

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF NORTHERN INDIANA PUBLIC)
SERVICE COMPANY LLC PURSUANT TO IND.)
CODE §§ 8-1-2-42, 8-1-2-42.7 AND 8-1-2-61 FOR (1))
AUTHORITY TO MODIFY ITS RETAIL RATES)
AND CHARGES FOR GAS UTILITY SERVICE)
THROUGH A PHASE IN OF RATES; (2))
APPROVAL OF NEW SCHEDULES OF RATES)
AND CHARGES, GENERAL RULES AND)
REGULATIONS, AND RIDERS (BOTH EXISTING)
AND NEW); (3) APPROVAL OF A NEW SALES)
RECONCILIATION ADJUSTMENT MECHANISM;)
(4) APPROVAL OF REVISED GAS)
DEPRECIATION RATES APPLICABLE TO ITS)
GAS PLANT IN SERVICE; (5) APPROVAL OF)
NECESSARY AND APPROPRIATE ACCOUNTING)
RELIEF, INCLUDING BUT NOT LIMITED TO)
APPROVAL OF CERTAIN DEFERRAL)
MECHANISMS FOR PENSION, OTHER POST-)
RETIREMENT BENEFITS, AND LINE LOCATE)
EXPENSES; AND (6) TO THE EXTENT)
NECESSARY, APPROVAL OF ANY OF THE)
RELIEF REQUESTED HEREIN PURSUANT TO)
IND. CODE CH. 8-1-2.5.

CAUSE NO. 45967

INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR'S

PUBLIC'S EXHIBIT NO. 5 – PUBLIC REDACTED TESTIMONY OF
OUCC WITNESS LACRESHA N. VAULX

January 31, 2024

Respectfully submitted,



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NORTHERN INDIANA PUBLIC SERVICE COMPANY LLC

CAUSE NO. 45967

**PUBLIC (REDACTED) TESTIMONY OF
OUCC WITNESS LACRESHA N. VAULX**

NOTE: [REDACTED] HIGHLIGHT INDICATES CONFIDENTIAL INFORMATION

I. INTRODUCTION

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

2 A: My name is LaCresha N. Vaulx, and my business address is 115 West
3 Washington Street, Suite 1500 South, Indianapolis, IN 46204.

4 **Q: By whom are you employed and in what capacity?**

5 A: I am employed by the Indiana Office of Utility Consumer Counselor ("OUCC")
6 as a Utility Analyst II. I have worked as a member of the OUCC's Natural Gas
7 Division since January 2022. For a summary of my educational and professional
8 experience, as well as my preparation for this case, please see the Appendix LNV-
9 1 attached to my testimony.

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

11 A: I provide my analysis of Northern Indiana Public Service Company LLC's
12 ("NIPSCO" or "Petitioner") request for a rate increase through a phase-in of rates
13 utilizing a forward-looking test year. I recommend adjustments to gas operation
14 expense as it relates to line locates. I discuss the OUCC'S proposed expense and
15 amortization periods for various amortization expenses: new Transmission,
16 Distribution, and Storage System Improvement Charge ("TDSIC") regulatory
17 assets, new Federally Mandated Cost Adjustment ("FMCA") regulatory assets,
18 and prior regulatory assets from Cause Nos. 44988 and 45621.

1 **Q: What are your recommendations?**

2 A: I recommend a 2024 adjustment to decrease gas operations expense by
3 \$5,933,515.

4 I recommend the following amortization expense adjustments:

- 5 1. TDSIC regulatory assets of \$17,028,652 be amortized over a 5-year
6 amortization period for a \$3,405,730 ratemaking adjustment.
- 7 2. FMCA regulatory assets of \$8,709,902 be amortized over a 5-year
8 amortization period for a \$1,741,980 ratemaking adjustment.
- 9 3. An extended 5-year amortization period for deferred regulatory assets of
10 \$10,083,012 that remain after December 31, 2024 for Cause Nos. 44988 and
11 45621, for a (\$8,066,409) ratemaking adjustment.

12 If Petitioner files a new general rate case before the 5-year amortization period
13 expires for any of the above items, any unamortized portion of regulatory assets
14 can be rolled into Petitioner's next rate case. This ensures NIPSCO's collection of
15 the entire amount of regulatory assets. If NIPSCO does not file a rate case before
16 the 5-year amortization period expires, the Commission should direct it to file
17 new tariffs removing the annual amortization portion from base rates at that time.

18 **Q: Are you sponsoring any attachments?**

19 A: Yes. I am sponsoring the following attachments:

- 20 1. Attachment LNV-1 relating to line locates;
- 21 2. Attachment LNV-2 relating to deferred TDSIC revenue amortization;
- 22 3. Attachment LNV-3 relating to deferred FMCA revenue amortization; and
- 23 4. Attachment LNV-4 relating to Cause Nos. 44988 and 45621 amortizations.

1 **Q: To the extent you do not address a specific issue, item, or adjustment in this**
2 **Cause, should it be construed to mean you agree with NIPSCO's proposal?**

3 A: No. Not addressing a specific issue, item, or adjustment NIPSCO proposes does
4 not indicate my agreement or approval. Rather, the scope of my testimony is
5 limited to the specific items addressed herein.

II. GAS OPERATIONS EXPENSE

6 **Q: What is Petitioner's proposed forward test year amount for gas operations**
7 **expense?**

8 A: For its proposed test year gas operations expense, NIPSCO provided workpaper
9 OM 2 – Gas Operations O&M Expenses, which includes detailed information
10 regarding multiple parts and adjustments, including its calculations and
11 methodology. NIPSCO started with the actual expense as of December 31, 2022
12 of \$43,884,251, and made a \$1,969,092 pro forma adjustment for 2024 to arrive at
13 total forecasted gas operations O&M expense of \$45,853,342 as of December 31,
14 2024. Petitioner's Workpaper OM 2, Page [.4] shows the pro forma adjustment
15 for 2024 broken down into many parts, including an increased expense adjustment
16 for the 2024 Forecast period of \$6,977,832 to line locates.

17 **Q: Please explain NIPSCO's proposed OM2 adjustment relating to line locates.**

18 A: NIPSCO proposes to increase gas operations O&M expense for line locates in the
19 amount of \$6,977,832 for the forward test year (the period beginning January 1,
20 2024 and ending December 31, 2024). (Petitioner's Exhibit No. 3-S2, Workpaper
21 OM 2, Page [.4].) NIPSCO witness Rick Smith states:

22 A portion of Adjustment OM2-24 reflects the Forward Test Year
23 (the period beginning January 1, 2024 and ending December 31,
24 2024) operating expenses in the amount of \$25,702,643 for Line

1 Locates, an increase of \$6,977,832 from Line Locates operating
2 expenses incurred in 2022. The line locates operating expenses
3 relate to (1) Indiana 811 ticket processing expenses (\$524,889),
4 and (2) facility locating expenses from contract locator, inclusive
5 of an audit requirement of 10% of volume and resolution of locate
6 tickets where facilities are not able to be located (“unlocatables”)
7 under soft surfaces (\$25,177,754).
8 (Petitioner’s Exhibit No. 9, page 12, line 9 to page 13, line 4.)

9 **Q: Do you agree with NIPSCO’s proposed line locates adjustment for the**
10 **forward test year ending December 31, 2024?**

11 A: No. NIPSCO did not include an adjustment for declining damage rates; included
12 an excessive adjustment for locate ticket volume; and included an excessive
13 adjustment for the average cost per ticket. I discuss each of these, in turn, below.

A. Damage Rates

14 **Q: Have damage rates decreased related to line locates?**

15 A: Yes. Witness Smith states:

16 Although there are potential benefits associated with having a
17 diverse contractor pool, NIPSCO made the decision to end its
18 relationships with one locate contractor based on a gap in its
19 performance as compared to the locate contractor NIPSCO has
20 retained. Throughout 2023, NIPSCO has realized an improvement
21 in overall line locating and attributes some portion of this
22 improvement to utilization of the single, better-performing line
23 locating contractor.
24 (Petitioner’s Exhibit No. 9, page 7, lines 10-16.)

25 Petitioner provided the annual line locate damage rate per thousand tickets from
26 2013 to 2023 as requested by the OUCC. It shows a trending decline in damage
27 rates from 2019 to 2022. (Attachment LNV-1, page 6; NIPSCO’s Response to
28 OUCC Data Request (“DR”) 3-015.) NIPSCO has changed contractors over the
29 past several years due to performance issues and in early 2023 made the
30 determination to utilize a single contractor for line locates, per Petitioner’s

1 response to OUCC discovery. This has further resulted in a reduction of 57
2 occurrences of locator error damage in 2023. (Attachment LNV-1, page 7;
3 NIPSCO's Response to DR 3-013.)

4 Petitioner did not make any adjustment for the continuing decline in these
5 annual damage rates and decreased operation expense, or the decline in
6 occurrences of damages for 2023, due to the use of the single contractor when
7 Petitioner filed to increase Line Locates expense by almost \$7 million.

B. Locate Ticket Volume

8 **Q: What volume of locate tickets did Petitioner forecast for 2024?**

9 A: Petitioner's workpaper OM2, Page [.4d] shows the 811 processing tickets and
10 costs, as well as the regular line locate volume, and regular line locate cost and
11 unlocatable costs. The workpaper lists the number of 811 processing tickets for
12 2024 at 932,067. The same workpaper lists regular line locate tickets for 2024 at
13 578,050.

14 **Q: Why is there a difference between the 811 processing tickets for 2024 and the
15 regular line locate tickets for 2024?**

16 A: NIPSCO indicates the 811 tickets are priced out and then ultimately allocated to
17 gas to arrive at the NIPSCO gas portion of 811 tickets. The regular line locate
18 tickets are the gas-only tickets. (Attachment LNV-1, page 8; NIPSCO response to
19 OUCC DR 15-003.)

20 **Q: Did NIPSCO provide an update to the number of regular line locate tickets
21 for 2024 to the OUCC?**

22 A: Yes. The OUCC participated in an informal meeting with NIPSCO to discuss line
23 locates on December 15, 2023. During that meeting, NIPSCO indicated the

1 number of regular line locates provided on Petitioner's workpaper OM 2, Page
2 [.4d] was incorrect. NIPSCO provided a revised workpaper OM 2, Page [.4d] in
3 response to OUCC discovery. (Attachment LNV-1, pages 9-10; NIPSCO
4 response to OUCC DR 15-002.) The revised workpaper now shows regular line
5 locate tickets of 679,990 for 2024. (*Id.*)

6 **Q: What amount of line locate tickets has NIPSCO had in the past?**

7 A: In response to OUCC discovery, NIPSCO provided the amount of line locates
8 from January 1, 2013 to October 31, 2023. (Attachment LNV-1, page 11;
9 NIPSCO response to OUCC DR 3-016.) The amount of locates range from
10 281,963 in 2013 to 540,547 in 2022. Also in response to discovery, NIPSCO
11 indicated the total volume of 2023 calendar year locates was 541,801.
12 (Attachment LNV-1, pages 12-13; NIPSCO response to OUCC DR 15-005.)

13 **Q: Have you prepared an analysis of the percentage increase in line locate**
14 **volumes from 2019 to NIPSCO's proposed 2024 volume?**

15 A: Yes. Using the information provided, I reviewed the increase in annual line
16 locates. NIPSCO's 5-year average increase from 2019 to 2023 is 4.81%.
17 (Attachment LNV-1, page 3.)

18 **Q: Is it reasonable for NIPSCO to have an estimated ticket volume of 679,990**
19 **for 2024 if the historical ticket volumes have been less?**

20 A: No. Petitioner's increase from actual 2023 to forecasted 2024 volumes is 25.51%.
21 Witness Smith states:

22 With the exception of 2020 (pandemic), NIPSCO has experienced
23 a year-over-year increase in the number of underground facility
24 locate requests. Based on that experience, the number of
25 underground facility locate requests forecasted for 2023 was higher
26 than 2022. As inflation has risen, underground facility locate
27 requests in 2023 have actually *decreased* by approximately 1% as

1 of July 31, 2023 are now forecasted to decrease by 3% by year
2 end. (*Emphasis* in original.)
3 (Petitioner's Exhibit No. 9, page 19, line 8 to page 20, line 1.)

4 However, as shown in discovery responses as noted above, NIPSCO's 2024
5 locate ticket volume represents a 25.5% increase over the actual 2023 amount of
6 locates. (2024 locate volume of 679,990 minus 2023 locate volume of 541,801
7 divided by 2023 locate volume of 541,801 equals 25.5%.) Increasing locate
8 volumes by 25.5% compared to a 5-year historical average of 4.81% is excessive.
9 The 25.5% is more than double the next highest increase of 12.49% from 2021 to
10 2022.

11 **Q: What is your proposed locate ticket volume for 2024?**

12 A: I applied the 4.81% 5-year average of ticket increases to the 2023 actual ticket
13 volume to arrive at a forecasted 2024 ticket volume of 567,848. (Attachment
14 LNV-1, page 3.)

C. Average Cost per Ticket

15 **Q: What total cost for line locate tickets did Petitioner forecast for 2024?**

16 A: Petitioner's workpaper OM2, Page [.4d] shows two separate costs for line locate
17 tickets for 2024. The first is an 811 ticket processing fee of \$0.95 per ticket. This
18 cost is standard and does not change. The workpaper lists the cost of 811 ticket
19 processing fees of \$524,889. The second is the actual line locate and unlocatable
20 costs. The workpaper includes actual line locate and unlocatable costs of
21 \$25,177,754, and an average rate of \$37.30.

1 **Q: Did NIPSCO provide an update to the cost of regular line locate tickets for**
2 **2024 to the OUCC?**

3 A: Yes. The OUCC participated in an informal meeting with NIPSCO to discuss line
4 locates on December 15, 2023. During that meeting, NIPSCO indicated the
5 overall cost of the line locates for 2024 on workpaper OM 2, Page [.4d] stayed the
6 same. But the number of tickets on the workpaper was incorrect, making the
7 average rate per line locate of \$37.30 incorrect. NIPSCO provided a revised
8 workpaper OM 2, Page [.4d] in response to OUCC discovery. (Attachment LNV-
9 1, pages 9-10; NIPSCO response to OUCC DR 15-002.) The revised workpaper
10 now shows an average rate of \$31.55 per locate for 2024. (*Id.*)

11 **Q: What average cost of regular line locates has NIPSCO had in the past?**

12 A: In response to OUCC discovery, NIPSCO provided the average cost per locate
13 ticket from January 1, 2014 to October 31, 2023. (Attachment LNV-1, pages 14-
14 15; NIPSCO response to OUCC DR 3-012.) The average cost per ticket ranged
15 from <Confidential \$ [REDACTED] Confidential> in 2014 to <Confidential \$ [REDACTED]
16 Confidential> in 2022. The OUCC also asked for the average cost of locates for
17 calendar year 2023. In response to discovery, NIPSCO indicated the average cost
18 of locates for 2023 was <Confidential \$ [REDACTED] Confidential>. (Attachment LNV-1,
19 pages 16-17; NIPSCO response to OUCC DR 15-004.)

20 **Q: Have you prepared an analysis of the percentage increase in the average line**
21 **locate cost from 2019 to NIPSCO's proposed 2024 average cost?**

22 A: Yes. Using the information provided by NIPSCO, I reviewed the increase in
23 average cost for line locates for each year from 2019 to NIPSCO's proposed 2024
24 volume. NIPSCO's 5-year average increase in average line locate cost is

1 <Confidential [REDACTED] % Confidential> from 2019 to 2023. (Attachment LNV-1, page
2 4.)

3 **Q: Is it reasonable for NIPSCO to have an estimated average ticket cost of**
4 **\$31.55 for 2024 if the historical average ticket costs have been less?**

5 A: No. NIPSCO's increase from actual 2023 to forecasted 2024 volumes is
6 <Confidential [REDACTED] % Confidential>. (Attachment LNV-1, page 4.) NIPSCO
7 witness Smith states:

8 NIPSCO has generally negotiated a 3-year locate contract with its
9 locate contractor(s), which provides NIPSCO an opportunity to
10 review contractor performance and make necessary changes.
11 NIPSCO's current contract with its locate contractor covers the 3-
12 year period 2022-2025. Rates associated with locate contracts have
13 historically increased with each new contract.
14 (Petitioner's Exhibit No. 9, page 14, lines 6-11.)

15 NIPSCO's current contract with its locater runs through 2025, which is outside
16 the future test year end date of December 31, 2024 in this rate case. Therefore,
17 NIPSCO should not see an increase in the locate contractor fees through the end
18 of the future test year in this case. Mr. Smith goes on to state:

19 Rates have typically increased due to inflation, locate equipment,
20 employee salaries, location of the locate request within NIPSCO's
21 territory, and quality control programs. Inflation affects contractor
22 expenses associated with locate flags, locate paint, fuel, vehicle,
23 quality assurance/quality control processes, and equipment costs
24 and thereby generally increases the rates NIPSCO pays to the
25 contractor.
26 (Petitioner's Exhibit No. 9, page 14, line 14 to page 15, line 1.)

27 However, as shown in the information provided in discovery as noted above,
28 NIPSCO's average locate ticket cost for 2020 to 2023 has remained constant, with
29 only a <Confidential \$ [REDACTED] Confidential> difference from 2019 to 2023. The 2024
30 proposed average ticket cost increases <Confidential [REDACTED] % Confidential> from

1 the 2023 average ticket cost. Comparing this increase to a 5-year historical
2 average of <Confidential [REDACTED] % Confidential> is excessive, and more than any
3 other year's actual increase dating back to 2015. (Attachment LNV-1, page 4.)

4 **Q: What is your proposed average locate ticket cost for 2024?**

5 A: Applying the 5-year average increase of <Confidential [REDACTED] % Confidential> to the
6 actual 2023 average locate ticket cost of <Confidential \$ [REDACTED] Confidential>
7 results in an average ticket price of \$23.91 for 2024. (Attachment LNV-1, page
8 4.)

D. Adjustment for Line Locates

9 **Q: What adjustment do you propose for the 811 ticket processing fee?**

10 A: I started with my forecasted 2024 tickets of 567,848 multiplied by the standard
11 811 processing fee of \$0.95 to arrive at a total cost of \$539,456. I then multiplied
12 this cost by 85% to remove the 15% of 811 processing fees that are typically
13 capitalized. This is the same methodology used by NIPSCO on workpaper OM 2,
14 Page [.4d]. I recommend an overall 811 ticket processing fee of \$458,537.
15 (Attachment LNV-1, page 5.)

16 **Q: What adjustment do you propose for the line locate and unlocatable costs?**

17 A: I started with my forecasted 2024 tickets of 567,848 multiplied by my forecasted
18 2024 average line locate cost of \$23.91 to arrive at a line locate cost of
19 \$13,576,064. I then added NIPSCO's proposed cost of unlocatables of \$3,765,436
20 from its Workpaper OM 2, Page [.4d] to arrive at a total line locate and
21 unlocatable cost of \$17,341,500. (Attachment LNV-1, page 5.)

1 **Q: What is your overall adjustment to line locates?**

2 A: Adding the 811 ticket processing fee of \$458,537 with the line locate and
3 unlocatable expense of \$17,341,500 results in a total line locate cost for 2024 of
4 \$17,800,037. (Attachment LNV-1, page 5.)

5 **Q: Is your proposed 2024 line locate cost less than the 2022 historical cost for**
6 **line locates?**

7 A: Yes. As shown on Attachment LNV-1, page 2, NIPSCO's 2022 actual line locate
8 expense was \$18,724,812. NIPSCO's forecasted unlocatable expense for 2024 is
9 \$3,765,436 as mentioned above. This amount is less than NIPSCO's 2022 actual
10 unlocatable expense. This reduction in the unlocatable cost from the 2022 actual
11 to the 2024 forecast explains why the OUCC's 2024 forecasted expense is less
12 than NIPSCO's 2022 actual expense.

13 **Q: What is your overall adjustment to gas operations expense?**

14 A: Adding my 2024 forecasted line locate expense of \$17,800,037 to the other
15 expenses included in the gas operations expense adjustment results in a total 2024
16 amount of \$37,950,736. (Attachment LNV-1, page 2.) Subtracting the 2022 actual
17 gas operations expense of \$43,884,251 from my forecasted 2024 gas operations
18 expense of \$37,950,736 results in a 2024 adjustment of (\$5,933,515).
19 (Attachment LNV-1, pages 1-2.)

III. AMORTIZATION EXPENSE

A. TDSIC Regulatory Asset Amortization

1 **Q: Please describe Petitioner's proposed amortization expense for the TDSIC**
2 **regulatory assets.**

3 A: The TDSIC regulatory assets being amortized represent the 20% deferral of
4 capital expenditures and costs from Petitioner's current TDSIC filing. Petitioner
5 recovers 80% of the capital expenditures and costs through the TDSIC, and the
6 remaining 20% is deferred and recovered as part of the next general rate case.
7 NIPSCO is seeking recovery of the regulatory asset accumulated in its TDSIC
8 filings in Cause No. 45330. Petitioner's witness Weatherford states: "Adjustment
9 AMTZ 3-24R is to increase Forward Test Year gas amortization expense in the
10 amount of \$4,257,163 to include the 20% deferred TDSIC Regulatory Asset
11 balance. NIPSCO is proposing to amortize this asset over a 4-year period."
12 (Petitioner's Exhibit No. 3, page 49, lines 10-13.)

13 **Q: Do you agree with Petitioner's proposed amortization period for the TDSIC**
14 **regulatory assets?**

15 A: No. Combining amortization periods for these and other expenses would sustain
16 administrative efficiency and reduce administrative costs borne by ratepayers.
17 Although NIPSCO has a 4.5-year average history of time between filing rate
18 cases, it is logical to amortize TDSIC regulatory assets over the life of the new
19 rates. (Attachment LNV-2, page 3.) NIPSCO customers should not bear the
20 burden of an expedited recovery of these costs when the rates will likely be in
21 effect for a much longer period. To reduce the burden on customers while

1 providing NIPSCO with complete recovery of its full investment, I recommend
2 the TDSIC regulatory assets be amortized over a 5-year period.

3 **Q: Please explain your adjustment to recover the TDSIC regulatory assets**
4 **through an amortized expense.**

5 A: My calculation yields an annual amortization expense of \$3,405,730 for TDSIC
6 regulatory assets. (Attachment LNV-3, page 2.) This results in a \$3,405,730
7 ratemaking adjustment. (Attachment LNV-3, page 1.)

8 If Petitioner files a general rate case before the 5-year amortization period
9 expires, any unamortized portion of regulatory assets can be rolled into its next
10 rate case. This ensures NIPSCO will collect the entire amount of regulatory
11 assets. If Petitioner does not file a rate case before the amortization period
12 expires, the Commission should order it to new tariffs removing the annual
13 amortization portion from base rates. These terms also apply to the amortizations
14 for NIPSCO's FMCA Regulatory Assets and Regulatory Assets from Cause Nos.
15 44988 and 45621.

B. FMCA Regulatory Asset Amortization

16 **Q: Please describe Petitioner's proposed amortization expense for FMCA**
17 **regulatory assets.**

18 A: The FMCA regulatory assets being amortized represent 20% deferral of costs
19 incurred in connection with its federally mandated Pipeline Safety Compliance
20 Plan. Petitioner recovers 80% of federally mandated expenditures and costs
21 through the FMCA, and the remaining 20% is deferred and recovered as part of
22 the next general rate case. NIPSCO is seeking recovery of the regulatory asset
23 accumulated in its FMCA filings under Cause No. 45703. Petitioner's witness

1 Weatherford states: "Adjustment AMTZ 4-24R is to increase Forward Test Year
2 gas amortization expense in the amount of \$2,177,476 to include the 20%
3 deferred FMCA Regulatory Asset balance. NIPSCO is proposing to amortize this
4 asset over a 4-year period." (Petitioner's Exhibit No. 3, page 50, lines 2-5.)

5 **Q: Do you agree with Petitioner's proposed amortization expense for the FMCA**
6 **regulatory assets?**

7 A: No. NIPSCO is proposing to amortize the assets over a 4-year period consistent
8 with the period of time over which these amounts are deferred. There is no rule
9 dictating that a regulatory asset must be amortized over the same period over
10 which it was accumulated. For administrative efficiency, I recommend amortizing
11 these regulatory assets over the same 5-year period as TDSIC regulatory asset.

12 **Q: Please explain your adjustment to recover the FMCA regulatory assets**
13 **through an amortized expense.**

14 A: My calculation yields an annual amortization expense of \$1,741,980 for FMCA
15 regulatory assets. (Attachment LNV-4, page 2.) This results in a \$1,741,980
16 ratemaking adjustment. (Attachment LNV-4, page 1.)

C. Cause Nos. 44988 and 45621 Amortizations

17 **Q: Over what period does Petitioner propose to amortize Cause Nos. 44988 and**
18 **45621 regulatory assets in this rate case?**

19 A: Petitioner's witness Weatherford states:

20 Adjustment AMTZ 5-22 is to increase Historic Base Period
21 amortization expense by \$4,321,930. This level of amortization
22 expense reflects the current amortization schedule. Cause No.
23 44988 Amortization was approved with a 7-year amortization
24 period, and NIPSCO is proposing to continue amortizing over the
25 remaining 9 months of that period as of December 31, 2024. Cause
26 No. 45621 Amortization was approved with a 4-Year amortization
27 period, and NIPSCO is proposing to continue amortizing over the

1 remaining 20 months of that period as of December 31, 2024...
2 Adjustment AMTZ 5-23 is to increase 2023 Forecast Period gas
3 amortization expense by \$5,761,081 to include the annual level of
4 Cause No. 44988 and 45621 amortization expense associated with
5 prior rate case expense, prior TDSIC and FMCA 20% regulatory
6 assets, and COVID costs.
7 (Petitioner's Exhibit No. 3, page 50, line 12 through, page 51, line 10.)

8 **Q: How does the OUC propose to modify NIPSCO's proposed amortization**
9 **expense?**

10 A: NIPSCO is proposing to amortize remaining regulatory assets from Cause No.
11 44988 over 9 months and Cause No. 45621 over 20 months. The amount from
12 Cause No. 44988 (\$2,834,485) is comprised of rate case expense of \$167,112 and
13 TDSIC regulatory assets in the amount of \$2,667,373. The amount from Cause
14 No. 45621 (\$7,248,527) is comprised of rate case expense of \$338,011, TDSIC
15 regulatory assets of \$2,125,133, FMCA regulatory assets of \$4,101,038, and
16 COVID regulatory assets of \$684,345.

17 For administrative efficiency and consistency, I recommend amortizing
18 Cause Nos. 44988 and 45621 regulatory assets totaling \$10,083,011 over the
19 same recommended 5-year period as the TDSIC and FMCA regulatory assets are
20 amortized in this Cause. This results in an annual amortization expense of
21 \$2,016,602. (Attachment LNV-5, page 2). This results in a (\$8,066,409)
22 ratemaking adjustment. (Attachment LNV-5, page 1.)

23 **Q: Please explain how your recommendation promotes administrative efficiency**
24 **and why administrative efficiency is important.**

25 A: My recommendation promotes administrative efficiency by minimizing the use of
26 resources for multiple filings with the Commission. Multiple amortization periods
27 result in multiple compliance filings, reducing administrative efficiency for the

1 utility, the Commission, and the OUCC. Making these filings consistent with each
2 other results in greater efficiencies for all parties and the Commission.

IV. RECOMMENDATIONS

3 **Q: Please summarize your recommendation for Gas Operations Expense in this**
4 **Cause.**

5 A: I recommend a 2024 adjustment of (\$5,933,515) to gas operations expense.

6 **Q: What are your recommendations relating to amortization expense?**

7 A: I recommend:

8 1. TDSIC regulatory assets of \$17,028,652 be amortized over a 5-year
9 amortization period for a ratemaking adjustment of \$3,405,730.

10 2. FMCA regulatory assets of \$8,709,902 be amortized over a 5-year
11 amortization period for a ratemaking adjustment of \$1,741,980.

12 3. An extended 5-year amortization period for regulatory assets of \$10,083,012
13 that remain after December 31, 2024 from Cause Nos. 44988 and 45621,
14 resulting in a (\$8,066,409) ratemaking adjustment for an annual expense of
15 \$2,016,602.

16 As stated above, if Petitioner files a general rate case before the expiration of the
17 5-year amortization period, any unamortized portion of the regulatory assets can
18 be rolled into Petitioner's next rate case. If NIPSCO does not file a rate case
19 before the amortization period expires, Petitioner should file new tariffs removing
20 the annual amortization portion from base rates.

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

22 A: Yes.

APPENDIX TO TESTIMONY OF
OUCW WITNESS LACRESHA N. VAULX

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

2 A: I graduated from Western Governors University in Salt Lake City, Utah with a
3 Bachelor of Accounting degree in June 2015, and a Master of Accountancy in
4 April 2018. From September 2014 through January 2022, I worked for Myers and
5 Stauffer, LC, a Certified Public Accounting and Consulting Firm in Indianapolis,
6 Indiana, as a Staff Accountant Analyst. I audited and conducted eligibility
7 reviews for states by identifying problematic areas with state Medicaid eligibility
8 systems. In January 2022, I began my employment with the OUCW as a Utility
9 Analyst II. My current responsibilities include reviewing and analyzing rate cases
10 filed by Indiana natural gas utilities with the Commission. I also review gas
11 utilities' Gas Cost Adjustment ("GCA") cases, Federally Mandated Cost
12 Adjustment ("FMCA") tracker cases, Transmission, Distribution, and Storage
13 System Improvement Charge ("TDSIC) Tracker cases, Certificate of Public
14 Convenience and Necessity cases, and special contract cases involving gas
15 utilities.

16 **Q: Have you previously testified before the Indiana Utility Regulatory**
17 **Commission?**

18 A: Yes. I have testified in GCA's, rate cases, TDSIC tracker cases, FMCA cases, and
19 special contract cases involving gas utilities.

20 **Q: Please describe the review and analysis you conducted in order to prepare**
21 **your testimony.**

22 A: I reviewed the petition, testimony, exhibits, and supporting documentation
23 submitted in this Cause. I attended meetings with NIPSCO representatives and

1 reviewed NIPSCO's responses to discovery from the OUCC and Intervenors.

NORTHERN INDIANA PUBLIC SERVICE COMPANY LLC
Cause No. 45967
Outside Services - Line Locates

**Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Operations and Maintenance (O&M) Expense
Twelve Months Ending December 31, 2024**

This pro forma adjusts the twelve months ended December 31, 2022, gas operations O&M expenses to reflect normalization adjustment(s), forecast changes for the twelve months ending December 31, 2023, and December 31, 2024, and ratemaking adjustment(s) for the twelve months ending December 31, 2024, as described below.

Line No.	Description	Adjustment	Amount	Page Reference
	A	B	C	D
1	Actual Expense - December 31, 2022		\$ 43,884,251	
2	Normalization Adjustment N/A		-	
3	Normalized expense for the twelve months ended December 31, 2022		\$ 43,884,251	
4	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2023		-	
5	Forecasted expense for the twelve months ending December 31, 2023		\$ 43,884,251	
6	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2024		(5,933,515)	Attachment LNV-1, page 2
7	Forecasted expense for the twelve months ending December 31, 2024		\$ 37,950,736	
8	Pro Forma Adjustment N/A		-	
9	Ratemaking expense for the twelve months ending December 31, 2024		\$ 37,950,736	

Northern Indiana Public Service Company
OM2 -Gas Ops Expense
Forecasted 2024 Gas Operations Expense (Net of Labor)

Line No.	Description	2022 Actuals	2024 Amount	Adjustment
1	Employee Expenses	\$ 1,176,227	\$ 1,176,227	\$ -
2	Materials & Supplies	\$ 6,122,296	\$ 5,029,712	\$(1,092,584)
3	Miscellaneous Direct	\$ 451,529	\$ 148,000	\$ (303,529)
4	Outside Services - Leak Survey, Repair, Integrity Management, and Emergent Repairs	\$ 9,458,864	\$ 6,820,391	\$(2,638,472)
5	Outside Services - Line Locates	\$ 18,724,812	\$ 17,800,037	\$ (924,775)
6	Outside Services - Other	\$ 6,345,945	\$ 2,985,308	\$(3,360,637)
7	LNG	<u>\$ 1,604,578</u>	<u>\$ 3,991,060</u>	<u>\$ 2,386,482</u>
8	Total	<u>\$43,884,251</u>	<u>\$37,950,736</u>	<u>\$(5,933,515)</u> To Attachment LNV-1, page 1

Northern Indiana Public Service Company LLC
Cause No. 45967

Line Locate Volumes

	Volume	% Increase
Actual 2013	281,963	
Actual 2014	309,856	9.89%
Actual 2015	335,499	8.28%
Actual 2016	384,161	14.50%
Actual 2017	411,366	7.08%
Actual 2018	431,066	4.79%
Actual 2019	449,686	4.32%
Actual 2020	442,500	-1.60%
Actual 2021	480,534	8.60%
Actual 2022	540,547	12.49%
Actual 2023	541,801	0.23%
Forecasted 2024	679,990	25.51%
Average Increase for 2019-2023	<u>4.81%</u>	
OUCG Proposed 2024 Volumes	<u><u>567,848</u></u>	

Note: Attachment LNV-1, Page 4 is Confidential.

Northern Indiana Public Service Company LLC
Cause No. 45967
Overall OUCC Adjustment for Line Locates

811 Processing Fee

Forecasted 2024 Number of Gas Tickets	567,848	Attachment LNV-1, page 3
811 Processing Fee	<u>0.95</u>	
Total Cost	\$ 539,456	
Less Capitalized Portion	<u>15%</u>	
Total 811 Processing Fee Cost	\$ 458,537	

Line Locate and Unlocatable Costs

Forecasted 2024 Number of Gas Tickets	567,848	Attachment LNV-1, page 3
Average Rate	<u>23.91</u>	Attachment LNV-1, page 4
Subtotal	\$ 13,576,064	
Unlocatables	<u>3,765,436</u>	Attachment LNV-1 page 10
Total Line Locate and Unlocatable Costs	\$ 17,341,500	

811 Processing Fee	\$ 458,537	
Line Locate and Unlocatable Costs	<u>17,341,500</u>	
	\$ 17,800,037	To Attachment LNV-1, page 2

Cause No. 45967

Northern Indiana Public Service Company LLC's

Objections and Responses to

Indiana Office of Utility Consumer Counselor's Third Set of Data Requests

OUCR Request 3-015:

Please provide the damage rate per thousand tickets each year from calendar year 2013 to November 1, 2023.

Objections:

NIPSCO objects to this Request on the grounds and to the extent that this Request seeks documents or information that are beyond the scope of this proceeding and are not relevant to the subject matter of this proceeding and are therefore not reasonably calculated to lead to the discovery of admissible evidence.

Response:

Subject to and without waiver of the foregoing general and specific objections, NIPSCO is providing the following response:

Year	DP1K
2013	3.73
2014	3.02
2015	3.00
2016	2.56
2017	2.48
2018	2.05
2019	1.97
2020	2.19
2021	2.14
2022	2.07
2023	
*As of 11/1/2023	1.74

Cause No. 45967

Northern Indiana Public Service Company LLC's

Objections and Responses to

Indiana Office of Utility Consumer Counselor's Third Set of Data Requests

OUCR Request 3-013:

Referring to Petitioner's Exhibit No. 9, page 7, lines 14-16, please provide a detailed explanation of the improvements seen because of the change from two (2) locate contractors to one (1) locate contractor.

Objections:**Response:**

The decision to move to one sole provider in locate services was primarily based upon the fact that UtiliQuest had a locator error rate twice that of GridHawk. After working with UtiliQuest to improve its quality performance, the decision was made to move away from UtiliQuest. The decision was not based upon the logistics of having two locate contractors working for NIPSCO at one time. Value to our customers from a financial and quality perspective is an important consideration when evaluating NIPSCO's options. As a result of this decision and other NIPSCO efforts in this area, NIPSCO has realized a reduction of 57 locator error damages in 2023. In the past seven years, NIPSCO has tried three other locate providers. Ultimately, the other three locate providers did not meet the minimum quality standards that NIPSCO requires.

Cause No. 45967

Northern Indiana Public Service Company LLC's

Objections and Responses to

Indiana Office of Utility Consumer Counselor's Fifteenth Set of Data Requests

OUCR Request 15-003:

Referring to Workpaper OM 2, Page [.4d], the projected 2024 total 811 locate tickets in lines 1-12 are 932,067. The projected 2024 total line locate tickets in lines 13-24 are 578,050. Please provide an explanation as to why the two amounts differ. If applicable, please provide a reconciliation between the two amounts.

Objections:**Response:**

Referring to Petitioner's Confidential Exhibit 19-S2, specifically workpaper OM 2, page [.4d], the ticket amounts illustrated on lines 1-12 represent total NIPSCO 811 tickets. The 811 costs are priced out across columns c through e and then ultimately allocated to gas in column g to arrive at the NIPSCO Gas portion of 811 ticket expenses. The ticket amounts illustrated in lines 13-24 are the NIPSCO Gas only Line Locate tickets.

Cause No. 45967

Northern Indiana Public Service Company LLC's

Objections and Responses to

Indiana Office of Utility Consumer Counselor's Fifteenth Set of Data Requests

OUCS Request 15-002:

Please provide the updated Workpaper OM 2, Page [.4d] provided informally to the OUCS on December 18, 2023, after the informal tech-to-tech Line Locate meeting that occurred on December 15, 2023.

Objections:**Response:**

Please see OUCS Request 15-002 Attachment A for the updated OM 2, page [.4d], Workpaper.

Northern Indiana Public Service Company
OM2 -Gas Ops Expense
Forecasted 2024 Other Line Locates Outside Services Expense

811										With 70% Gas Allocation in January		
Line No.	Month	Tickets	Rate	Total Cost	Less: Capitalized Portion (15%)	Total Expense	Gas Allocation	Gas Expense				
		a	b	c = a * b	d = c * 15%	e = c - d	f	g = e * f				
1	Jan	48,585	\$ 0.95	\$ 46,156	\$ 6,923	\$ 39,232	65.00%	\$ 25,501	70.00%	\$ 27,463	\$ 1,962	
2	Feb	49,800	\$ 0.95	\$ 47,310	\$ 7,097	\$ 40,214	70.00%	\$ 28,150	70.00%	\$ 28,150		
3	Mar	75,829	\$ 0.95	\$ 72,037	\$ 10,806	\$ 61,232	70.00%	\$ 42,862	70.00%	\$ 42,862		
4	Apr	81,379	\$ 0.95	\$ 77,310	\$ 11,597	\$ 65,714	70.00%	\$ 46,000	70.00%	\$ 46,000		
5	May	94,368	\$ 0.95	\$ 89,650	\$ 13,447	\$ 76,202	70.00%	\$ 53,341	70.00%	\$ 53,341		
6	Jun	102,875	\$ 0.95	\$ 97,732	\$ 14,660	\$ 83,072	70.00%	\$ 58,150	70.00%	\$ 58,150		
7	Jul	88,309	\$ 0.95	\$ 83,894	\$ 12,584	\$ 71,310	70.00%	\$ 49,917	70.00%	\$ 49,917		
8	Aug	99,223	\$ 0.95	\$ 94,262	\$ 14,139	\$ 80,123	70.00%	\$ 56,086	70.00%	\$ 56,086		
9	Sep	84,469	\$ 0.95	\$ 80,246	\$ 12,037	\$ 68,209	70.00%	\$ 47,746	70.00%	\$ 47,746		
10	Oct	74,674	\$ 0.95	\$ 70,940	\$ 10,641	\$ 60,299	70.00%	\$ 42,209	70.00%	\$ 42,209		
11	Nov	66,278	\$ 0.95	\$ 62,964	\$ 9,445	\$ 53,520	70.00%	\$ 37,464	70.00%	\$ 37,464		
12	Dec	66,278	\$ 0.95	\$ 62,964	\$ 9,445	\$ 53,520	70.00%	\$ 37,464	70.00%	\$ 37,464		
Total 811										\$ 524,889	\$ 526,851	\$ 1,962

Line Locates & Unlocatables						Line Locates & Unlocatables - Updated Tickets							
Line No.	Month	Tickets	Average Rate	Subtotal	Plus: Unlocatables	Total Gas Costs	Change in Tickets	Tickets	Average Rate	Subtotal	Plus: Unlocatables	Total Gas Costs	
		a	b	c = a * b	d	e = c + d							
13	Jan	26,816	\$ 40.17	\$ 1,077,301	\$ 283,073	\$ 1,360,374	6,446	33,262	\$ 32.39	\$ 1,077,301	\$ 283,073	\$ 1,360,374	
14	Feb	28,265	\$ 39.73	\$ 1,122,928	\$ 290,779	\$ 1,413,708	6,542	34,807	\$ 32.26	\$ 1,122,928	\$ 290,779	\$ 1,413,708	
15	Mar	43,542	\$ 38.98	\$ 1,697,429	\$ 303,899	\$ 2,001,328	9,409	52,951	\$ 32.06	\$ 1,697,429	\$ 303,899	\$ 2,001,328	
16	Apr	49,339	\$ 38.00	\$ 1,875,065	\$ 286,279	\$ 2,161,345	9,594	58,934	\$ 31.82	\$ 1,875,065	\$ 286,279	\$ 2,161,345	
17	May	57,010	\$ 36.97	\$ 2,107,478	\$ 314,829	\$ 2,422,307	9,901	66,911	\$ 31.50	\$ 2,107,478	\$ 314,829	\$ 2,422,307	
18	Jun	61,973	\$ 36.65	\$ 2,271,185	\$ 329,599	\$ 2,600,784	10,350	72,323	\$ 31.40	\$ 2,271,185	\$ 329,599	\$ 2,600,784	
19	Jul	54,956	\$ 37.63	\$ 2,067,843	\$ 333,304	\$ 2,401,147	10,400	65,356	\$ 31.64	\$ 2,067,843	\$ 333,304	\$ 2,401,147	
20	Aug	60,553	\$ 35.59	\$ 2,154,870	\$ 365,463	\$ 2,520,333	8,950	69,503	\$ 31.00	\$ 2,154,870	\$ 365,463	\$ 2,520,333	
21	Sep	52,769	\$ 36.47	\$ 1,924,339	\$ 340,490	\$ 2,264,829	8,650	61,419	\$ 31.33	\$ 1,924,339	\$ 340,490	\$ 2,264,829	
22	Oct	47,798	\$ 36.73	\$ 1,755,869	\$ 328,102	\$ 2,083,971	8,100	55,898	\$ 31.41	\$ 1,755,869	\$ 328,102	\$ 2,083,971	
23	Nov	47,680	\$ 35.84	\$ 1,708,992	\$ 310,506	\$ 2,019,498	7,300	54,980	\$ 31.08	\$ 1,708,992	\$ 310,506	\$ 2,019,498	
24	Dec	47,350	\$ 34.83	\$ 1,649,017	\$ 279,113	\$ 1,928,130	6,298	53,647	\$ 30.74	\$ 1,649,017	\$ 279,113	\$ 1,928,130	
Total Line Locates and Unlocatables						\$ 25,177,754	\$ 25,177,754						
Sum of A						\$ 25,702,643	[.4]					\$ 13,595,987.02	\$ 11,581,766.72

Cause No. 45967

Northern Indiana Public Service Company LLC's

Objections and Responses to

Indiana Office of Utility Consumer Counselor's Third Set of Data Requests

OUCR Request 3-016:

Please provide the number of locate tickets received each year from calendar year 2013 to November 1, 2023.

Objections:

NIPSCO objects to this Request on the grounds and to the extent that this Request seeks documents or information that are beyond the scope of this proceeding and are not relevant to the subject matter of this proceeding and are therefore not reasonably calculated to lead to the discovery of admissible evidence.

Response:

Subject to and without waiver of the foregoing general and specific objections, NIPSCO is providing the following response:

Year	Locate Volume
2013	281,963
2014	309,856
2015	335,499
2016	384,161
2017	411,366
2018	431,066
2019	449,686
2020	442,500
2021	480,534
2022	540,547
2023 *As of 11/1/2023	470,076

Cause No. 45967

**Northern Indiana Public Service Company LLC's
Objections and Responses to
Indiana Office of Utility Consumer Counselor's Fifteenth Set of Data Requests**

OUCC Request 15-005:

In response to OUCC DR 3-021, NIPSCO provided Confidential Attachment A.

- a. Please explain if the locate volume in column (B) refers specifically to 811 locate tickets, or any and all line locate tickets, not limited to 811 locate tickets.
- b. If the locate volume in column (B) refers specifically to 811 locate tickets, please provide the total amount of 811 locate tickets for the full calendar year 2023. (Confidential Attachment A shows locate volume through November 1, 2023.)
- c. If the locate volume in column (B) refers to any and all line locate tickets, please provide the total amount of line locate tickets for each calendar year 2013 through 2023.
- d. Please provide the total cost of resolving unlocatables in column (F) for the full calendar year 2023.
- e. Please provide the total cost of resolving soft surface unlocatables in column (H) for the full calendar year 2023.

Objections:

NIPSCO objects to this Request on the grounds and to the extent that this Request seeks information that is confidential, proprietary and/or trade secret.

Response:

Subject to and without waiver of the foregoing general and specific objections, NIPSCO is providing the following response:

- a. This is the total locate volume from Indiana 811 for NIPSCO's gas facilities.
- b. Please see OUCC Request 15-005 Confidential Attachment A.
- c. N/A, column (B) refers specifically to 811 locate tickets.
- d. Please see OUCC Request 15-005 Confidential Attachment A.
- e. Please see OUCC Request 15-005 Confidential Attachment A.

b. 541,801

d. [REDACTED]

e. [REDACTED]

Cause No. 45967

Northern Indiana Public Service Company LLC's

Objections and Responses to

Indiana Office of Utility Consumer Counselor's Third Set of Data Requests

OUCC Request 3-012:

Please provide the following information for each locate contractor used between calendar year 2013 to November 1, 2023:

- a. The average cost per locate ticket.
- b. The number of locate tickets which resulted in mislocated facilities.
- c. The average damage penalty per locate ticket as averaged over the number of locate tickets as provided in Part b above.
- d. The average damage penalty per locate ticket as averaged over the total annual number of locate tickets.
- e. The average cost of watch and protect activities as averaged over the number of locate tickets as provided in Part b above.
- f. The average cost of watch and protect activities as averaged over the total annual number of locate tickets.

Objections:

NIPSCO objects to this Request on the grounds and to the extent that this Request seeks information that is confidential, proprietary and/or trade secret.

NIPSCO further objects to this Request on the separate and independent grounds and to the extent that this Request solicits an analysis, calculation or compilation which has not already been performed and which NIPSCO objects to performing.

Response:

Subject to and without waiver of the foregoing general and specific objections, NIPSCO is providing the following response:

Please see OUCC Request 3-012 Confidential Attachment A.

Note: Attachment LNV-1, Page 15 is Confidential.

Cause No. 45967

Northern Indiana Public Service Company LLC's

Objections and Responses to

Indiana Office of Utility Consumer Counselor's Fifteenth Set of Data Requests

OUCR Request 15-004:

In response to OUCR DR 3-012, NIPSCO provided Confidential Attachment A showing the average cost per ticket for calendar years 2014 through 2022. NIPSCO also provided the average cost per ticket for 2023 as of November 1, 2023. Please provide the average cost per ticket for all of calendar year 2023 as of December 31, 2023.

Objections:

NIPSCO objects to this Request on the grounds and to the extent that this Request seeks information that is confidential, proprietary and/or trade secret.

Response:

Subject to and without waiver of the foregoing general and specific objections, NIPSCO is providing the following response:

Please see OUCR Request 15-004 Confidential Attachment A.

Note: Attachment LNV-1, Page 17 is Confidential.

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Depreciation and Amortization Expense
Twelve Months Ending December 31, 2024

This pro forma adjusts the twelve months ended December 31, 2022, gas amortization expenses for the TDSIC Regulatory Asset to reflect normalization adjustment(s), forecasted changes for the twelve months ending December 31, 2023, and December 31, 2024, and ratemaking adjustment(s) for the

Line No.	Description	Adjustment	Amount	Page Reference
	A	B	C	D
1	Actual Expense - December 31, 2022		\$ -	
2	Normalization adjustment N/A		-	
3	Normalized expense for the twelve months ended December 31, 2022		<u>\$ -</u>	
4	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2023		-	
5	Forecasted expense for the twelve months ending December 31, 2023		<u>\$ -</u>	
6	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2024		-	
7	Forecasted expense for the twelve months ending December 31, 2024		<u>\$ -</u>	
8	Pro Forma adjustment to Increase/(Decrease) amortization expense for Ratemaking to recover the 20 percent deferred TDSIC Regulatory Asset balance		<u>3,405,730</u>	
9	Ratemaking expense for the twelve months ending December 31, 2024		<u><u>\$3,405,730</u></u>	Attachment LNV-2, page 2

NORTHERN INDIANA PUBLIC SERVICE COMPANY LLC

Cause No. 45967

TDSIC Regulatory Asset Amortization

1	Gas TDSIC Plan Regulatory Asset Balance as of the Twelve Months Ended December 31, 2022	\$	-
2	2023 Gas TDSIC Plan Deferrals		3,537,339
3	2024 Gas TDSIC Plan Deferrals		11,337,453
4	2024 Equity Tax Gross-up		<u>2,153,860</u>
5	Increase (Decrease) in Gas TDSIC Plan Regulatory Asset	\$	<u>17,028,652</u>
6	Gas TDSIC Plan Regulatory Asset amortization period (in years)		<u>5</u>
7	Pro forma Increase for Gas TDSIC Plan Amortization Expense for the Twelve Months Ending December 31, 2024	\$	<u>3,405,730</u> To Attachment LNV-2, page 1

NORTHERN INDIANA PUBLIC SERVICE COMPANY LLC

Cause No. 45967

Time Between NIPSCO Rate Cases

Order Number	Date Filed	Years Since Last Rate Case
43894	5/3/2010	
44988	9/27/2017	7.41
45621	9/29/2021	4.01
45967	10/25/2023	<u>2.07</u>
Average Years Between Rate Cases		<u><u>4.50</u></u>

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Depreciation and Amortization Expense
Twelve Months Ending December 31, 2024

This pro forma adjusts the twelve months ended December 31, 2022, gas amortization expenses for the FMCA Regulatory Asset to reflect normalization adjustment(s), forecasted changes for the twelve months ending December 31, 2023, and December 31, 2024, and ratemaking adjustment(s) for the twelve months ending December 31, 2024, as described below.

Line No.	Description A	Adjustment B	Amount C	Page Reference D
1	Actual Expense - December 31, 2022		\$ -	
2	Normalization adjustment N/A		-	
3	Normalized expense for the twelve months ended December 31, 2022		<u>\$ -</u>	
4	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2023		-	
5	Forecasted expense for the twelve months ending December 31, 2023		<u>\$ -</u>	
6	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2024		-	
7	Forecasted expense for the twelve months ending December 31, 2024		<u>\$ -</u>	
8	Pro Forma adjustment to Increase/(Decrease) amortization expense for Ratemaking to recover the 20 percent deferred FMCA Regulatory Asset balance		<u>1,741,980</u>	
9	Ratemaking expense for the twelve months ending December 31, 2024		<u>\$ 1,741,980</u>	Attachment LNV-3, page 2

NORTHERN INDIANA PUBLIC SERVICE COMPANY LLC
Cause No. 45967
FMCA Regulatory Asset Amortization

1	Gas FMCA Regulatory Asset Balance as of the Twelve Months Ended December 31, 2022	\$ -
2	2023 FMCA Deferrals	3,627,286
3	2024 FMCA Deferrals	4,876,491
4	2024 Equity Tax Gross-up	<u>206,125</u>
5	Increase (Decrease) in FMCA Regulatory Asset	<u>\$ 8,709,902</u>
6	Gas FMCA Regulatory Asset as of the Twelve Months Ending December 31, 2024	\$ 8,709,902
7	FMCA Regulatory Asset amortization period (in years)	<u>5</u>
8	Pro forma Increase for Gas FMCA Amortization Expense for the Twelve Months Ending December 31, 2024	<u>\$ 1,741,980</u>

[To Attachment LNV-3, page 1](#)

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Depreciation and Amortization Expense
Twelve Months Ending December 31, 2024

This pro forma adjusts the twelve months ended December 31, 2022, gas amortization expenses for the Cause No. 44988

Line No.	Description A	Adjustment B	Amount C	Page Reference D
1	Actual Expense - December 31, 2022		-	
2	Normalization adjustment to Increase/(Decrease) expense to reclassify the Cause No. 44988 amortization expense		4,321,930	
3	Normalized expense for the twelve months ended December 31, 2022		\$ 4,321,930	
4	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2023		5,761,081	
5	Forecasted expense for the twelve months ending December 31, 2023		\$ 10,083,011	
6	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2024		-	
7	Forecasted expense for the twelve months ending December 31, 2024		\$ -	
8	Rate-making Adjustment		(8,066,409)	
9	Rate-making expense for the twelve months ending December 31, 2024		\$ 2,016,602	Attachment LNV-4, page 2

NORTHERN INDIANA PUBLIC SERVICE COMPANY LLC

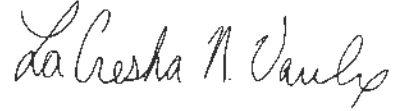
Cause No. 45967

Cause No. 44988 and 45621 Amortizations

<u>Line No.</u>	<u>Description</u>	<u>2024R</u>	
1	Rate Case Expense - Cause No. 44988	\$ 167,112	
2	TDSIC 20% Reg Asset - Cause No. 44988	2,667,373	
3	Rate Case Expense - Cause No. 45621	338,011	
4	TDSIC 20% Reg Asset - Cause No. 45621	2,125,133	
5	FMCA 20% Reg Asset - Cause No. 45621	4,101,038	
6	COVID Reg Asset - Cause No. 45621	684,345	
7	Total Amortization Expense	<u>\$10,083,012</u>	Per NIPSCO
8	Amortization period	<u>5</u>	Per OUCC
9	Annual Amortization - Increase/(Decrease)	<u>\$ 2,016,602</u>	To Attachment LNV-4, page 1

AFFIRMATION

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



LaCresha N. Vaulx
Utility Analyst II
Indiana Office of
Utility Consumer Counselor
Cause No. 45967
Northern Indiana Public Service Co.

01/31/2024
Date

CERTIFICATE OF SERVICE

This is to certify that a copy of the foregoing has been served upon the following counsel of record in the captioned proceeding by electronic service on January 31, 2024.

Nicholas K. Kile
Hillary J. Close
Lauren M. Box
Lauren Aguilar

Barnes & Thornburg LLP
Kile Email: nicholas.kile@btlaw.com
Close Email: hillary.close@btlaw.com
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Phillip Casey
Calfee, Halter & Griswold LLP
Phillip Casey email: pcasey@calfee.com

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