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**VERIFIED SUPPLEMENTAL DIRECT TESTIMONY OF DAVID T. WALTER**

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

2 A1. My name is David T. Walter. I am the Vice President, Power Delivery for  
3 Northern Indiana Public Service Company LLC ("NIPSCO"). My business  
4 address is 801 East 86<sup>th</sup> Avenue, Merrillville, Indiana 46410.

5 **Q2. Are you the same David T. Walter who prefiled direct testimony in this**  
6 **Cause?**

7 A2. Yes.

8 **Q3. What is the purpose of your supplemental direct testimony in this Cause?**

9 A3. The purpose of my supplemental direct testimony is to provide additional  
10 information relating to NIPSCO's shift in the in-service date of its proposed  
11 natural gas combustion turbine ("CT") peaker plant (the "CT Project") on  
12 available property at NIPSCO's R.M. Schahfer Generating Station  
13 ("Schahfer") site from end of year 2026 to end of year 2027. While much of  
14 the detail and analysis is discussed in greater detail by other NIPSCO  
15 witnesses, I provide an overview of NIPSCO's decision to target an in-  
16 service date of not-later-than end of year 2027 for the CT Project and explain

1           that NIPSCO is confident it can ensure the continued delivery of safe,  
2           reliable, affordable electricity to its customers until the time the CT Project  
3           reaches commercial operation.

4   **Q4. Are you sponsoring any attachments to your supplemental direct**  
5           **testimony in this Cause?**

6   A4. No.

7   **NIPSCO's New In-Service Date**

8   **Q5. Please provide an overview of updated information NIPSCO has learned**  
9           **about since filing for approval of the CT Project in September of 2023.**

10   A5. There are two primary categories where NIPSCO has gotten updated  
11       information since filing its case-in-chief. The first relates to procurement of  
12       key components and equipment for the CT Project. The second relates to  
13       market-related updates from the Midcontinent Independent System  
14       Operator, Inc. ("MISO"). Although NIPSCO Witness Baacke addresses the  
15       former and NIPSCO Witnesses Stanley and Augustine address the latter in  
16       much greater detail, I briefly outline both of these areas below.

17       With respect to procurement and supply chain information, based on  
18       information received in the last few months from suppliers, lead times for

1       345 kV breakers are anticipated to be at least 36 months and could be longer  
2       than 48 months, and all but one supplier of step-up transformers indicated  
3       they could not deliver a transformer in time for NIPSCO to achieve its  
4       originally targeted in-service date.

5       With respect to the MISO market, there have been two changes. First, MISO  
6       published an updated planning reserve margin ("PRM") for the 2024/25  
7       planning year in October of 2023. This increased both the summer and  
8       winter PRM. Second, MISO significantly increased the capacity  
9       accreditation for wind and solar resources during the winter season. These  
10      recent changes have the net effect of improving NIPSCO's capacity position  
11      in the Winter 2026 season by 96 MW.

12      **Q6. How did NIPSCO evaluate this information and ultimately reach the**  
13      **decision to change the in-service date of the CT Project?**

14      A6. The supply chain constraints noted above and more fully discussed by  
15      NIPSCO Witness Baacke presented an immediate challenge to the CT  
16      Project's original in-service date and a need to consider a later in-service  
17      date. But NIPSCO needed to evaluate potential in-service dates in light of  
18      other information—including NIPSCO's overall capacity position between

1 present and the ultimate in-service date of the CT Project, as well as any  
2 potential cost impact to customers.<sup>1</sup>

3 As NIPSCO evaluated its capacity position in light of the new MISO  
4 information and based on recent market indications about the availability  
5 of capacity in 2026 and 2027 (as discussed by NIPSCO Witness Stanley),  
6 NIPSCO determined that targeting a later in-service date did not present a  
7 material concern to NIPSCO or its customers. NIPSCO still has a high  
8 degree of confidence that it can safely and reliably serve its customers until  
9 the CT Project comes online by end of 2027.

10 NIPSCO will continue to execute on other generation projects over the next  
11 few years, including several solar and solar plus storage projects  
12 anticipated to achieve commercial operation in the next 12 to 24 months.

13 This work in combination with the continued execution of the proposed CT  
14 Project is consistent with NIPSCO's 2021 IRP and the 2023 portfolio  
15 analysis, as further discussed by NIPSCO Witness Augustine.

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<sup>1</sup> Cost to customer is discussed further below.

1 **Q7. Does NIPSCO have confidence in its ultimate ability to achieve an in-**  
2 **service date for the CT Project by the end of 2027?**

3 A7. Yes. NIPSCO Witness Baacke further explains, but in summary, the  
4 updated information and NIPSCO's reasonable response to it to target a  
5 later in-service date does not impact the Company's ability to execute the  
6 project. The original estimated in-service date was just that—an estimate  
7 or a target. In its case-in-chief filing, NIPSCO outlined additional due  
8 diligence that was ongoing, including negotiations that needed to occur  
9 with suppliers of key components. In response to additional information  
10 available based on those ongoing discussions, NIPSCO made the decision  
11 to shift the targeted in-service date.

12 Additionally, the CPCN Statute (Ind. Code § 8-1-8.5-6) includes a process  
13 by which the Commission is provided with periodic updates about large  
14 construction projects, should the utility elect ongoing review. NIPSCO  
15 requested ongoing review of the CT Project utilizing this process to ensure  
16 the Commission and interested parties receive regular updates related to  
17 procurement of key equipment, project construction, project costs, etc.

1 **NIPSCO's Generation Fleet**

2 **Q8. In Question / Answer 7 of your direct testimony, you described NIPSCO's**  
3 **generation fleet. Do you have any updates that you would like to**  
4 **provide?**

5 A8. Yes. I am pleased to report that the Indiana Crossroads II Wind Farm  
6 reached commercial operation in late December 2023 as anticipated, and  
7 construction progress continues on several other solar and solar plus  
8 storage facilities.<sup>2</sup> The anticipated installed net capacity of generating units  
9 depicted in Figure 4 and discussed in Question / Answer 10 of my direct  
10 testimony has not changed.

11 **Q9. In Question / Answer 17 of your direct testimony you explained the key**  
12 **factors NIPSCO must keep in mind as it operates its current generation**  
13 **fleet and plans for its future generation fleet and how NIPSCO evaluated**  
14 **the CT Project in light of those factors. How, if at all, does the decision**  
15 **to target a later in-service date for the CT Project impact those key factors?**

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<sup>2</sup> The Commission approved the Wind Energy Purchase Agreement between NIPSCO and Indiana Crossroads Wind II LLC on September 1, 2021 in Cause No. 45541.

1 A9. In my direct testimony, I provided a lengthy discussion of Reliability,  
2 Resiliency, Affordability, Stability, and Environmental Sustainability—  
3 which are the “Five Pillars” recently put forth by Indiana’s 21<sup>st</sup> Century  
4 Energy Policy Development Task Force. I have some additional  
5 information to share regarding some of these factors given the shift of the  
6 in-service date.<sup>3</sup>

7 Reliability, Resiliency, and Stability

8 NIPSCO will be retiring Units 17 and 18 at Schahfer by the end of 2025, and,  
9 as discussed below, will be keeping its gas-fired peaking units (Units 16A  
10 and 16B at Schahfer) online until the CT Project reaches commercial  
11 operation.

12 When late 2026 was the target in-service date for the CT Project, NIPSCO  
13 would have had about 12 months between Schahfer Units 17/18 retiring and  
14 the CT Project coming online. During the now-longer period between the  
15 retirement of Schahfer Units 17/18 and commercial operation for the CT  
16 Project, NIPSCO will still have total dispatchable generation of 1,061 MW

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<sup>3</sup> There is no impact to Environmental Sustainability from NIPSCO’s new in-service date. Thus, the discussion of the factor on pages 19-21 of my direct testimony remains the same.

1 available from Michigan City Unit 12 and its gas-fired Sugar Creek  
2 Generating Station.<sup>4</sup> Additionally, NIPSCO will have several new solar and  
3 solar plus storage facilities that will be in-service and available before  
4 Schahfer Units 17 and 18 retire.

5 NIPSCO will ensure it has sufficient energy and capacity to serve all of its  
6 customers and make appropriate adjustments to its hedging practices, as  
7 discussed by NIPSCO Witness Stanley. As NIPSCO Witness Augustine  
8 notes, some level of capacity purchases has been part of NIPSCO's diverse  
9 generation portfolio for several years, and NIPSCO has already taken some  
10 steps to address capacity. NIPSCO will continue to work with its internal  
11 and external subject matter experts to ensure it will be able to provide the  
12 same safe, reliable service it has over the past many decades.

13 Affordability

14 NIPSCO Witness Blissmer has calculated that there is an approximate \$65  
15 million gross financing cost savings to customers between 2024 and 2028  
16 from targeting a later in-service date.<sup>5</sup> This is a real, material benefit to

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<sup>4</sup> This figure reflects the implementation of a 53 MW uprate at Sugar Creek.

<sup>5</sup> Mr. Blissmer also explains that the first tracker is expected to increase an average monthly customer's bill by \$0.56, compared to \$1.25 under NIPSCO's original proposal.



1 NIPSCO's customers, as it allows for a more gradual roll in of the costs for  
2 the CT Project through NIPSCO's proposed tracker mechanism.  
3 Additionally, this substantial short-term benefit does not come at the cost  
4 of a long-term cost increase. Again as calculated by NIPSCO Witness  
5 Blissmer and as reflected in his Attachment 8-S-A, the new in-service date  
6 is estimated to increase the total gross financing costs by less than 1% over  
7 the 30-year life of the CT Project.

8 Thus, NIPSCO's proposed CT Project continues to be consistent with the  
9 Five Pillars codified in Ind. Code § 8-1-2-0.6.

10 **Q10. What, if any, investments will be made to ensure NIPSCO can safely,**  
11 **reliably, and affordably serve its customers until the CT Project is**  
12 **brought online in 2027?**

13 A10. As NIPSCO Witness Augustine explains, NIPSCO's 2021 IRP indicated that  
14 Michigan City Unit 12 and Schahfer Units 16A and 16B would retire by  
15 2028, and it was these retirements driving the capacity need for the CT  
16 Project. However, NIPSCO indicated in its case-in-chief that it expected to  
17 retire Units 16A and 16B shortly after the CT Project became operational.  
18 There are no capital investments expected to be needed to keep Units 16A

1           and 16B online through 2027, rather than through 2026, but an investment  
2           of approximately \$2.6 million of O&M expense is estimated to be needed.  
3           NIPSCO Witness Stanley also discusses NIPSCO's capacity position  
4           through 2027 and explains the actions NIPSCO has taken and will be taking  
5           to ensure it can adequately serve its customers over the next few years.

6           **Conclusion**

7           **Q11. Please summarize the basis for the shift of the in-service date for the CT**  
8           **Project and why NIPSCO's request for issuance of a CPCN should**  
9           **ultimately be approved by the Commission.**

10          A11. As noted in Question / Answer 26 of my direct testimony, since issuance of  
11          its 2021 IRP, NIPSCO has continued to evaluate and analyze its generation  
12          needs considering ongoing changes in market rules, supply chain, and  
13          other broader market changes, and there is a clear need for a gas-fired  
14          resource between 400 MW and 442 MW.

15          As supported by other NIPSCO witnesses in direct and supplemental  
16          direct, NIPSCO began with a competitive RFP and engaged the assistance  
17          of Sargent and Lundy. Even before filing its case-in-chief, NIPSCO sought  
18          bids for certain key components, and NIPSCO's decision to target a later in-

1 service date for the CT Project is evidence that NIPSCO has continued to be  
2 diligent in its evaluation of market rules/changes and supply chain  
3 constraints. Even with a later in-service date, NIPSCO will (a) continue  
4 project development work over the coming years, (b) will competitively bid  
5 key components and contracts, (c) continue taking prudent actions to  
6 ensure it has sufficient capacity and energy to serve its customers, and (d)  
7 still be able to leverage the available interconnection rights from retiring  
8 generation at Schahfer. Once operational, the CT Project will be a key part  
9 of NIPSCO's electric generating fleet, as it will provide key reliability  
10 attributes and additional capacity (especially in the winter season) and help  
11 mitigate customers' price exposure on the hottest and coldest days of the  
12 year. Based on the evidence NIPSCO has included as part of its case-in-  
13 chief and in its supplemental testimony, the Commission should approve  
14 NIPSCO's request and issue a CPCN for the CT Project.

15 **Q12. Does this conclude your prefiled supplemental direct testimony?**

16 A12. Yes.

## VERIFICATION

I, David T. Walter, Vice President of Power Delivery 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.

*/s/ David T. Walter*

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David T. Walter

Dated: January 16, 2024