VERIFIED DIRECT TESTIMONY OF STEVEN W. SYLVESTER

INTRODUCTION

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

A1. My name is Steven W. Sylvester. My business address is 801 E. 86th Avenue, Merrillville, Indiana 46410. I am currently the Vice President and General Manager of Northern Indiana Public Service Company LLC ("NIPSCO").

Q2. Please briefly describe your educational background and relevant training.

A2. Prior to joining NIPSCO in January of 2019 as Vice President and General Manager, I served as Vice President of Safety for NiSource Inc. and in that role was responsible for coordination of safety and safety education across the NiSource footprint. My tenure in that position was interrupted in September of 2018 when I was asked to coordinate local operations in Lawrence, Massachusetts in response to the events of September 13, 2018. In that role, I had overall responsibility for all the relight resources for the restoration efforts as well as a team of about 60 doing boiler, hot water and forced air heating unit replacement work. Prior to 2018, I served as Vice

President and General Manager Field Operations for Columbia Gas of Ohio where I was responsible for all field operations activities and for the safe, reliable and efficient operation and maintenance of distribution pipelines and other facilities providing natural gas service to approximately 1.5 million residential, commercial, and industrial customers. In 2013, I accepted the position of Vice President of Distribution Operations for the NiSource Gas Distribution companies where I was responsible for leading the central dispatching business application and support, planning and business improvement functions supporting natural gas utilities in Ohio, Kentucky, Pennsylvania, Maryland, Virginia and Massachusetts. Prior to that, I was Vice President and General Manager of Field Operations for Columbia Gas of Ohio and Columbia Gas of Kentucky. I have worked for the NiSource and Columbia family of companies in a range of operations and leadership roles since 1986.

Q3. What are your responsibilities as Vice President and General Manager?

A3. As Vice President and General Manager, I am responsible for the day-to-day operation of NIPSCO's physical gas transmission, distribution, and storage systems including operations, maintenance and damage prevention. In that capacity, I manage a workforce of nearly 600 employees providing safe and reliable delivery of natural gas service to approximately 835,000 industrial, commercial and residential customers. This includes NIPSCO's gas construction segment with a labor force of 125 that is responsible for distribution line extensions, main replacements and relocations, along with a variety of betterment projects.

Q4. Have you previously testified before this or any other regulatory commission?

A4. Yes. I previously filed testimony before the Indiana Utility Regulatory Commission ("Commission") in NIPSCO's Gas Federally Mandated Cost Adjustment ("FMCA") tracker filings in Cause No. 45007-FMCA-X (beginning in FMCA-2). I also filed testimony before the Commission in Cause No. 44970-S1 supporting NIPSCO's request for approval of civil penalties for 2017 in accordance with the Settlement Agreement approved by the Commission in Cause No. 44970.

Q5. What is the purpose of your direct testimony in this proceeding?

A5. The purpose of my testimony is to (1) provide an overview of NIPSCO's gas system, (2) describe NIPSCO's operations and maintenance ("O&M"), Storage, and Damage Prevention Teams in the Gas Operations

Organization, (3) provide an overview of the federal pipeline safety regulation, (4) explain NIPSCO Transmission Integrity Management Program, (5) explain NIPSCO's Distribution Integrity Management Program, (6) explain the Underground Storage Rule, and (7) provide an overview of eight of the federally mandated projects included in the Pipeline Safety II Compliance Plan (the "Compliance Plan") that will be executed under my direction and supervision, including a discussion of the estimated costs, any alternatives that demonstrate the project is reasonable and necessary, any extension of the useful life an existing facility, and how the project allows for compliance with provisions of the U.S. Department of Transportation, Pipeline and Hazardous Materials Safety Administration ("PHMSA") Rules.

Q6. Are you sponsoring any attachments to your direct testimony?

A6. Yes. Together with NIPSCO Witness Craycraft, I am sponsoring a portion of NIPSCO's proposed Pipeline Safety II Compliance Plan, which is attached to NIPSCO's Verified Petition filed in this Cause as Attachment A. I also sponsor Attachment 3-A, which is a map of NIPSCO's gas service territory showing each of NIPSCO's thirteen (13) Local Operating Areas and the corresponding area of responsibility.

NIPSCO'S GAS SYSTEM

Q7. Please provide an overview of NIPSCO's gas system.

A7. NIPSCO owns and operates a natural gas local distribution company ("LDC") that provides gas service to approximately 830,000 gas customers in 32 counties in the northern tier of Indiana. NIPSCO has provided gas service for more than 100 years. The NIPSCO system is made up of more than 600 miles of transmission pipe, more than 17,500 miles of distribution lines, and on-system storage comprised of the Royal Center Underground Storage facility (Trenton and Mt. Simon formations) and a liquefied natural gas facility located in LaPorte, Indiana. NIPSCO's service territory is diverse and incorporates large urban areas in Lake, St. Joseph and Allen Counties along with primarily rural areas in much of its service territory. NIPSCO is currently interconnected with six (6) interstate pipelines.

NIPSCO GAS STORAGE

Q8. Please provide an overview of NIPSCO's gas storage organization.

A8. NIPSCO manages two (2) underground gas storage formations located within Cass, Pulaski, and Fulton Counties - the Royal Center Underground Storage facility located near Royal Center, Indiana (the "Trenton formation"), and the Grass Creek facility in Grass Creek, Indiana (the "Mt.

Simon formation"). The Trenton formation provides 4 billion cubic feet of gas system storage capacity. The Mt. Simon formation is able to provide 2 billion cubic feet of storage gas, but has been in inactive status for many years. The NIPSCO underground storage organization consists of 16 employees responsible for the operation and maintenance of the Trenton formation to ensure its availability and performance as required to support NIPSCO's gas system.

NIPSCO DAMAGE PREVENTION

Q9. Please provide an overview of NIPSCO's damage prevention organization.

A9. NIPSCO's damage prevention organization is responsible for helping to manage and mitigate the risk of damage through a variety of activities including underground facility locating, excavator engagement and outreach and damage investigation. Third party damages to NIPSCO facilities has been identified as a high risk to public safety, and NIPSCO works cooperatively with the Commission's Pipeline Safety Division to improve public awareness of underground facilities and mitigate facility damage risk through education and continuous improvement of Company practices. Increasingly, the damage prevention function also entails the capture and evaluation of data related to excavation activities and damage events. NIPSCO has a dedicated staff of 19 employees charged with working with NIPSCO's locate contractors and with the excavator community to reduce the risk of damage to NIPSCO's underground gas facilities. NIPSCO's damage prevention organization also audits the locate contractors to detect any locator training deficiencies by performing field audits of random locates. Members of this organization also work with NIPSCO's communications group to help with public awareness efforts. The damage prevention organization holds meetings with employees and excavators to raise awareness of damage prevention and promote public safety. They gather, organize and retain data to look for trends that could help improve the program. This staff is supported by NiSource resources that assist in coordinating damage prevention activities across the NiSource footprint. NIPSCO's emphasis on damage prevention is part of its DIMP plan as discussed below.

FEDERAL PIPELINE SAFETY REGULATION OVERVIEW

Q10. Please provide an overview of the federal pipeline safety regulatory scheme.

A10. In 1970, minimum pipeline safety standards were published in the Code of

Federal Regulations – Title 49 Part 192 (the "Code"). These rules, as amended, define the minimum standards for the safe construction, operation and maintenance of natural gas systems. The Code is prescriptive about many actions that operators must take, how frequently they must conduct those actions, and the types of documentation and retention of documents related to those activities. As in many jurisdictions, Indiana specifically requires gas utilities to follow these requirements which are subject to audit and enforcement by the Commission's Pipeline Safety Division. *See generally* Ind. Code ch. 8-1-22.5. Included in the Code are detailed sections describing the requirements for numerous activities including, but not limited to the, design, construction, corrosion control, pressure testing, pressure rating, integrity management, and operations and maintenance of gas facilities.

The Code is unique among federal regulatory schemes in at least two respects. First, PHMSA routinely incorporates provisions of technical engineering, compliance, and project management protocols developed by third parties into its provisions. Second, rules proposed for adoption are subject to the usual notice and comment provisions, but proposed rules are also subject to additional review by the Department of Transportation

("DOT") Administrator as well as the Office of Management and Budget ("OMB"). This prolongs the time necessary for the adoption of final rules and provides additional layers of review.

Q11. How has the Code evolved?

A11. The Code has been amended a number of times since its inception in August of 1971 to create or to modify mandatory programs or rules that address various aspects of pipeline and public safety. The mandated programs include (1) Damage Prevention Program (49 CFR § 192.614), (2) Operator Qualification Program (49 CFR Part 192, Subpart N), (3) Public Awareness Program (49 CFR § 192.616), (4) Emergency Management Plan (49 CFR § 192.615), (5) Control Room Management Program (49 CFR § 192.631), (6) Gas Transmission Pipeline Integrity Management (49 CFR Part 192, Subpart O) with another set of revisions to this section expected to be out as a final rule in 2018, (7) Gas Distribution Pipeline Integrity Management (49 CFR Part 192, Subpart P); and (8) Underground Natural Gas Storage Facilities Integrity Management Program (49 CFR Part 192.12(d)).

In 2002, PHMSA enacted 49 CFR Part 192, Subpart O that mandates the creation of a Transmission Integrity Management Program (TIMP) plan covering the higher pressure transmission pipeline and corresponding systems. Beginning in 2011, 49 CFR Part 192, Subpart P mandated the creation of a Distribution Integrity Management Program ("DIMP") plan covering the lower pressure distribution system. These programs provide a mandated regulatory structure for the assessment of system risks and progressive implementation of solutions and continuous improvements based upon the severity of those risks over time.

Unlike the other prescriptive provisions of the Code, both the TIMP and DIMP plans are focused on continuous improvement through an ongoing cycle of assessment and remediation whereby risks to transmission and distribution assets must be identified, ranked, and based on risk ranking, be remediated over time (e.g., by program, the more severe risks are addressed first, the lower level risks later after the more severe risks have been addressed). As a result, the TIMP and DIMP plans do not require performance of specific activities but rather mandate that regulated companies diligently undertake a proactive process that identifies, ranks, and then implements measures to remediate the risks identified, based on their relative risk ranking.

<u>TRANSMISSION INTEGRITY MANAGEMENT PROGRAM</u>

Q12. Please explain the federal TIMP regulations.

A12. In 2002, the American Society of Mechanical Engineers ("ASME") published a standard to ensure the integrity of pipelines. PHMSA's Office of Pipeline Safety ("OPS") subsequently adopted regulations that incorporated the results of the ASME B31.8S standard. These standards define a formal gas pipeline integrity program in accordance with the Pipeline Safety Improvement Act of 2002 enacted on December 17, 2002. *See* 49 CFR Part 192, Subpart O, Amdt 192-95.

The intent of the TIMP regulations is to identify potential threats to the transmission system, assess the severity of those threats with a risk analysis process, rank the risks identified, complete an assessment method interrogating the threat and remediate or monitor the risks as appropriate. Operators address potential threats by either repairing defects, replacing pipeline sections, or implementing preventive and mitigating measures to preemptively identify changes in threats. The TIMP regulations also specify how pipeline operators must identify, prioritize, assess, evaluate, repair, and validate, through comprehensive analyses, the integrity of gas transmission pipelines that, in the event of a leak or failure, could affect certain populated and occupied areas or High Consequence Areas ("HCAs").

Q13. Please describe NIPSCO's TIMP plan.

A13. NIPSCO operates 690.11 miles of transmission-class natural gas pipelines, 122.94 miles of which are located in HCAs. The pipelines in HCAs are assessed and ranked on a seven year cycle using a relative risk model in conjunction with subject matter experts' input to identify threats, potential threats, or variability in known threats. Based on the results of the inspections and assessments, excavations are performed to directly examine the pipe and make appropriate remediation as necessary. Further, it should be noted that NIPSCO exceeds the minimum standards in that it uses In-Line-Inspection ("ILI") tools in all ILI compatible transmission lines, without regard to which of the line sections are HCAs. In addition, NIPSCO plans to continue to expand its inventory of ILI compatible transmission lines across its transmission footprint.

Q14. What is the status of NIPSCO's TIMP plan?

A14. NIPSCO's TIMP baseline assessments began in 2004 and were completed by 2010 with 42 assessment projects using Direct Assessment ("DA") methods in the form of External Corrosion Direct Assessment ("ECDA") and Internal Corrosion Direct Assessment ("ICDA"). There were 442 excavations, known as direct examinations, performed within the HCAs of the pipelines. These inspections identified coating deficiencies and anomalies based on the ECDA and ICDA techniques deployed, including some from mechanical damage stemming from Third Party Damage by other excavators. The majority of corrosion related anomalies were from original coating techniques used during installation. NIPSCO discovered and corrected 25 external corrosion defects during its initial assessments.

TIMP re-assessments of the HCA pipelines began in 2010 completing another 75 assessments of HCA pipeline to date, incorporating an additional 4175 direct examinations. The assessment methods used for the reassessments were 64 DA methods, four hydrostatically pressure tested methods, and seven ILI methods. The re-assessments discovered:

- more material damage to the pipe wall in the form of six gouges from Third Party Damage requiring repair;
- laminations within the pipe wall due to process deficiencies in the original manufacturing requiring cut out and replacement; and
- internal corrosion issues in transmission class pipeline located in the Royal Center Underground Storage property requiring installation of a pipeline liner to provide further protection against corrosive

constituents within the gas stream.

ILI has proven to be a far superior pipeline assessment method -- discovering defects with higher probabilities for future failures if not appropriately addressed.

<u>DISTRIBUTION INTEGRITY MANAGEMENT PROGRAM</u>

Q15. Please explain the federal DIMP regulations.

A15. PHMSA's OPS adopted rules imposing integrity management requirements for gas distribution pipeline systems on December 4, 2009. *See* Pipeline Safety: Integrity Management Program for Gas Distribution Pipelines, 74 Fed. Reg. 63906 (Dec. 4, 2009). The effective date of the rules was February 12, 2010. Operators were given until August 2, 2011, to write and implement a DIMP plan.

The DIMP regulations require operators to develop, write, and implement a program with the following elements:

- Distribution system knowledge;
- Identification of threats;
- Evaluation of risks;
- Implementation of measures to address risks;
- Measurement of performance, monitoring of results and evaluation

of effectiveness;

- Periodic evaluation and improvement of program; and
- Reporting of results.

Q16. Please explain the purpose of the DIMP regulations.

A16. Looking at the history of 49 CFR Part 192, it is clear that since their creation the strategic purpose of these requirements was to establish very specific and prescriptive standards for operators that were to be rigorously followed, without regard to the particular (and sometimes differing) needs and risks in individual Operator systems. Recognizing this (and recognizing that over the last 20 years the number of Federally Reportable Incidents in the United States has essentially remained flat), PHMSA decided to create the DIMP plan in a way that was not as prescriptive as previous regulations, and that now allows Operators to prioritize and remediate risks and threats based on the specifics of their own system rather than broad macro data from across the United States. Then DIMP improvement progress is measured over time by reviewing the quantifiable performance metrics on the various DIMP risk categories that are being targeted (e.g., taking action then measuring the reduction in damages per thousand in excavator damage rates.)

Q17. Please describe the status of NIPSCO's DIMP plan.

A17. The focus areas of NIPSCO's distribution integrity execution are damage prevention, leak management, public awareness, operator qualification programs and corrosion. An early centerpiece to NIPSCO's DIMP plan has been the priority pipe replacement effort addressing cast iron pipe and corrosion threats. As NIPSCO has matured its DIMP plan, it has worked to continually improve its DIMP plan and has partnered with affiliated gas companies to reduce the various DIMP risks that have been identified and to create effective programs to reduce those risks.

Q18. Is NIPSCO's compliance with the provisions of the DIMP and TIMP mandatory?

A18. Yes. The Commission has previously determined that compliance with DIMP and TIMP are federally mandated and has authorized recovery of associated costs as part of a compliance project similar to the one NIPSCO is proposing here.[1]

<u>UNDERGROUND STORAGE RULE</u>

Q19. What does the Underground Storage Rule require?

---

[1] *See In Re Verified Petitions of N. Ind. Pub. Serv. Co.*, Cause No. 45007.

A19. The Storage Field Final Rule (FR) became effective on March 13, 2020. The FR enacts the mandated statements within the American Petroleum Institute Recommended Practices 1170 and 1171: Design and Operation of Solution-mined Salt Caverns Used for Natural Gas Storage and Functional Integrity of Natural Gas Storage in Depleted Hydrocarbon Reservoirs and Aquifer Reservoirs, respectively ("API RP 1170" and "API RP 1171"). The FR made compliance with those standards mandatory. The FR requires operators of underground natural gas storage facilities to perform additional actions to ensure the safety and integrity of their storage facilities and operations, and is the most recent in a series of PHMSA requirements for pipeline operators, including NIPSCO. The work required for NIPSCO's gas storage facilities requires timely planning and appropriate lead time to comply with the Underground Storage Rule as written. By virtue of operating the Royal Center Underground Storage, including the Trenton formation as part of its distribution system, and continuing to monitor the currently inactive Mt. Simon formation, the Underground Storage Rule is applicable to NIPSCO and covers all of these facilities. I describe below the components of the Compliance Plan intended to address the federally mandated requirements of the Underground Storage Rule.

Q20. Is compliance with the Underground Storage Rule mandatory?

A20. Yes.

Q21. Is NIPSCO required to comply with the Underground Storage Rule at the Mt. Simon formation even though it is currently inactive?

A21. Yes. The Underground Storage Rule applies to existing storage field facilities including storage wells. These wells remain covered by the rules unless and until retired, which requires that the well be filled with cement and disconnected from the gathering pipeline. While inactive, the potential utilization of the Mt. Simon formation and associated equipment is currently under review. Regardless, even if the field is ultimately retired, the Underground Storage Rule requires that the compliance projects in the form of well logging be completed for all Mt. Simon wells.

PIPELINE SAFETY COMPLIANCE PLAN OVERVIEW

Q22. Are each of the projects consistent with the compliance obligations under the Code?

A22. Yes. It is my opinion that each of the projects was developed in an effort to comply with one or more provisions of the Code, and completion of each would satisfy a mandatory obligation thereunder.

Q23. Would completion of the Compliance Plan ensure full compliance with the applicable provisions of the Code?

A23. Not necessarily. As I explained above, the Code is a complex set of prescriptive compliance obligations along with accompanying risk-based proactive compliance objectives. While successful completion of each project would comply with one or more of those obligations, overall compliance with all of the Code's provisions is an ongoing and iterative responsibility to be evaluated by the Pipeline Safety Division in accordance with its regulatory oversight responsibility. More importantly, pipeline safety is not simply a compliance obligation. It is the responsibility of all operators to provide a safe and reliable service with a proactive eye toward public safety, notwithstanding whether or not the specific activities required to achieve that overarching objective are memorialized in Federal Code.

COMPLIANCE PLAN PROJECTS

Q24. Which of the projects included in the Compliance Plan are you sponsoring?

A24. I am sponsoring the following eight (8) projects included in the Compliance Plan (the "Gas Operations Projects"), each of which are further discussed below:

Project No.	**Project Name**
PSCP1	Trenton Well Logging Project
PSCP2	Mt. Simon Well Logging Project
PSCP3	Test Station Casings Project
PSCP4	DIMP/TIMP Administration / Data Verification Project
PSCP5	Fiberglass Riser Replacement Project
PSCP6	Legacy Cross Bore Remediation Project
PSCP7	Legacy Cross Bore Inspection
PSCP8	MAOP - Distribution Project (PS23)

PROJECT NO. PSCP1 – TRENTON WELL LOGGING PROJECT

Q25. Please describe Project No. PSCP25 – Trenton Well Logging Project.

A25. The Trenton Well Logging Project is a continuation of the Underground Storage Integrity Project (Project No. PS10) included in NIPSCO's Pipeline Safety Compliance Plan approved in Cause No. 45007.[2] This project is intended to comply with the Final Rule on Underground Storage effective on March 13, 2020. The Final Rule is applicable to underground storage facilities such as Trenton to address critical safety issues related to downhole facilities, including wells, wellbore tubing, and /casing, at

[2] As of March 31, 2021, NIPSCO completed a total of 13 wells at the Trenton facility. Sylvester Testimony filed May 25, 2021 in Cause No. 45007-FMCA-6.

underground natural gas storage facilities. The FR mandates that additional actions be performed to ensure the safety and integrity of underground storage facilities and operations including functional and integrity testing of wells and installation of emergency and security facilities. For NIPSCO, each well that down-hole testing determines to be non-compliant will require retirement or other appropriate remediation if it is to remain in service. In addition, NIPSCO plans to install protective bollards at each well lot to protect each well head valve from damage by vehicles and equipment. The FR requires the performance of baseline assessments for all 97 wells that are part of NIPSCO's underground storage facilities for Trenton formation by March 13, 2027. As of December 31, 2021, NIPSCO will have completed 21 well logs (Project No. PS8 in Cause No. 45007). NIPSCO will complete the remaining 76 well logs over the next five year period (January 2022 through December 2026).

Q26. Please describe the projected federally mandated costs associated with the Trenton Well Logging Project and how the cost estimates were developed.

A26. As shown in Attachment A to the Verified Petition, NIPSCO projects the federally mandated incremental O&M expenses associated with the

Trenton Well Logging Project will be $10,963,412. These expenses include the cost of baseline assessments on the remaining 76 wells at Trenton. NIPSCO's preliminary investigation indicates that each of the 76 wells require mechanical integrity testing and inspection at an estimated cost of $122,570 per well (material and labor) for completion of a Gamma ray, neutron, temperature, hi-resolution flux leakage and cement bond log for each to determine whether defective tubing exists and requires replacement. Additional site supervision charges totaling approximately $13,390 per year will also be required as part of the testing and inspection process as NIPSCO lacks sufficiently experienced and specialized personnel to oversee the work. In addition to this integrity testing, the estimate contemplates the hiring of an additional full time integrity engineer to administer the risk modeling, and incremental ongoing maintenance and reporting required by the FR. These values were escalated 3% a year for inflation for 2023 through 2026.

Q27. Please describe any alternatives to the Trenton Well Logging Project that demonstrate the project is reasonable and necessary.

A27. NIPSCO completed a preliminary assessment of the Trenton wells, and concluded that the remediation described above was the only appropriate course of action under the FR. The only alternative approach would have entailed more significant well construction/replacement/adaptation at a higher cost. There are no other efficient and equally effective means of achieving compliance.

Q28. Will the Trenton Well Logging Project extend the useful life of an existing facility and, if so, what is the value of that extension?

A28. The impact on the useful lives of the 76 wells at Trenton through the Trenton Well Logging Project is unknown. The primary benefit of the Project will be increased safety and integrity safety related to the wells.

Q29. Please describe how the Trenton Well Logging Project allows NIPSCO to comply with a federally mandated requirement.

A29. The work identified above is being undertaken in compliance with PHMSA's revisions to portions of the Code applicable to underground storage facilities such as NIPSCO's Trenton facility.

PROJECT NO. PSCP2 – MT. SIMON WELL LOGGING PROJECT

Q30. Please describe PSCP26 – Mt. Simon Well Logging Project.

A30. Like the Trenton Well Logging Project, the Mt. Simon Well Logging Project is intended to comply with the Final Rule on Underground Storage effective on March 13, 2020. The FR revised portions of the PHMSA Rules applicable to underground storage facilities such as Mt. Simon to address critical safety issues related to downhole facilities, including wells, wellbore tubing, and /casing, at underground natural gas storage facilities. The FR mandate that additional actions be performed to ensure the safety and integrity of underground storage facilities and operations including functional and integrity testing of wells and installation of emergency and security facilities. For NIPSCO, each well that down-hole testing determines to be non-compliant will require retirement or other appropriate remediation if it is to remain in service. In addition, NIPSCO plans to install protective bollards at each well lot to protect each well head valve from damage by vehicles and equipment. The FR requires the performance of baseline assessments for all 46 wells at Mt. Simon by March 13, 2027. NIPSCO will complete all well logs over the period (June 2021 through December 2026).

Q31. Please describe the projected federally mandated costs associated with the Mt. Simon Logging Project and how the cost estimates were developed.

A31. As shown in Attachment A to the Verified Petition, NIPSCO projects the federally mandated incremental O&M expenses associated with the Mt. Simon Well Logging Project will be $8,264,330. These expenses include the cost of baseline assessments on all 46 wells at Mt. Simon. NIPSCO's preliminary investigation indicates that each of the 46 wells require mechanical integrity testing and inspection at an estimated cost of $154,000 per well (material and labor) for completion of a Gamma ray, neutron, temperature, hi-resolution flux leakage and cement bond log for each to determine whether defective tubing exists and requires replacement. Additional site supervision charges totaling approximately $15,000 per year will also be required as part of the testing and inspection process as NIPSCO lacks sufficiently experienced and specialized personnel to oversee the work. In addition to this integrity testing, the estimate contemplates the hiring of an additional full time integrity engineer to administer the risk modeling, and incremental ongoing maintenance and reporting required by the FR. These values were escalated 3% a year for inflation for 2022 through 2026.

Q32. Please describe any alternatives to the Mt. Simon Well Logging Project that demonstrate the project is reasonable and necessary.

A32. NIPSCO completed a preliminary assessment of the Mt. Simon wells, and concluded that the remediation described above was the only appropriate course of action under the FR. The only alternative approach would have entailed more significant well construction/replacement/adaptation at a higher cost. There are no other efficient and equally effective means of achieving compliance.

Q33. Will the Mt. Simon Well Logging Project extend the useful life of an existing facility and, if so, what is the value of that extension?

A33. The impact on the useful lives of the 46 wells at Mt. Simon through the Mt. Simon Well Logging Project is unknown. The primary benefit of the Project will be increased safety and integrity safety related to the wells.

Q34. Please describe how the Mt. Simon Well Logging Project allows NIPSCO to comply with a federally mandated requirement.

A34. The work identified above is being undertaken in compliance with PHMSA's revisions to portions of the Code applicable to underground storage facilities such as NIPSCO's Mt. Simon facility.

PROJECT NO. PSCP3 – TEST STATION CASINGS PROJECT

Q35. Please describe Project No. PSCP278 – Test Station Casings Project.

A35. The Test Station Casings Project is a continuation of the Test Station Casings

Project (Project No. PS22) included in NIPSCO's Pipeline Safety Compliance Plan approved in Cause No. 45007.[3] Carrier pipe casings are steel pipes that were historically used to protect distribution pipe when it was installed at a crossing site such as a bridge over a stream or other obstacle. Carrier pipe casings are no longer commonly used because they have proven over time to trap moisture inside and thereby pose an increased risk of corrosion on the enclosed steel pipe. Contemporary crossings are accomplished through the use of horizontal boring under the obstacle or through the wrapping of the distribution pipe with protective material. The project includes installation of test stations on approximately 500 casings.

Q36. Please describe the projected federally mandated costs associated with the Test Station Casings Project and how the cost estimates were developed.

A36. As shown in Attachment A to the Verified Petition, NIPSCO projects the federally mandated incremental O&M expenses associated with the Test

---

[3] As of March 31, 2021, NIPSCO completed a total of 713 inspected cased crossing sites and installed corrosion test stations at all 713 of these sites. Sylvester Testimony filed May 25, 2021 in Cause No. 45007-FMCA-6.

Station Casings Project will be $2,298,827. This will permit these crossings to be monitored in conjunction with NIPSCO's atmospheric corrosion inspection cycle. The project cost estimates were developed based on the time and materials necessary to install a test station.

Q37. Please describe how the Test Station Casings Project allows NIPSCO to comply with a federally mandated requirement.

A37. This project is undertaken in compliance with the provisions of 49 CFR § 192.467(c) which requires measures must be taken to minimize corrosion of the pipeline inside of casings, and 49 CFR § 192.935 which mandates a continual evaluation and remediation of known system risks. This project will assist NIPSCO in monitoring casings as part of that process.

Q38. Did NIPSCO evaluate other options for dealing with its carrier pipe casings?

A38. Yes. In evaluating the options to address the integrity risk associated with these crossings, it was determined that the cost of installing test stations was far lower than the cost of either removing the steel casings themselves or replacing each crossing completely with a new bored crossing. While replacement may eventually prove necessary in some instances, this test station program will allow NIPSCO to monitor these casings and evaluate what, if any, corrective action is required.

Q39. Will the Test Station Casings Project extend the useful life of an existing facility and, if so, what is the value of that extension?

A39. No. The Test Station Casings Project is intended as a means of monitoring casings to identify instances where corrosion risk exists to prevent premature failure and maintain the expected useful life of the assets.

<u>PROJECT NO. PSCP4 – DIMP/TIMP ADMINISTRATION & DATA VERIFICATION PROJECT</u>

Q40. Please describe Project No. PSCP28 – DIMP/TIMP Administration & Data Verification Project.

A40. The DIMP/TIMP Administration & Data Verification Project is a continuation of the DIMP Administration / Leak Data Verification Project (Project No. PS6) included in NIPSCO's Pipeline Safety Compliance Plan approved in Cause No. 45007.[4] The DIMP/TIMP Administration & Data Verification Project is intended to enable the review of historic leak records, Regulator, Odorizer systems, Pipeline Heaters, Liquefied Natural Gas

---

[4] As of March 31, 2021, NIPSCO reviewed a total of 80,879 records. Sylvester Testimony filed May 25, 2021 in Cause No. 45007-FMCA-6.

Storage inspection records, Underground Storage inspection records, Excess Flow Valve data, Curb Valve inspections, Pressure Test as it pertains to Service and Mains, and Pipe Exposure forms for all of NIPSCO's input into a database system that can support a more accurate risk model while verifying that the data captured in NIPSCO's digital database is accurate and reliable. These records are a critical underpinning to a number of DIMP/TIMP progressive improvement initiatives.

This project will fund the hiring of two additional full time Compliance Specialists, to complement the one full time Compliance Specialist hired as part of Project No. PS6 approved in Cause No. 45007. These Compliance Specialists are dedicated to the support and administration of NIPSCO's DIMP/TIMP program. This project will fund three full time Compliance Specialists dedicated to the support and administration of NIPSCO's DIMP/TIMP program. One Compliance Specialist will be responsible for the review and verification of NIPSCO's Excess Flow Valve Inspections, Curb Valve Inspections, Services and Mains Pressure Test Data, and Pipe Exposure Data and the input of that data into a risk model so that the data can be used for predictive modelling in support of DIMP's progressive improvement requirements. The second Compliance Specialist will be responsible for the review and verification of NIPSCO's historic leak records and the input of that data into a risk model so that the data can be used for predictive modelling in support of DIMP's progressive improvement requirement. The third Compliance Specialist will be responsible for the review and verification of NIPSCO's Regulator Inspection records, Odorizer system records, Pipeline Heater records, Liquified Natural Gas Storage records, and Underground Storage records to provide increasing oversight to an increasingly complex Transmission Integrity Management Program.

Q41. Please describe the projected federally mandated costs associated with the DIMP/TIMP Administration & Data Verification Project and how the cost estimates were developed.

A41. As shown in Attachment A to the Verified Petition, NIPSCO projects the federally mandated incremental O&M expenses associated with the DIMP/TIMP Administration & Data Verification Project will be $1,940,760. The cost estimates for the DIMP/TIMP Administration & Data Verification Project were based on the midpoint salary of three Compliance Specialist positions for 2022. These values were escalated 3% a year for inflation for 2023 through 2026.

Q42. Please describe any alternatives to the DIMP/TIMP Administration & Data Verification Project that demonstrate the project is reasonable and necessary?

A42. As I have previously discussed, DIMP/TIMP is a risk-based initiative that contemplates flexibility in achieving its regulatory goal of progressive performance improvement in reducing threats to a distribution and transmission systems. As such there are endless alternatives to any selected strategy to address specific risks. It is my view that the positions contemplated by the DIMP/TIMP Administration & Data Verification Project are effective means to (a) provide increasing oversight to an increasingly complex integrity management program, and (b) allow for the rapid verification and assimilation of historical data appropriate to creating a thoroughly vetted baseline from which performance and remediation can be enhanced. Data verification is a necessary pre-requisite to the advancement of NIPSCO's DIMP/TIMP plans, and dedicating employees to capture that data is the most efficient way to accomplish that. NIPSCO currently has one full time Compliance Specialist to support its DIMP/TIMP plans, and with the size of the NIPSCO system two additional positions are warranted. As a result, there were no alternatives evaluated.

Q43. Will the DIMP/TIMP Administration & Data Verification Project extend the useful life of an existing facility and, if so, what is the value of that extension?

A43. While there are no facilities directly addressed as part of the DIMP/TIMP Administration & Data Verification Project, it is critical to the continued operation and maintenance of our facilities that we have accurate and complete records that support the knowledge and risk assessment related to those facilities required for the maintenance of the useful life thereof.

Q44. Please describe how the DIMP/TIMP Administration & Data Verification Project allows NIPSCO to comply with a federally mandated requirement.

A44. First, 49 CFR Part 192, Subpart P, requires that NIPSCO undertake an ongoing and progressive assessment of its distribution system and the risks facing it based on a comprehensive evaluation of conditions identified and documented in appropriate records. 49 CFR Part 192, Subpart O, requires that NIPSCO undertake an ongoing and progressive assessment of its transmission system and the risks facing it based on a comprehensive evaluation of conditions identified and documented in appropriate records. To date, oversight of its DIMP/TIMP plans has been the responsibility of

NIPSCO's Compliance Manager who is also responsible for monitoring NIPSCO's compliance with all of the prescriptive provisions of the Code. By hiring full time Compliance Specialists dedicated solely to support the DIMP/TIMP plans, NIPSCO will be in a position to better manage and evaluate system conditions and risks, indirectly improving compliance with DIMP/TIMP. NIPSCO's Local Distribution Company ("LDC") affiliates each have an individual tasked with that responsibility.

Second, 49 CFR § 192.1007(a)(e)(i) requires that a DIMP Plan include:

> (a) Knowledge. An *operator* must demonstrate an understanding of its *gas* distribution system developed fromreasonably available information.
>
> (1) Identify the characteristics of the pipeline's design and operations and the environmental factors that arenecessary to assess the applicable threats and risks to its gas distribution *pipeline*.
> (2) Consider the information gained from past design, operations, and maintenance.
> (3) Identify additional information needed and provide a plan for gaining that information over time through normal activities conducted on the pipeline (for example, design, construction, operations or maintenanceactivities).
> (4) Develop and implement a process by which the *IM program* will be reviewed periodically and refined andimproved as needed.
> (5) Provide for the capture and retention of data on any new pipeline installed. The data must

include, at aminimum, the location where the new pipeline is installed and the material of which it is constructed.

(e) *Measure performance, monitor results, and evaluate effectiveness*. (1) Develop and monitor performance measures from an established baseline to evaluate the effectiveness of its IM program. An operator must consider the results of its performance monitoring in periodically re-evaluating the threats and risks. These performance measures must include the following:

(i) Number of hazardous leaks either eliminated or repaired as required by §192.703(c) of this subchapter (or total number of leaks if all leaks are repaired when found), categorized by cause;

Third, 49 CFR § 192.911(c) requires that a TIMP Plan include:

An operator's initial *integrity management program* begins with a framework (see § 192.907) and evolves into a more detailed and comprehensive integrity management program, as information is gained and incorporated into theprogram. **An *operator* must make continual improvements to its program.** The initial program framework and subsequent program must, at minimum, contain the following elements. (When indicated, refer to ASME/ANSI B31.8S (incorporated by reference, see § 192.7) for more detailed information on the listed element.)

(c) An identification of threats to each covered *pipeline* segment, which must include data integration and a risk assessment. An operator must use the threat identification and risk assessment to prioritize covered segments for assessment (§ 192.917) and to evaluate the merits of additional preventive and mitigative measures (§ 192.935) for each *covered segment*.

The DIMP/TIMP Administration & Data Verification Project enables the establishment of a more accurate baseline through hiring Compliance Specialists dedicated to the systematic verification of historical data to enable a better and more complete assessment of remediation/inspection strategies in compliance with DIMP/TIMP.

<u>**PROJECT NO. PSCP5 – FIBERGLASS RISER REPLACEMENT PROJECT**</u>

Q45. Please describe Project No. PSCP5 – Fiberglass Riser Replacement Project.

A45. The Fiberglass Riser Replacement Project is a continuation of the Fiberglass Riser Replacement Project (Project No. PS8) included in NIPSCO's Pipeline Safety Compliance Plan approved in Cause No. 45007.[5] The Fiberglass Riser Replacement Project is intended to replace fiberglass service risers when they are identified on the NIPSCO distribution system.

Q46. What is a fiberglass service riser and why do they require replacement?

A46. A service riser is a piping component of the natural gas service line that protects the gas service pipe as it transitions from below ground to above

[5] As of March 31, 2021, NIPSCO completed a total of 7,886 units. Sylvester Testimony filed May 25, 2021 in Cause No. 45007-FMCA-6.

ground and just upstream of the gas meter. In the past, some risers were made of fiberglass which becomes brittle over time and therefore affords no protection to the service line. In particular, fiberglass risers are prone to shatter from comparatively minor external force such as being struck by a lawn mower. Once shattered, the fixture is prone to leaking at or near the meter generally at the base of an external wall -- a particularly dangerous location. NIPSCO estimates that there are approximately 17,000 fiberglass risers across its distribution system that require replacement.

Q47. Please describe the projected federally mandated costs associated with the Fiberglass Riser Replacement Project and how the cost estimates were developed.

A47. As shown in Attachment A to the Verified Petition, NIPSCO projects the federally mandated incremental O&M expenses associated with the Fiberglass Riser Replacement Project will be $2,755,818. The cost estimates for the Fiberglass Riser Replacement Project were based on the known cost of replacement for a service line riser as reflected in NIPSCO's annual filing made with the Commission in accordance with 170 IAC 5-1-27(D). These values were escalated 3% a year for inflation for 2023 through 2026.

Q48. Please describe any alternatives to the Fiberglass Riser Replacement Project that demonstrate the project is reasonable and necessary?

A48. There are no other efficient and equally effective means for achieving compliance. The Fiberglass Riser Replacement Project addresses a known risk with high consequence of failure through its elimination. The cost of replacing the fiberglass risers is very small compared to the consequence of a failure. The alternative to a fiberglass riser replacement program is to replace the risers as they fail and/or as leaks are reported. The programmatic approach is reasonable and necessary because it will allow for the replacement of all risers within a specified time without the risks associated with a riser failure or leak in very close proximity to the building. NIPSCO will also be in a position to plan the work and procure the needed materials in an efficient way. With that said, NIPSCO will continue to replace risers in the event of a leak or failure at the time of the discovery.

Q49. Will the Fiberglass Riser Replacement Project extend the useful life of an existing facility and, if so, what is the value of that extension?

A49. No. The Fiberglass Riser Replacement Project is an asset replacement project and as such is not intended to extend the life of the assets being replaced.

Q50. Please describe how the Fiberglass Riser Replacement Project allows NIPSCO to comply with a federally mandated requirement.

A50. 49 CFR § 192.1007(d) requires NIPSCO to determine and implement measures designed to reduce the risks from failure of its gas distribution pipeline. These measures must include an effective leak management program (unless all leaks are repaired when found). By addressing the known risk of leaks from fiberglass service risers, the Fiberglass Riser Replacement Project is intended to reduce the risks from failure associated with its system in compliance with DIMP, 49 CFR Part 192, Subpart O.

<u>**PROJECT NO. PSCP6 – LEGACY CROSS BORE REMEDIATION PROJECT**</u>

Q51. Please describe Project No. PSCP6 – Legacy Cross Bore Remediation Project.

A51. The Legacy Cross Bore Remediation Project is a continuation of the Legacy Cross Bore Remediation Project (Project No. PS9) included in NIPSCO's Pipeline Safety Compliance Plan approved in Cause No. 45007.[6] The Legacy Cross Bore Remediation Project is intended to remediate legacy

[6] As of March 31, 2021, NIPSCO identified a total of 93 gas-related cross bores and remediated 84 gas-related cross bores. Sylvester Testimony filed May 25, 2021 in Cause No. 45007-FMCA-6.

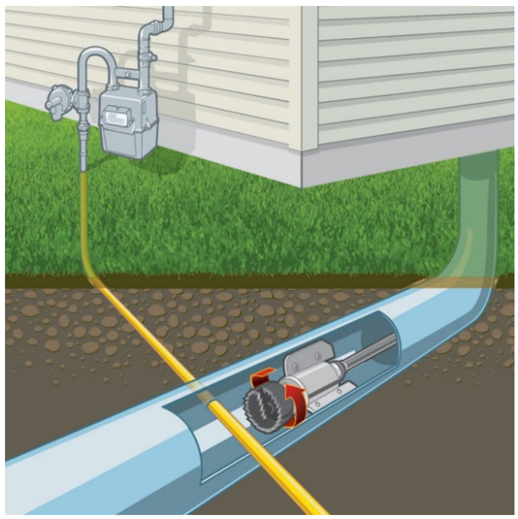
cross bores identified across NIPSCO's distribution system. Cross bores are a known industry issue and the risk warrants investigation and remediation.

Q52. What is a cross-bore?

A52. A "cross bore" is defined as an intersection of an existing underground utility or underground structure by a second utility installed by trenchless technology that results in direct contact between the transactions of the utilities that compromise the integrity of either utility or underground structure. It occurs when another utility line is accidently bored through a sewer, septic, or storm drain line. While contemporary horizontal boring practices and updated damage prevention laws generally reduce the likelihood of new cross-bores, older techniques and technology were not always as safe, and cross-bores were created without the knowledge of installation crews because the boring unit could pass through a sewer or septic line without producing any telltale signs. Cross-bores present a very dangerous situation because if the sewer/septic line becomes clogged and must be cleaned out, the equipment used to root out the clog can damage or rupture the cross bored gas line resulting in the leakage of gas into the sewer/septic system and thereby into the attached residence or business.

Frequently this type of damage is unknown to the crew cleaning the line because the reamer head cuts through the gas line with little or no resistance. <u>Figure 2</u> below is an illustration of a cross-bored gas line.

<u>Figure 2</u> – Cross-bore Illustration



Q53. How can the risk associated with cross-bored gas lines be reduced?

A53. Once identified, remediation of cross-bored gas lines is comparatively simple, and entails excavating the cross-bore and relocating the gas line and repairing or replacing the sewer line involved. The more difficult task is identifying locations where cross-bores have occurred. Many times cross-bores exist in conflict with a sewer line for long periods of time without the knowledge of the utility or the customer. Moreover, the frequency and location of cross-bores is highly variable from area to area and is dependent on a number of factors including the age of the gas and sewer systems and the way specific areas were developed over time. Fortunately, technology has been developed to permit remote cameras to be inserted into sewer lines to identify the presence of obstructions including gas lines. By using this technology, cross-bores can be identified and remediated before damage or rupture occurs.

Q54. Please describe the projected federally mandated costs associated with the Legacy Cross Bore Remediation Project and how the cost estimates were developed.

A54. As shown in Attachment A to the Verified Petition, NIPSCO projects the federally mandated incremental O&M expenses associated with the Legacy Cross Bore Remediation Project will be $1,168,010. The cost estimates for the Legacy Cross Bore Remediation Project were based on a cost per cross-bore of roughly $2,300, which is based on an average of the cost of the cross-bore remediations actually experienced by NIPSCO during the period 2018-2020. NIPSCO will have four sewer camera crews to inspect 30 to 50 miles of sewer lines each for a total yearly line inspection of between 120 to 200 miles. During the period 2018 through 2020, NIPSCO averaged 54 cross bores identified per year, with an average of 27 gas related cross bores identified per year (generally based on using one sewer camera crew, and occasionally, two sewer camera crews). Based on those averages, with four full time sewer camera crews, NIPSCO estimates it may identify 216 total cross bores per year, with 108 gas related cross bores per year.

Q55. Please describe any alternatives to the Legacy Cross Bore Remediation Project that demonstrate the project is reasonable and necessary?

A55. There are no other efficient and equally effective means of achieving compliance. The Legacy Cross Bore Remediation Project addresses a known risk with high consequence of failure through its elimination. The cost of replacing the fiberglass risers is very small compared to the consequence of a failure. The alternative to a proactive cross-bore remediation program is to remediate cross bores when they are identified. Because the risk associated with the ignition of gas within a building is so high, the programmatic approach is reasonable and necessary. With that said, NIPSCO will continue to remediate cross-bores at the time of the discovery.

Q56. Will the Legacy Cross Bore Remediation Project extend the useful life of an existing facility and, if so, what is the value of that extension?

A56. No. The Legacy Cross Bore Remediation Project results in an asset replacement project and as such is not intended to extend the life of the assets being replaced.

Q57. Please describe how the Legacy Cross Bore Remediation Project allows NIPSCO to comply with a federally mandated requirement.

A57. The Legacy Cross Bore Remediation Project is undertaken in compliance with DIMP, 49 CFR Part 192, Subpart P. DIMP requires LDCs to evaluate their systems and identify risks based upon their relative threat. While it is difficult to project the number of actual cross-bores across NIPSCO's distribution system, the consequence associated with cross bores is potentially catastrophic because gas from a severed line can back flow through a sewer line into a building where it is subject to ignition. As a result, remediation of cross-bores is among the highest priorities in NIPSCO's DIMP Plan. Further, every other NiSource LDC that has undertaken a Legacy Cross-Bore Program has found legacy cross-bores in their systems (To date over 680 have been discovered and remediated). Inasmuch as the state of trenchless technology was common across the gas industry at the time that these cross-bores took place, there is no reason to believe that these same conditions do not exist in NIPSCOs system in

Indiana.

<u>PROJECT NO. PSCP7 – LEGACY CROSS-BORE INSPECTION</u>

Q58. Please describe Project No. PSCP7 – Legacy Cross-bore Inspection Project.

A58. The Legacy Cross Bore Inspection Project is a continuation of the Legacy Cross Bore Inspection Project (Project No. PS21) included in NIPSCO's Pipeline Safety Compliance Plan approved in Cause No. 45007.[7] The Legacy Cross-bore Inspection Project is intended to facilitate the proactive investigation of sewer lines within NIPSCO's service territory to identify instances where gas lines have been cross-bored through them so that cross-bores that are identified can be remediated. The hazards and remediation of cross-bores were discussed above concerning Project No. PSCP6.

Q59. Please describe the projected federally mandated costs associated with the Legacy Cross-Bore Identification Project and how the cost estimates were developed.

A59. As shown in Attachment A to the Verified Petition, NIPSCO projects the federally mandated incremental O&M expenses associated with the Legacy

---

[7] As of March 31, 2021, NIPSCO investigated 175.24 combined miles of sanitary and storm sewer. Sylvester Testimony filed May 25, 2021 in Cause No. 45007-FMCA-6.

Cross Bore Inspection Project will be $17,842,944. The estimate was developed based on sewer camera investigation, sewer cleaning, traffic control, tracking software, and the cost for three full time positions dedicated to this initiative, to support the evaluation and identification of cross-bores for up to 800 miles of sewer line by the end of 2026.

Q60. Please describe any alternatives to the Legacy Cross Bore Identification Project that demonstrate the project is reasonable and necessary?

A60. The only alternative to a proactive cross-bore remediation program is to remediate cross-bores when they are identified. Because the risk associated with the ignition of gas within a building is so high, the programmatic approach is reasonable and necessary. NIPSCO's approach has been successful with other NiSource LDCs and is consistent with best industry practice.

Q61. Will the Legacy Cross Bore Identification Project extend the useful life of an existing facility and, if so, what is the value of that extension?

A61. No. As with the Legacy Cross Bore Remediation Project, the Legacy Cross Bore Identification Project results in asset replacement when cross-bores are detected, and as such is not intended to extend the life of the assets being replaced.

Q62. Please describe how the Legacy Cross Bore Remediation Project allows NIPSCO to comply with a federally mandated requirement.

A62. The Legacy Cross Bore Remediation Project is undertaken in compliance with DIMP, 49 CFR Part 192, Subpart P. DIMP requires LDCs to evaluate their systems and identify risks based upon their relative threat. While it is difficult to project the number of actual cross-bores across NIPSCO's distribution system, the consequence associated with cross bores is potentially catastrophic because gas from a severed line can back flow through a sewer line into a building where it is subject to ignition. As a result, remediation of cross-bores is among the highest priorities in NIPSCO's DIMP Plan. Further, every other NiSource LDC that has undertaken a Legacy Cross-Bore Program has found legacy cross-bores in their systems (To date over 680 have been discovered and remediated). Inasmuch as the state of trenchless technology was common across the gas industry at the time that these cross-bores took place, there is no reason to believe that these same conditions do not exist in NIPSCO's system in Indiana.

<u>PROJECT NO. PSCP8 – MAOP – DISTRIBUTION PROJECT</u>

Q63. Please describe Project No. PSCP8 – MAOP– Distribution Project (Project ID PSCP8).

A63. The MAOP – Distribution Project is a continuation of the MAOP – Distribution Project (Project No. PS23) included in NIPSCO's Pipeline Safety Compliance Plan approved in Cause No. 45007.[8] NIPSCO pursued improvement of its gas distribution system records through a linen mining project as part of its Transmission, Distribution, and Storage System Improvement Charge ("TDSIC") gas plan approved in the Commission's April 30, 2014 Order in Cause No. 44403 ("Gas TDSIC Plan"). The linen mining project enabled NIPSCO to utilize the enhanced system records in its Geographic Information System ("GIS") to validate current Maximum Allowable Operating Pressures ("MAOP") records through a tracing methodology based on information captured from NIPSCO's linen books. Linen books are analog records that have been maintained in individual NIPSCO offices for many years, and the information delineated on these records is being captured digitally as part of the linen mining project.

[8] As of March 31, 2021, NIPSCO established MAOP's on a total of 41 distribution systems with 137.025 miles of main and 4,121 services. Sylvester Testimony filed May 25, 2021 in Cause No. 45007-FMCA-6.

Document retention for anything installed prior to initiation of the Code in 1970 was certainly less rigorous in the industry than it is now, so validating what records NIPSCO has and that the records align with the appropriate systems adds another quality assurance layer in the design and operation of those systems.

The MAOP – Distribution Project entails the engagement of vendors to assist NIPSCO's Engineering Department with the tracing and validation of documents. This project will also work in conjunction with NIPSCO's ongoing efforts to verify and document compliance with system MAOP by individual pipeline attributes. The capture of analog data was an important step for NIPSCO to modernize and update its system records. This project is intended for the tracing and validation of the data captured thorough that process.

Q64. Please describe the projected federally mandated costs associated with the MAOP – Distribution Project and how the cost estimates were developed.

A64. As shown in Attachment A to the Verified Petition, NIPSCO projects the federally mandated incremental O&M expenses associated with the MAOP

– Distribution Project will be $22,918,135. The projected federally mandated costs associated with the MAOP – Distribution Project are $2,000,000 for the first year and $5,000,000 per year after. The first year will require onboarding and training for new employees and contractors. This will ensure the work force required is fully trained to implement the initiative. This estimate is the sum of the annual labor costs associated with the hiring of Gas Measurement, Gas Service, Construction & Maintenance Employees, additional leak survey contractors, and external Engineers. These resources are needed to establish individualized uprate procedures, review and document required records for MAOP establishment, perform required leak surveys, remediation of identified leaks, regulator station monitoring/control and project coordination.

Q65. Please describe how the MAOP – Distribution Project allows NIPSCO to comply with a federally mandated requirement.

A65. DIMP, 49 CFR Part 192, Subpart P, requires that NIPSCO undertake an ongoing and progressive assessment of its distribution system and the risks facing it based on a comprehensive evaluation of conditions identified and documented in appropriate records. The ability to verify the accuracy and compliance of the distribution system with established maximum operating pressures is a critical component to that process.

Q66. Did NIPSCO evaluate other options for identifying and compiling MAOP detail for its distribution pipelines?

A66. Yes, NIPSCO considered the use of external personnel to complete the work but determined that the length of the initiative required many of the positions required very specific training and experience, so they would need to be trained internal employees. Those positions with more general expertise such as leak survey contractors will remain contracted resources.

Q67. Will the MAOP – Distribution extend the useful life of an existing facility and, if so, what is the value of that extension?

A67. No. While it could result in the continued service life of some assets as a byproduct of the work to be performed, the MAOP – Distribution Project is a data validation and verification project.

CONCLUSION

Q68. Does this conclude your prepared direct testimony?

A68. Yes.

VERIFICATION

I, Steven W. Sylvester, Vice President and General Manager of Northern Indiana Public Service Company LLC, affirm under penalties of perjury that the foregoing representations are true and correct to the best of my knowledge, information and belief.

Steven W. Sylvester

Date: June 7, 2021