not receiving CWIP ratemaking by NIPSCO's effective WACC rate for the period in which the costs are in-service. Ongoing carrying charges on the PISCC are calculated until such balances are recovered through rates.

Q18. Please explain the revenue conversion factor used to compute the Company's pre-tax revenue requirement for Eligible TDSIC Assets shown on Attachment 1, Schedule 2 and Schedule 3 and calculated in Attachment 2, Schedule 2.

A18. Attachment 2, Schedule 2 shows the computation of the revenue conversion factor used to compute the Company's pre-tax revenue requirement. The revenue conversion factor is calculated for debt and equity in order to properly synchronize interest for the purpose of calculating the revenue requirement as reflected on Attachment 1, Schedule 2 and Schedule 3. The state income tax rate used in this computation was determined in accordance with Ind. Code § 6-3-2-1.

DEPRECIATION, OPERATION AND MAINTENANCE ("O&M") AND PROPERTY TAX EXPENSES

Q19. What is the time period relating to depreciation, O&M and property taxes that NIPSCO is including as part of this filing?

A19. Attachment 1, Schedule 4 includes depreciation expense, O&M and property taxes for the period January through June 2018.

Q20. Please explain the calculation of the depreciation expense associated with Eligible TDSIC Assets shown on Attachment 1, Schedule 4.

A20. The total depreciation expense associated with the Eligible TDSIC Assets shown on Attachment 1, Schedule 4, Column B represents actual depreciation expense incurred from January through June 2018. The total actual depreciation expense incurred is reduced by 20% to calculate the 80% revenue requirement and then adjusted for taxes as shown on Attachment 1, Schedule 4. The 80% revenue requirement amount is then included on Attachment 1, Schedule 5 to determine the proposed total semi-annual revenue requirement to be recovered for bills rendered during the months of January through June 2019, provided that the result does not exceed an average aggregate increase in NIPSCO's total retail revenues of more than two percent (2%) in a twelve (12) month period.

Q21. Please explain the calculation of the O&M expense associated with Eligible TDSIC Assets shown on Attachment 1, Schedule 4.

A21. The total O&M expense associated with the Eligible TDSIC Assets shown on Attachment 1, Schedule 4, Column D represents actual O&M expense incurred from January through June 2018 related to the System Integrity Data Integration Project discussed by NIPSCO Witness Bull. The total actual O&M expense incurred is reduced by 20% to calculate the 80% revenue requirement and then adjusted for taxes as shown on Attachment 1, Schedule 4. The 80% revenue requirement amount is then included on Attachment 1, Schedule 5 to determine the proposed total semi-annual revenue requirement to be recovered for bills rendered during the months of January through June 2019, provided that the result does not exceed an average aggregate increase in NIPSCO's total retail revenues of more than two percent (2%) in a twelve (12) month period.

Q22. Please describe how costs associated with the System Integrity Data Integration Project will be allocated.

A22. Based on the allocators approved in the TDSIC-3 Order,[4] NIPSCO will allocate 91.1% of O&M expenses related to the System Integrity Data Integration Project based on the distribution allocator and 8.9% based on the transmission allocator.

Q23. Please explain the calculation of property tax expenses associated with Eligible TDSIC Assets shown on Attachment 1, Schedule 4.

A23. The property tax expense associated with the Eligible TDSIC Assets shown on Attachment 1, Schedule 4, Column C represents actual property tax expenses incurred for the period January through June 2018. The total actual property tax expenses incurred is reduced by 20% to calculate the 80% revenue requirement and then adjusted for taxes as shown on Attachment 1, Schedule 4. The 80% revenue requirement amount is then included on Attachment 1, Schedule 5 to determine the proposed total semi-annual revenue requirement to be recovered for bills rendered during the months of January through June 2019, provided that the result does not

[4] The Commission's Order dated March 30, 2016 in Cause No. 44403-TDSIC-3 is referred to herein as the "TDSIC-3 Order."

exceed an average aggregate increase in NIPSCO's total retail revenues of more than two percent (2%) in a twelve (12) month period.

Q24. Please describe the Rural Extension Margin Credit shown on Attachment 1, Schedule 5.

A24. The TDSIC-1 Order approved NIPSCO's proposal to provide an 80% credit to the TDSIC tracker for actual margins received from all new customers added under the Rural Extensions projects. These amounts are calculated on Attachment 2, Schedule 5 and are computed by obtaining the related customer usage values and billing rate information to compute the total margin billed for the period January through June 2018.

<u>RECONCILIATION</u>

Q25. Is a reconciliation of revenues included in this filing?

A25. Yes. The January through June 2018 revenue requirement calculated in NIPSCO's TDSIC-7 filing is being reconciled against the actual revenues received from customers for the period January through June 2018 as shown on Attachment 1, Schedule 6. Because the TDSIC-7 factors as originally approved by the Commission on December 28, 2017 did not include the change in the federal income tax rate from 35% down to 21%, which was effective on January 1, 2018, an adjusted TDSIC-7 revenue requirement and factors were filed as a part of NIPSCO's Phase 1 filing approved on May 1, 2018 in 30-day Filing No. 50168. The adjusted TDSIC-7 revenue requirement is then used within Schedule 6 to calculate the previous billing period reconciliation covering the period January through June 2018. The reconciliation of the TDSIC-7 billing period (January through June 2018) resulted in a net over-collection (Attachment 1, Schedule 8, Column O) primarily due to the TDSIC-7 adjusted TCJA revenue requirement and the volumetric estimates for the recovery period. Attachment 1, Schedule 6, also shows the components of the total reconciliation of revenue by capital, expense, and function. The resulting over recovery of $3,927,340 is shown on Attachment 1, Schedule 8, including the allocation by rate class. It is important to note that the adjusted TDSIC-7 factors continued to be billed after June 2018 since the Commission had not yet issued an order in TDSIC-8. Adjusted TDSIC-7 factors revenue billed after June 2018 will be reconciled in a future filing.

<u>COST ALLOCATION</u>

Q26. Please describe the allocation factors NIPSCO used to allocate approved capital expenditures and TDSIC costs.

A26. In its TDSIC-3 Order, the Commission found the allocation factors to be used in NIPSCO's TDSIC Rider shall be the customer class revenue allocation factors based on firm load that were approved in NIPSCO's most recent gas retail base rate case. Attachment 2, Schedule 4 provides the allocation factors as approved in NIPSCO's most recent gas retail base rate case in Cause No. 44988 which NIPSCO used to allocate the related transmission, distribution and storage revenue requirements in this proceeding as shown on Attachment 1, Schedule 7.

<u>CALCULATION OF TDSIC FACTORS AND REVISED TARIFF</u>

Q27. Please explain the calculation of the TDSIC factors shown on Attachment 1, Schedule 8.

A27. Attachment 1, Schedule 8, shows the calculation of the TDSIC factors by rate code based on the previously calculated revenue requirements. The amounts in Columns B, F, and J show the revenue requirement by function from Attachment 1, Schedule 7. Columns C, G, and K show the reconciliation of revenues by function from Attachment 1, Schedule 6. The amounts in Columns D, H, and L show the revenue requirement adjusted for prior period variances by function. The amounts in Columns N, O, and P show the total of Transmission, Distribution, and Storage function revenue requirements. The amounts in Column Q show the total of the base rate adjustment due to the TCJA refund. The factors are calculated by dividing the Total Revenue Requirement in Column R by the estimated therm sales in Column S to compute a billing factor in Column T for bills rendered by NIPSCO for the months of January through June 2019.

Q28. Did NIPSCO calculate the average aggregate increase in its total retail revenue attributable to the TDSIC to determine whether the TDSIC will result in an average aggregate increase of more than 2% in a twelve month period consistent with the methodology affirmed by the Indiana Court of Appeals in Cause Nos. 44370 and 44371?

A28. Yes.

Q29. Will the proposed TDSIC factors result in an average aggregate increase in NIPSCO's total retail revenue of more than 2% in a twelve month period?

A29. No. As shown on Attachment 1, Schedule 9, there is no amount in excess of 2% of retail revenues for the past 12 months. NIPSCO has calculated the 2% cap by comparing the increase in TDSIC revenues in a given year with the total retail revenues for the past 12 months. The retail revenues used in this calculation represent the revenues related to the 12 months ending June 30, 2018.

Q30. Please explain Attachment 3.

A30. Attachment 3 is a clean and redlined version of NIPSCO's revised Appendix F – Transmission, Distribution and Storage System Improvement Charge (First Revised Sheet No. 137) showing the TDSIC factors proposed to be applicable for bills rendered during the months of January through June 2019, or until replaced by different factors that are approved in a subsequent proceeding.

<u>PROJECTED EFFECT OF THE 7-YEAR PLAN ON RETAIL RATES AND CHARGES</u>

Q31. Please identify the projected effect of NIPSCO's Plan Update-8 and Plan Update-9 on retail rates and charges as it relates to the revenue requirement derived by the Plan.[5]

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[5] "Plan Update-8" as used herein is NIPSCO's plan update approved in TDSIC-8 denoted

A31. Attachment 2, Schedule 6 (Page 1), identifies the projected effect of NIPSCO's Plan Update-8 on retail rates and charges. Attachment 2, Schedule 6 (Page 2), identifies the projected effect of NIPSCO's Plan Update-9 on retail rates and charges. This schedule also provides the total estimated revenue requirement for each rate class from 2014 to 2020.

MONTHLY BILL IMPACT

Q32. What effect will the proposed TDSIC Factors have on an average residential customer?

A32. The estimated average monthly bill impact for a typical residential customer using 69 therms per month[6] is a credit of $0.49. This represents a $6.07 decrease from the factor approved in Cause No. 44403-TDSIC-8.

DEFERRED TDSIC COSTS

Q33. Please explain NIPSCO's request to defer, until recovery through the TDSIC, 80% of the post in service TDSIC costs of the TDSIC projects including carrying costs, depreciation and taxes.

as "Revised Plan Update-8."

[6] The average therm per month usage level in Cause No. 44988.

A33. NIPSCO proposes to defer and recover 80% of the post in service costs, including carrying costs and pretax returns, depreciation and taxes associated with its approved TDSIC projects, through the TDSIC adjustment factor. NIPSCO proposes to defer such costs as a regulatory asset until such costs are recognized for ratemaking purposes through NIPSCO's proposed TDSIC adjustment factor or included for recovery in NIPSCO's base rates consistent with Ind. Code § 8-1-39-9(b).

Q34. How does NIPSCO propose to treat the remaining 20% of TDSIC capital expenditures and costs that are not included for recovery through the TDSIC adjustment factor?

A34. Ind. Code § 8-1-39-9(b) provides that twenty percent (20%) of the approved capital expenditures and TDSIC costs, including depreciation, pretax returns, AFUDC, and PISCC, and property taxes shall be deferred and recovered by the public utility as part of the next general rate case filed by the public utility with the Commission.

Accordingly, NIPSCO requests approval to defer, as a regulatory asset, 20% of such costs and requests to recover those costs as part of NIPSCO's base rates consistent with Ind. Code § 8-1-39-9(b). NIPSCO also requests approval to record ongoing carrying charges based on NIPSCO's weighted cost of capital on these costs until the costs are included for recovery in NIPSCO's base rates consistent with Ind. Code § 8-1-39-9(b).

Q35. Please explain the deferred TDSIC costs shown on Attachment 1, Schedule 10.

A35. In the TDSIC-1 Order (at 30), the Commission authorized NIPSCO to defer 20% of the TDSIC costs incurred in connection with approved eligible transmission, distribution, and storage system improvements, including ongoing carrying charges based on the current overall WACC, and recover those deferred costs in its base rates consistent with Ind. Code § 8-1-39-9(b). Consistent with this authority, NIPSCO has deferred as a regulatory asset 20% of all TDSIC costs as a result of the deferral of 20% of all TDSIC costs for recovery in its base rates consistent with Ind. Code § 8-1-39-9(b).

Attachment 1, Schedule 10 serves as a record of the deferred TDSIC costs as well as the ongoing carrying charges on all deferred TDSIC costs, excluding tax gross up, until such time as the costs can be recovered as part of NIPSCO's base rates consistent with Ind. Code § 8-1-39-9(b). This calculation has no impact on current or proposed rates in this proceeding.

Q36. Has the 20% amount of TDSIC costs deferred for future recovery been revised?

A36. Yes. Attachment 1, Schedule 10 has been changed to reflect the revised revenue requirement reflecting exclusion of multiple-unit projects. This is the same process that was used in NIPSCO's supplemental filing in TDSIC-8.

Q37. Does this conclude your prefiled direct testimony?

A37. Yes.

VERIFICATION

I, James F. Racher, Director of Regulatory of NiSource Corporate Services Company, affirm under penalties of perjury that the foregoing representations are true and correct to the best of my knowledge, information and belief.

James F. Racher

James F. Racher

Dated: September 26, 2018

VERIFIED DIRECT TESTIMONY OF JAMES F. RACHER

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

A1. My name is James F. Racher. My business address is 290 W. Nationwide Blvd., Columbus, Ohio 43215. I am employed by NiSource Corporate Services Company ("NCSC") and my current position is Director of Regulatory.

Q2. On whose behalf are you submitting this direct testimony?

A2. I am submitting this testimony on behalf of Northern Indiana Public Service Company LLC ("NIPSCO").

Q3. Please describe your educational and employment background.

A3. I received a Bachelor of Science in Business Administration degree, majoring in Finance, in 1987 from The Ohio State University. I also received a Master of Business Administration degree from Franklin University in 2002. I began my career with Columbia Gas distribution companies in 1988 in the Eastern Rate department as a Rate Analyst. I held various positions of increasing responsibility in the Rate and Regulatory department from 1988 to 1996, when I was promoted to the position of Team Leader of Regulatory for the Finance and Regulatory department in the Shared Services Center of the Columbia Energy Group distribution companies. I was promoted to Director of Regulatory Accounting in 2000, and I held that position until leaving the company in November, 2002. In May 2007, I accepted the position of Director, Demand Forecast and Regulatory Services in NCSC's Rate and Regulatory Services department. In September 2017, I was appointed to my current position in the Regulatory department.

Q4. What are your responsibilities as Director of Regulatory?

A4. I am responsible for the preparation and coordination of NIPSCO's Gas Demand Side Management filings, Gas Cost Adjustment filings, and the Gas Transmission, Distribution and Storage System Improvement Charge ("TDSIC") filings, which is the subject of this testimony. I am also responsible for preparation and coordination of NIPSCO's gas earnings test schedules. Additionally, I am responsible for the preparation and coordination of various rate, tracker, and compliance filings for Columbia Gas of Kentucky, Inc. and Bay State Gas Company d/b/a Columbia Gas of Massachusetts.

Q5. Have you previously testified before the Indiana Utility Regulatory Commission or any other regulatory commissions?

A5. Yes. I have testified before the Indiana Utility Regulatory Commission ("Commission") in NIPSCO's last gas TDSIC semi-annual tracker filing in Cause No. 44403-TDSIC-8. I have also submitted testimony in NIPSCO's request for approval of NIPSCO's second gas TDSIC 7-Year Plan currently pending in Cause No. 45074. I have testified before the Kentucky Public Service Commission, the Virginia State Corporation Commission, and the Pennsylvania Public Utility Commission.

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

A6. The purpose of my testimony is to support NIPSCO's proposed ratemaking treatment for TDSIC factors to be applicable and made effective for bills rendered by NIPSCO for the months of January through June 2019, or until replaced by different factors that are approved in a subsequent proceeding, to effectuate the timely recovery of 80% of approved capital expenditures and TDSIC costs incurred in connection with NIPSCO's eligible transmission, distribution, and storage system improvements. I also support the modifications to the proposed TDSIC factors that NIPSCO is including in this proceeding to adjust for the exclusion of multiple-unit projects related revenue previously collected in Cause Nos. 44403-TDSIC-4, 5, 6 and 7 in accordance with the Indiana Supreme Court opinion issued June 20, 2018, reversing the Commission and the Indiana Court of Appeals in NIPSCO's gas tracker proceeding in Cause No. 44403-TDSIC-4 (the "TDSIC-4 Opinion"). Finally, I support NIPSCO's request to return the excess income tax revenue recovered through NIPSCO's base rates and any applicable charges between January 1, 2018 and April 30, 2018, currently reflected as a regulatory liability, in accordance with the Commission's January 3, 2018 Order initiating Cause No. 45032 and the Stipulation and Settlement Agreement ~~currently pending~~ approved~~al~~ in Cause No. 44988.

Q7. Are you sponsoring any attachments to your direct testimony?

A7. Yes. NIPSCO's Verified Petition initiating this Cause is designated as Petitioner's Exhibit No. 1, Attachment 1-A sponsored by NIPSCO Witness Becker. I am sponsoring the following attachments to NIPSCO's Verified Petition, all of which were prepared by me or under my direction and supervision: (1) Attachment 1, Schedule 1 (Columns E, F, G, ~~H, K~~M, N and O~~, and L~~), and Schedules 2 through 11, which show the calculations underlying the proposed capital and expense revenue requirement related to eligible TDSIC costs incurred through June 30, 2018; (2) Attachment 2, Schedules 1 through 6, which represent additional underlying support used in the calculation of the revenue requirement in Attachment 1; and (3) Attachment 3, which contains a clean and redlined version of NIPSCO's revised tariff sheet reflecting the TDSIC factors to become effective for bills rendered by NIPSCO during the months of January through June 2019, or until replaced by different factors that are approved in a subsequent proceeding.

Q8. Please describe any changes that have been made to the schedules included in Attachments 1 and 2.

A8. Attachment 1, Schedules 1 through 11 and Attachment 2, Schedules 1 through 6, reflect the same schedule format, except as noted below, included in NIPSCO's supplemental filing in Cause No. 44403-TDSIC-8 that removed costs associated with multiple-unit projects. The prior balances included on Attachment 1, Schedule 1 (Columns B and J~~H~~) agree to NIPSCO's supplemental filing in Cause No. 44403-TDSIC-8, Attachment 1, Schedule 1, Columns D and L~~J~~. The 400 series rates were replaced with the

100 series rates as approved ~~requested in NIPSCO's currently pending gas rate case~~ in Cause No. 44988.

Attachment 1, Schedule 4, Page 4 was added to show a total expense amount by month of the Depreciation, Operations and Maintenance ("O&M") and Property Tax Expenses.

Attachment 1, Schedule 5 was modified to show the net reduction in the revenue requirements from Cause Nos. 44403-TDSIC-4, 5, 6 and 7 (Lines 10 through 31) reflecting the exclusion of multiple-unit projects.

As further discussed below, in this filing NIPSCO is including a new one-time Attachment 1, Schedule 8, Page 2 to show the calculation of the adjustment to the TDSIC-9 revenue requirement by rate class to address the Tax Cuts and Jobs Act ("TCJA") refund impact.

NIPSCO proposes to return the difference between the amounts collected in gas base rates from January through April 2018 using the old 35% federal tax rate and the new 21% rate under the TCJA that became effective on January 1, 2018. NIPSCO, therefore, made a change to Attachment 1, Schedule 8, Page 1 to include a column (Column Q) reflecting this difference.[1]

REVENUE REQUIREMENT FOR APPROVED CAPITAL EXPENDITURES AND TDSIC COSTS

Q9. What is the total net amount of investment in transmission, distribution, and storage system improvements upon which the Company seeks to earn a return in this proceeding?

A9. Attachment 1, Schedule 2 shows that the total cost of the eligible transmission, distribution, and storage system improvements ("Eligible TDSIC Assets") incurred through June 30, 2018, upon which NIPSCO requests authority to earn a return is $207,415,266~~452,919,293~~ as shown in Attachment 1, Schedule 1 (Page 4, Column P). This total includes an allowance for funds used during construction ("AFUDC"), other indirect costs, and is net of accumulated depreciation.

[1] In the Stipulation and Settlement Agreement approved ~~currently pending~~ in Cause No. 44988, NIPSCO noted that it will "return excess income tax revenue recovered through its base rates and any applicable charges between January 1, 2018 and April 30, 2018 . . . over a six (6) month period beginning January 1, 2019, on a per therm basis, through its approved TDSIC factor in Cause No. 44403-TDSIC-9 to be filed August 31, 2018." This refund is calculated in Attachment 1, Schedule 8, Page 2 and is reflected in the TDSIC revenue requirement and associated rates shown in Attachment 1, Schedule 8, Page 1, Column Q.

Q10. Did NIPSCO exclude the multiple-unit project costs from the eligible investments included in Attachment 1, Schedule 1?

A10. Yes. NIPSCO determined the multiple-unit projects no longer eligible for TDSIC tracker recovery by referencing the table of multiple-unit projects in Petitioner's Exhibit No. 3 (Question/Answer 59) in Cause No. 44403-TDSIC-4. Each project listed in that table was reviewed and if that project did not have an identified asset or cost estimate in TDSIC-3 or TDSIC-1, then it was determined to be a multiple-unit project that is not eligible for TDSIC tracker recovery. This is the same process that was used in NIPSCO's supplemental filing in Cause No. 44403-TDSIC-8.

Q11. Does the revenue requirement in this proceeding continue to reflect the specific cost recovery treatment for the 112th Street Project set forth in the TDSIC-1 Order?[2]

A11. Yes. NIPSCO is only seeking approval to recover a return on its investment and the related depreciation expense, property taxes and carrying charges associated with $3,322,780 of the total direct capital costs incurred through

[2] The Commission's Order dated January 28, 2015 in Cause No. 44403-TDSIC-1 is referred to herein as the "TDSIC-1 Order."

December 31, 2015. This amount is included in Attachment 1, Schedule 1 (Page 4) and represents NIPSCO's best estimate provided in Cause No. 44403, and which is inclusive of the 20% contingency percentage. Consistent with the TDSIC-1 Order, NIPSCO will defer for recovery in its base rates consistent with Ind. Code § 8-1-39-9(b) the depreciation expense and property taxes related to the difference between this amount and the actual amount of the 112th Street Project.[3] Attachment 1, Schedule 11 shows the depreciation and property taxes NIPSCO plans to defer relating to this difference for the months of January through June 2018 is $138,096 and the total deferred balance is $877,114.

Q12. Please provide an overview of indirect capital costs.

A12. Indirect capital costs are associated with capital projects and must be capitalized in order to comply with Generally Accepted Accounting Principles ("GAAP"). However, these often cannot be charged directly to a specific capital project work order as they cannot be directly linked to one particular project. These capital costs tend to be incurred away from the job

[3] Mr. Bull sponsors Confidential Attachment 3-C, which shows the costs incurred to date related to this project

site. NIPSCO groups these indirect capital costs into three categories: (1) overheads, (2) stores, freight and handling, and (3) AFUDC.

The overheads component of indirect capital includes items such as:

1. Portions of benefits such as vacation and holiday pay;
2. Portions of charges incurred for outside services that support NIPSCO's capital project processes; and
3. Portions of payroll for NIPSCO employees involved in supporting capital projects in either a project management function (i.e., project engineering, operations) or an administrative and general function (i.e., fixed asset accounting, financial planning).

Stores, freight, and handling charges are also indirect capital costs that must be capitalized for GAAP purposes. This component of indirect capital represents costs that NIPSCO incurs to procure materials and equipment. Generally, this represents the payroll for NIPSCO's supply chain and procurement functions. It also includes labor costs and other warehousing expenses associated with NIPSCO's warehousing function for inventoried materials and supplies.

The last component of NIPSCO's indirect capital is AFUDC. NIPSCO computes AFUDC amounts and relevant AFUDC rates for Eligible TDSIC projects in accordance with the FERC Uniform System of Accounts. NIPSCO's calculation of AFUDC is also consistent with GAAP. NIPSCO also has a process to ensure that AFUDC is no longer recorded after such costs are given construction work in progress ("CWIP") ratemaking treatment, are otherwise reflected in base gas rates, or the project is placed in service, whichever occurs first.

All three of the indirect capital components must be capitalized in order to conform with GAAP for public utilities. NIPSCO has consistently followed this approach internally for both direct and indirect capital costs for years, including during the test year in its ~~last~~ general rate proceeding in Cause No. 44988~~3894~~.

Q13. Please explain how the AFUDC amount on Attachment 1, Schedule 1 was calculated.

A13. As discussed above, the AFUDC related to TDSIC projects was calculated in accordance with the instructions of the FERC Uniform System of Accounts. NIPSCO's calculation of AFUDC is also consistent with GAAP.

Q14. If the Commission approves the proposed ratemaking treatment for costs of Eligible TDSIC Assets incurred through June 30, 2018 shown on Attachment 1, Schedule 1, will the Company cease accruing AFUDC on those costs?

A14. Yes. NIPSCO will cease accruing AFUDC on construction costs once the incurred costs receive CWIP ratemaking treatment, are otherwise reflected in base gas rates, or the project is placed in service, whichever occurs first. As discussed below, after the in-service date, NIPSCO will calculate and include for recovery post in-service carrying charges ("PISCC") on costs which have been placed into service and are not receiving ratemaking treatment until such costs receive CWIP ratemaking treatment, or are otherwise reflected in base gas rates.

Q15. Please explain how the accumulated depreciation amount on Attachment 1, Schedule 1 was calculated.

A15. NIPSCO has calculated the depreciation expense related to TDSIC capital expenditures according to each asset's designated FERC account classification. Each asset, upon being placed in service, is depreciated by NIPSCO according to the associated FERC account composite remaining life approved by the Commission's November 4, 2010 Order in Cause No. 43894.

Q16. Please explain the calculation of the "return on" portion of NIPSCO's semi-annual revenue requirement related to costs of Eligible TDSIC Assets incurred through June 30, 2018.

A16. The calculation of NIPSCO's "return on" portion of the revenue requirement for costs of Eligible TDSIC Assets incurred through June 30, 2018 is shown on Attachment 1, Schedule 2. The annual revenue requirement for the return on investment is calculated by multiplying the June 30, 2018 net book value of all TDSIC projects by the debt and equity components of NIPSCO's weighted average cost of capital. The product of this calculation is then multiplied by 50% to calculate a semi-annual revenue requirement. This semi-annual amount is then multiplied by 20% to calculate the deferred amount. The 80% portion is then adjusted for taxes. The semi-annual Return on Investment amount is then shown on Attachment 1, Schedule 5 to be recovered for bills rendered during the months of January through June 2019, not to exceed an average aggregate increase in NIPSCO's total retail revenues of more than two percent (2%) in a twelve (12) month period.

Q17. Please explain how the post-in-service carrying charges amount on Attachment 1, Schedule 3 was calculated.

A17. Attachment 1, Schedule 3 shows post-in-service carrying costs associated with Eligible TDSIC Assets that were placed into service prior to June 30, 2018. The total PISCC by function is shown on Attachment 1, Schedule 3, Column D and multiplied by 20% to calculate the deferred amount. The 80% portion is then adjusted for taxes. The semi-annual PISCC amount is then shown on Attachment 1, Schedule 5 to determine the proposed total semi-annual revenue requirement to be recovered for bills rendered during the months of January through June 2019. In this filing, NIPSCO is proposing recovery of all eligible PISCC incurred for the period January through June 2018, as shown on Schedule 3, provided that the result does not exceed an average aggregate increase in NIPSCO's total retail revenues of more than two percent (2%) in a twelve (12) month period.

In the TDSIC-1 Order, the Commission authorized NIPSCO to record and recover PISCC at the effective weighted average cost of capital rate

("WACC") over the respective PISCC time period. PISCC is calculated by multiplying the value of costs which have been placed in service and are not receiving CWIP ratemaking by NIPSCO's effective WACC rate for the period in which the costs are in-service. Ongoing carrying charges on the PISCC are calculated until such balances are recovered through rates.

Q18. Please explain the revenue conversion factor used to compute the Company's pre-tax revenue requirement for Eligible TDSIC Assets shown on Attachment 1, Schedule 2 and Schedule 3 and calculated in Attachment 2, Schedule 2.

A18. Attachment 2, Schedule 2 shows the computation of the revenue conversion factor used to compute the Company's pre-tax revenue requirement. The revenue conversion factor is calculated for debt and equity in order to properly synchronize interest for the purpose of calculating the revenue requirement as reflected on Attachment 1, Schedule 2 and Schedule 3. The state income tax rate used in this computation was determined in accordance with Ind. Code § 6-3-2-1.

DEPRECIATION, OPERATION AND MAINTENANCE ("O&M") AND PROPERTY TAX EXPENSES

Q19. What is the time period relating to depreciation, O&M and property taxes that NIPSCO is including as part of this filing?

A19. Attachment 1, Schedule 4 includes depreciation expense, O&M and property taxes for the period January through June 2018.

Q20. Please explain the calculation of the depreciation expense associated with Eligible TDSIC Assets shown on Attachment 1, Schedule 4.

A20. The total depreciation expense associated with the Eligible TDSIC Assets shown on Attachment 1, Schedule 4, Column B represents actual depreciation expense incurred from January through June 2018. The total actual depreciation expense incurred is reduced by 20% to calculate the 80% revenue requirement and then adjusted for taxes as shown on Attachment 1, Schedule 4. The 80% revenue requirement amount is then included on Attachment 1, Schedule 5 to determine the proposed total semi-annual revenue requirement to be recovered for bills rendered during the months of January through June 2019, provided that the result does not exceed an average aggregate increase in NIPSCO's total retail revenues of more than two percent (2%) in a twelve (12) month period.

Q21. Please explain the calculation of the O&M expense associated with Eligible TDSIC Assets shown on Attachment 1, Schedule 4.

A21. The total O&M expense associated with the Eligible TDSIC Assets shown on Attachment 1, Schedule 4, Column D represents actual O&M expense incurred from January through June 2018 related to the System Integrity Data Integration Project discussed by NIPSCO Witness Bull. The total actual O&M expense incurred is reduced by 20% to calculate the 80% revenue requirement and then adjusted for taxes as shown on Attachment 1, Schedule 4. The 80% revenue requirement amount is then included on Attachment 1, Schedule 5 to determine the proposed total semi-annual revenue requirement to be recovered for bills rendered during the months of January through June 2019, provided that the result does not exceed an average aggregate increase in NIPSCO's total retail revenues of more than two percent (2%) in a twelve (12) month period.

Q22. Please describe how costs associated with the System Integrity Data Integration Project will be allocated.

A22. Based on the allocators approved in the TDSIC-3 Order,[4] NIPSCO will allocate 91.1% of O&M expenses related to the System Integrity Data Integration Project based on the distribution allocator and 8.9% based on the transmission allocator.

Q23. Please explain the calculation of property tax expenses associated with Eligible TDSIC Assets shown on Attachment 1, Schedule 4.

A23. The property tax expense associated with the Eligible TDSIC Assets shown on Attachment 1, Schedule 4, Column C represents actual property tax expenses incurred for the period January through June 2018. The total actual property tax expenses incurred is reduced by 20% to calculate the 80% revenue requirement and then adjusted for taxes as shown on Attachment 1, Schedule 4. The 80% revenue requirement amount is then included on Attachment 1, Schedule 5 to determine the proposed total semi-annual revenue requirement to be recovered for bills rendered during the months of January through June 2019, provided that the result does not

[4] The Commission's Order dated March 30, 2016 in Cause No. 44403-TDSIC-3 is referred to herein as the "TDSIC-3 Order."

exceed an average aggregate increase in NIPSCO's total retail revenues of more than two percent (2%) in a twelve (12) month period.

Q24. Please describe the Rural Extension Margin Credit shown on Attachment 1, Schedule 5.

A24. The TDSIC-1 Order approved NIPSCO's proposal to provide an 80% credit to the TDSIC tracker for actual margins received from all new customers added under the Rural Extensions projects. These amounts are calculated on Attachment 2, Schedule 5 and are computed by obtaining the related customer usage values and billing rate information to compute the total margin billed for the period January through June 2018.

RECONCILIATION

Q25. Is a reconciliation of revenues included in this filing?

A25. Yes. The January through June 2018 revenue requirement calculated in NIPSCO's TDSIC-7 filing is being reconciled against the actual revenues received from customers for the period January through June 2018 as shown on Attachment 1, Schedule 6. Because the TDSIC-7 factors as originally approved by the Commission on December 28, 2017 did not include the change in the federal income tax rate from 35% down to 21%, which was effective on January 1, 2018, an adjusted TDSIC-7 revenue requirement and factors were filed as a part of NIPSCO's Phase 1 filing approved on May 1, 2018 in 30-day Filing No. 50168. The adjusted TDSIC-7 revenue requirement is then used within Schedule 6 to calculate the previous billing period reconciliation covering the period January through June 2018. The reconciliation of the TDSIC-7 billing period (January through June 2018) resulted in a net over-collection (Attachment 1, Schedule 8, Column O) primarily due to the TDSIC-7 adjusted TCJA revenue requirement and the volumetric estimates for the recovery period. Attachment 1, Schedule 6, also shows the components of the total reconciliation of revenue by capital, expense, and function. The resulting over recovery of $3,927,340 is shown on Attachment 1, Schedule 8, including the allocation by rate class. It is important to note that the adjusted TDSIC-7 factors continued to be billed after June 2018 since the Commission had not yet issued an order in TDSIC-8. Adjusted TDSIC-7 factors revenue billed after June 2018 will be reconciled in a future filing.

COST ALLOCATION

Q26. Please describe the allocation factors NIPSCO used to allocate approved capital expenditures and TDSIC costs.

A26. In its TDSIC-3 Order, the Commission found the allocation factors to be used in NIPSCO's TDSIC Rider shall be the customer class revenue allocation factors based on firm load that were approved in NIPSCO's most recent gas retail base rate case ~~in Cause No. 43894~~. Attachment 2, Schedule 4 provides the allocation factors as approved in NIPSCO's most recent gas retail base rate case in Cause No. 44988 ~~the TDSIC-3 Order~~ which NIPSCO used to allocate the related transmission, distribution and storage revenue requirements in this proceeding as shown on Attachment 1, Schedule 7.

CALCULATION OF TDSIC FACTORS AND REVISED TARIFF

Q27. Please explain the calculation of the TDSIC factors shown on Attachment 1, Schedule 8.

A27. Attachment 1, Schedule 8, shows the calculation of the TDSIC factors by rate code based on the previously calculated revenue requirements. The amounts in Columns B, F, and J show the revenue requirement by function from Attachment 1, Schedule 7. Columns C, G, and K show the reconciliation of revenues by function from Attachment 1, Schedule 6. The amounts in Columns D, H, and L show the revenue requirement adjusted for prior period variances by function. The amounts in Columns N, O, and P show the total of Transmission, Distribution, and Storage function revenue requirements. The amounts in Column Q show the total of the base rate adjustment due to the TCJA refund. The factors are calculated by dividing the Total Revenue Requirement in Column R by the estimated therm sales in Column S to compute a billing factor in Column T for bills rendered by NIPSCO for the months of January through June 2019.

Q28. Did NIPSCO calculate the average aggregate increase in its total retail revenue attributable to the TDSIC to determine whether the TDSIC will result in an average aggregate increase of more than 2% in a twelve month period consistent with the methodology affirmed by the Indiana Court of Appeals in Cause Nos. 44370 and 44371?

A28. Yes.

Q29. Will the proposed TDSIC factors result in an average aggregate increase in NIPSCO's total retail revenue of more than 2% in a twelve month period?

A29. No. As shown on Attachment 1, Schedule 9, there is no amount in excess of 2% of retail revenues for the past 12 months. NIPSCO has calculated the 2% cap by comparing the increase in TDSIC revenues in a given year with the total retail revenues for the past 12 months. The retail revenues used in this calculation represent the revenues related to the 12 months ending June 30~~December 31~~, 2018.

Q30. Please explain Attachment 3.

A30. Attachment 3 is a clean and redlined version of NIPSCO's revised Appendix F – Transmission, Distribution and Storage System Improvement Charge (First ~~Eighth~~ Revised Sheet No. 137~~157~~) showing the TDSIC factors proposed to be applicable for bills rendered during the months of January through June 2019, or until replaced by different factors that are approved in a subsequent proceeding.

PROJECTED EFFECT OF THE 7-YEAR PLAN ON RETAIL RATES AND CHARGES

Q31. Please identify the projected effect of NIPSCO's Plan Update-8 and Plan Update-9 on retail rates and charges as it relates to the revenue requirement derived by the Plan.[5]

[5] "Plan Update-8" as used herein is NIPSCO's plan update approved in TDSIC-8 denoted

A31. Attachment 2, Schedule 6 (Page 1), identifies the projected effect of NIPSCO's Plan Update-8 on retail rates and charges. Attachment 2, Schedule 6 (Page 2), identifies the projected effect of NIPSCO's Plan Update-9 on retail rates and charges. This schedule also provides the total estimated revenue requirement for each rate class from 2014 to 2020.

MONTHLY BILL IMPACT

Q32. What effect will the proposed TDSIC Factors have on an average residential customer?

A32. The estimated average monthly bill impact for a typical residential customer using 69 therms per month[6] is a credit of $0.49~~30~~. This represents a $6.07~~5.28~~ decrease from the factor approved in Cause No. 44403-TDSIC-8~~currently in effect~~.

DEFERRED TDSIC COSTS

Q33. Please explain NIPSCO's request to defer, until recovery through the TDSIC, 80% of the post in service TDSIC costs of the TDSIC projects including carrying costs, depreciation and taxes.

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as "Revised Plan Update-8."

[6] The average therm per month usage level in Cause No. 44988.

A33. NIPSCO proposes to defer and recover 80% of the post in service costs, including carrying costs and pretax returns, depreciation and taxes associated with its approved TDSIC projects, through the TDSIC adjustment factor. NIPSCO proposes to defer such costs as a regulatory asset until such costs are recognized for ratemaking purposes through NIPSCO's proposed TDSIC adjustment factor or included for recovery in NIPSCO's base rates consistent with Ind. Code § 8-1-39-9(b).

Q34. How does NIPSCO propose to treat the remaining 20% of TDSIC capital expenditures and costs that are not included for recovery through the TDSIC adjustment factor?

A34. Ind. Code § 8-1-39-9(b) provides that twenty percent (20%) of the approved capital expenditures and TDSIC costs, including depreciation, pretax returns, AFUDC, and PISCC, and property taxes shall be deferred and recovered by the public utility as part of the next general rate case filed by the public utility with the Commission.

Accordingly, NIPSCO requests approval to defer, as a regulatory asset, 20% of such costs and requests to recover those costs as part of NIPSCO's base rates consistent with Ind. Code § 8-1-39-9(b). NIPSCO also requests approval to record ongoing carrying charges based on NIPSCO's weighted cost of capital on these costs until the costs are included for recovery in NIPSCO's base rates consistent with Ind. Code § 8-1-39-9(b).

Q35. Please explain the deferred TDSIC costs shown on Attachment 1, Schedule 10.

A35. In the TDSIC-1 Order (at 30), the Commission authorized NIPSCO to defer 20% of the TDSIC costs incurred in connection with approved eligible transmission, distribution, and storage system improvements, including ongoing carrying charges based on the current overall WACC, and recover those deferred costs in its base rates consistent with Ind. Code § 8-1-39-9(b). Consistent with this authority, NIPSCO has deferred as a regulatory asset 20% of all TDSIC costs as a result of the deferral of 20% of all TDSIC costs for recovery in its base rates consistent with Ind. Code § 8-1-39-9(b).

Attachment 1, Schedule 10 serves as a record of the deferred TDSIC costs as well as the ongoing carrying charges on all deferred TDSIC costs, excluding tax gross up, until such time as the costs can be recovered as part of NIPSCO's base rates consistent with Ind. Code § 8-1-39-9(b). This calculation has no impact on current or proposed rates in this proceeding.

Q36. Has the 20% amount of TDSIC costs deferred for future recovery been revised?

A36. Yes. Attachment 1, Schedule 10 has been changed to reflect the revised revenue requirement reflecting exclusion of multiple-unit projects. This is the same process that was used in NIPSCO's supplemental filing in TDSIC-8.

Q37. Does this conclude your prefiled direct testimony?

A37. Yes.

VERIFICATION

I, James F. Racher, Director of Regulatory of NiSource Corporate Services Company, affirm under penalties of perjury that the foregoing representations are true and correct to the best of my knowledge, information and belief.

James F. Racher

Dated: September 26~~August 28~~, 2018

Certificate of Public Convenience and Necessity for federally mandated projects associated with NIPSCO's proposed Pipeline Safety Compliance Plan to comply with U.S. Department of Transportation, Pipeline and Hazardous Materials Safety Administration Rules, and approval of a Federally Mandated Cost Adjustment Mechanism and associated relief.

Q7. What is the purpose of your direct testimony in this proceeding?

A7. The primary purpose of my testimony is to support and explain NIPSCO's Updated 7-Year Gas Plan ("Plan Update-9"), including supporting the actual capital expenditures incurred through June 30, 2018 shown on Petitioner's Exhibit No. 1, Attachment 1-A, Attachment 1, Schedule 1 (Columns B through D, H, J through L, and P). I also describe how NIPSCO is managing the portfolio of projects included in the 7-Year Plan, and potential risks associated with the completion of projects in the Plan. I also explain changes that were made to Plan Update-9 to address the Indiana Supreme Court opinion issued June 20, 2018, reversing the Commission and the Indiana Court of Appeals in NIPSCO's gas tracker proceeding in Cause No. 44403-TDSIC-4 (the "TDSIC-4 Opinion").

Q8. Are you sponsoring any attachments to your direct testimony?

A8. Yes. NIPSCO's Verified Petition initiating this Cause is designated as Attachment 1-A sponsored by NIPSCO Witness Becker. I am sponsoring the following attachments, all of which were prepared by me or under my direction and supervision: (1) Plan Update-9, which is attached to the Verified Petition initiating this Cause as Confidential Exhibit Gas Plan Update-9, (2) Plan Update-8, which is attached to the Verified Petition initiating this Cause as Confidential Exhibit Gas Plan Update-8, and (3) Attachment 1, Schedule 1 (Columns B through D, H, J through L, and P), which is attached to the Verified Petition initiating this Cause, showing the actual capital expenditures incurred through June 30, 2018 relating to eligible transmission, distribution, and storage system improvements.[1]

I am also sponsoring the following documents, all of which were prepared by me or under my direction and supervision:

[1] "Plan Update-8" as used herein is NIPSCO's plan update approved in TDSIC-8 denoted as "Revised Plan Update-8."

Project ID TP8 has an updated estimate for 2019 in Plan Update-9 which is consistent with the estimate provided in the Gas Plan 2.

Project ID TP9 (Project ID TP11 in Gas Plan 2) has an updated scope and is now scheduled for construction beginning in Year 2020 in Gas Plan 2. Due to the shift in scheduling and scope, the estimate in Plan Update-9 has not been updated.

Q41. Is NIPSCO proposing a "major" change in Plan Update-9?

A41. No.

ACTUAL COSTS INCURRED

Q42. What are the total actual capital expenditures associated with NIPSCO's investment in transmission, distribution, and storage system improvements as of June 30, 2018?

A42. As shown in Petitioner's Exhibit No. 1, Attachmenpt 1-A, Attachment 1, Schedule 1 (Page 4), the total gross direct capital expenditures associated with NIPSCO's investment in transmission, distribution, and storage system improvements as of June 30, 2018 is $183,281,169 [Page 4, Lines 1-3, Column H]. The total indirect capital expenditures associated with NIPSCO's investment in transmission, distribution, and storage system improvements as of June 30, 2018 is $18,015,706 [Page 4, Line 4, Column H]. The total AFUDC for capital expenditures associated with NIPSCO's investment in transmission, distribution, and storage system improvements as of June 30, 2018 is $6,118,391 [Page 4, Line 5, Column H]. The total gross capital expenditures associated with NIPSCO's investment in transmission, distribution, and storage system improvements as of June 30, 2018 is $207,415,266 [Page 4, Line 6, Column H].

Q43. Referring to Plan Update-9 and <u>Petitioner's Exhibit No. 1</u>, Attachment 1-A, Attachment 1, Schedule 1, please explain why the subtotals for the transmission and distribution project categories differ from the subtotals for transmission and distribution Federal Energy Regulatory Commission ("FERC") accounts.

A43. There are differences in the transmission and distribution subtotals when comparing Project Category to FERC account. Some projects, such as inspect and mitigate projects, incur charges that are booked to both distribution and transmission FERC accounts. However because a majority of project costs related to specific projects are charged to either distribution or transmission FERC accounts, the project is classified into either a

VERIFICATION

I, Donald L. Bull, Director of Gas TDSIC Projects for NiSource Corporate Services Company, affirm under penalties of perjury that the foregoing representations are true and correct to the best of my knowledge, information and belief.

Donald L. Bull

Date: September 26, 2018

Certificate of Public Convenience and Necessity for federally mandated projects associated with NIPSCO's proposed Pipeline Safety Compliance Plan to comply with U.S. Department of Transportation, Pipeline and Hazardous Materials Safety Administration Rules, and approval of a Federally Mandated Cost Adjustment Mechanism and associated relief.

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I am also sponsoring the following documents, all of which were prepared by me or under my direction and supervision:

[1] "Plan Update-8" as used herein is NIPSCO's plan update approved in TDSIC-8 denoted as "Revised Plan Update-8."

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Q43. Referring to Plan Update-9 and Petitioner's Exhibit No. 1, Attachment 1-A, Attachment 1, Schedule 1, please explain why the subtotals for the transmission and distribution project categories differ from the subtotals for transmission and distribution Federal Energy Regulatory Commission ("FERC") accounts.

A43. There are differences in the transmission and distribution subtotals when comparing Project Category to FERC account. Some projects, such as inspect and mitigate projects, incur charges that are booked to both distribution and transmission FERC accounts. However because a majority of project costs related to specific projects are charged to either distribution