

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF NORTHERN INDIANA PUBLIC)
SERVICE COMPANY LLC FOR (1) AUTHORITY TO)
MODIFY ITS 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; (3) APPROVAL OF)
REVISED DEPRECIATION RATES APPLICABLE TO)
ITS GAS PLANT IN SERVICE; (4) APPROVAL OF)
MECHANISM TO MODIFY RATES PROSPECTIVELY)
FOR CHANGES IN FEDERAL OR STATE INCOME)
TAX RATES, UTILITY RECEIPTS TAX RATES, AND)
PUBLIC UTILITY FEE RATES; (5) APPROVAL OF)
NECESSARY AND APPROPRIATE ACCOUNTING)
RELIEF; AND (6) AUTHORITY TO IMPLEMENT)
TEMPORARY RATES CONSISTENT WITH THE)
PROVISIONS OF IND. CODE § 8-1-2-42.7.)

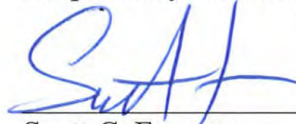
CAUSE NO. 45621

INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR'S

PUBLIC'S EXHIBIT NO. 4 – TESTIMONY OF OUCC WITNESS
BARBARA A. SMITH

January 20, 2022

Respectfully submitted,



Scott C. Franson
Attorney No. 27839-49
Deputy Consumer Counselor

**NORTHERN INDIANA PUBLIC SERVICE COMPANY LLC
CAUSE NO. 45621
TESTIMONY OF OUCC WITNESS BARBARA A. SMITH**

I. INTRODUCTION

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

2 A: My name is Barbara A. Smith. My business address is 115 West Washington Street,
3 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") as the
6 Executive Director, Technical Operations. For a summary of my educational and
7 professional experience, as well as my testimonial preparation in this case, please see
8 Appendix BAS-1 attached to my testimony.

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

10 A: The purpose of my testimony is to discuss the following adjustments made by Northern
11 Indiana Public Service Company LLC ("NIPSCO" or "Petitioner"):

- 12 • OM 2A – Line Locates/Mitigate Damages
- 13 • OM 2B – Gas Measurement & Transmission ("GM&T")

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

15 A: NIPSCO seeks to increase its rates (Adjustments OM 2A and OM 2B) to hire 23 new
16 damage prevention employees at a cost of \$2,549,505 (OM 2A-\$1,680,037¹ + OM 2B-
17 \$869,468) in addition to increasing its contractor expense by \$4,313,201 for a total of
18 \$6,862,706. (Petitioner's Exhibit No. 19-S2, Workpaper OM 2A, Page [1]; Petitioner's

¹ Petitioner's Confidential Exhibit No. 19-S2, Workpaper OM 2A, Page 532 of 874, line 4 contains a \$1 mathematical error.

1 Exhibit No. 19-S2, Workpaper OM 2B, Page [1].) I recommend the Commission
2 approve the portion of NIPSCO's OM 2A and OM 2B adjustments related to additional
3 contractor Quality Assurance/Quality Control ("QA/QC") and "Watch and Protect"
4 work (\$4,313,201). However, because NIPSCO has not initiated the hiring process for
5 any internal positions, I recommend the Commission deny the remaining portion of
6 NIPSCO's proposed OM 2A and OM 2B adjustments (\$2,549,505) for any internal
7 positions not filled by NIPSCO's rebuttal filing date.

8 **Q: To the extent you do not address a specific item or adjustment, should that be**
9 **construed to mean you agree with Petitioner's proposal?**

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

II. ADJUSTMENTS OM 2A AND OM 2B

13 **Q: Please explain NIPSCO's proposed OM 2A and OM 2B adjustments.**

14 A: NIPSCO proposes to expand its Damage Prevention Organization and Gas
15 Measurement & Transmission department by 23 employees. NIPSCO also proposes to
16 expand the scope of work to be conducted by its Damage Prevention Organization to
17 include Quality Assurance/Quality Control ("QA/QC") and Watch and Protect work.
18 (Petitioner's Exhibit No. 9, page 27, lines 13-14; Petitioner's Exhibit No. 10, page 21,
19 line 1; page 22, line 16; and page 23, lines 11-14.) Both programs are intended to reduce
20 pipeline damages in NIPSCO's service area caused by excavators.

1 **Q: How has NIPSCO supported its incremental QA/QC and Watch and Protect**
2 **expense?**

3 A: In response to OUCC Data Request ("DR") 15-001, NIPSCO explained how its
4 existing contracts will be expanded to include additional QA/QC and Watch and
5 Protect work. NIPSCO completed a Watch and Protect pilot in 2020 and the currently
6 executed locator contracts have a line item included for this work. The QA/QC work is
7 currently being performed by contractors; NIPSCO proposes to increase audits from
8 5% of high-risk tickets to 15%. (Attachment BAS-1; NIPSCO Response to OUCC DR
9 15-001.)

10 **Q: Does the OUCC object to the portion of NIPSCO's proposed OM 2A and OM 2B**
11 **adjustments related to contractor expense?**

12 A: No. This portion of NIPSCO's adjustments is based upon existing contracts and these
13 programs are an expansion of existing work; therefore, there is an acceptable degree of
14 certainty that NIPSCO will perform this incremental work and incur this additional
15 expense. Also, NIPSCO's adjustment is based on increasing current expense, and I do
16 not object to the method NIPSCO used to calculate the proposed increase.

17 **Q: What is the hiring status for the internal positions included in adjustments OM**
18 **2A and OM 2B?**

19 A: Table 1 below shows NIPSCO's responses to OUCC DR 6-004, which state NIPSCO
20 has not yet posted any of the internal positions upon which adjustments OM 2A and
21 OM 2B are based. (Attachment BAS-2; NIPSCO Response to OUCC DR 6-004.)

1

Table 1

Job Title	Adjustment	NIPSCO's Proposed Adjustment	Additional Staff Proposed by NIPSCO	Total Proposed Staffing if approved	Hiring Status as of 11/29/21
Damage Prevention Coordinators	OM 2A	\$1,115,653	11	25	Not yet posted
Assigners	OM 2A	\$271,148	3	7	Not yet posted
Frontline Leaders	OM 2A	\$293,236	2	6	Not yet posted
Total OM 2A		\$1,680,037	16	46	
Transmission Maintenance Technicians	OM 2B	\$499,684	4		Not yet posted
Transmission Regulator Technicians	OM 2B	\$247,181	2		Not yet posted
Measurement Technician	OM 2B	\$122,603	1		Not yet posted
Total OM 2B		\$869,468	7		
Total OM 2A and OM 2B Internal Labor Adjustment		\$2,549,505	23		

2 **Q: When does NIPSCO expect to post or move forward with the hiring process for**
3 **these internal positions?**

4 **A:** In response to OUCC DR 6-004, NIPSCO states in a footnote that it “is expecting to
5 post or move forward with the hiring process for Damage Prevention Coordinators,
6 Assigners, Frontline Leaders in the first half of 2022.” NIPSCO did not state its plans
7 to post or move forward on the other OM 2A and OM 2B internal positions.

8 **Q: Has NIPSCO adequately supported the \$2,549,505 increase it seeks through**
9 **adjustments OM 2A and OM 2B?**

10 **A:** No. NIPSCO has not started to solicit candidates for these positions. Its proposed
11 adjustment is speculative based on what NIPSCO intends to do. NIPSCO has not even

1 attempted to fill any of these positions. Although it is logical to budget for these
2 planned positions, customers should not bear any expense until NIPSCO has taken
3 steps towards securing candidates for these positions.

4 **Q: With a forward-looking test year, why is it inappropriate to seek recovery of**
5 **budgeted proposals from ratepayers?**

6 A: Using a forward-looking test year to project revenues and expenses upon which to set
7 a utility's revenue requirement is permitted in Indiana; however, in so doing, the
8 Commission must also determine whether the utility has shown its proposed expense
9 is reasonable and necessary. Because NIPSCO has not started the hiring process for
10 internal staff, there is no basis upon which the Commission can find that this portion
11 of NIPSCO's proposed OM 2A and OM 2B adjustments is reasonable and necessary.
12 Permitting NIPSCO to include approximately \$2.5 million in its revenue requirement
13 does not obligate it to hire any additional personnel. It is essential that the Commission
14 have a reasonable belief that NIPSCO will actually incur this additional labor expense,
15 and NIPSCO has failed to provide the necessary support.

16 **Q: Has the Commission addressed a similar adjustment in a past case?**

17 A: Yes. In NIPSCO Electric's 2010 rate case, Cause No. 43526, the Commission approved
18 an adjustment to NIPSCO's forecasted staffing levels based upon actual hirings as of a
19 specified date:

20 (iii) Vacancies and Reorganization. In evaluating adjustments to test year
21 staffing levels and associated expenses proposed by the parties, the
22 question is whether the proposed expense is fixed, known, and
23 measurable and is reasonably representative of ongoing levels of
24 operating expense of the utility. In this case, NIPSCO agreed to the
25 OUCC's proposal for an ongoing expense that captures actual hirings as
26 of a specified date even though that expense level was below that which
27 NIPSCO initially proposed. We find that the test year labor expense, as
28 adjusted by the amount agreed to between NIPSCO and the OUCC, is

1 representative of the ongoing expense NIPSCO is likely to experience
2 during the life of the rates approved in this proceeding and should be
3 approved. *In re NIPSCO*, Cause No. 43526, Final Order, p. 65 (Ind. Util.
4 Regulatory Comm'n Aug. 25, 2010).

5 As this finding highlights, the Commission had confidence in setting NIPSCO's
6 ongoing wage expense based on its actual hirings as of a specific point in time because
7 that historical experience indicated what NIPSCO "is likely to experience during the
8 life of the rates approved in this proceeding" In this case, NIPSCO has not provided
9 adequate support for adjustments OM 2A and OM 2B in order to reach a similar level
10 of confidence.

11 **Q: Do you recommend that NIPSCO address this issue in its rebuttal filing?**

12 A: Yes. As I describe below, damage to pipelines in NIPSCO's service area is a matter of
13 historical and ongoing concern. Given the importance of ensuring public safety, as this
14 additional expense is intended to do, I recommend NIPSCO provide support in its
15 rebuttal filing showing that it has hired candidates for the OM 2A and OM 2B internal
16 positions.

17 **Q: Please describe your review of NIPSCO's facility damage metrics.**

18 A: I reviewed NIPSCO's facility damage metrics reported to the federal Pipeline and
19 Hazardous Materials Safety Administration ("PHMSA"). As summarized below, using
20 data from PHMSA's F7100 forms, in every year since 2013, NIPSCO's distribution
21 facility damages per 1000 tickets have consistently been the highest among the three
22 large Indiana natural gas companies. NIPSCO's distribution facility rate is also higher
23 than PHMSA's Indiana rate in every year since 2015. (*See*
24 <https://www.phmsa.dot.gov/data-and-statistics/pipeline/data-and-statistics-overview>.)

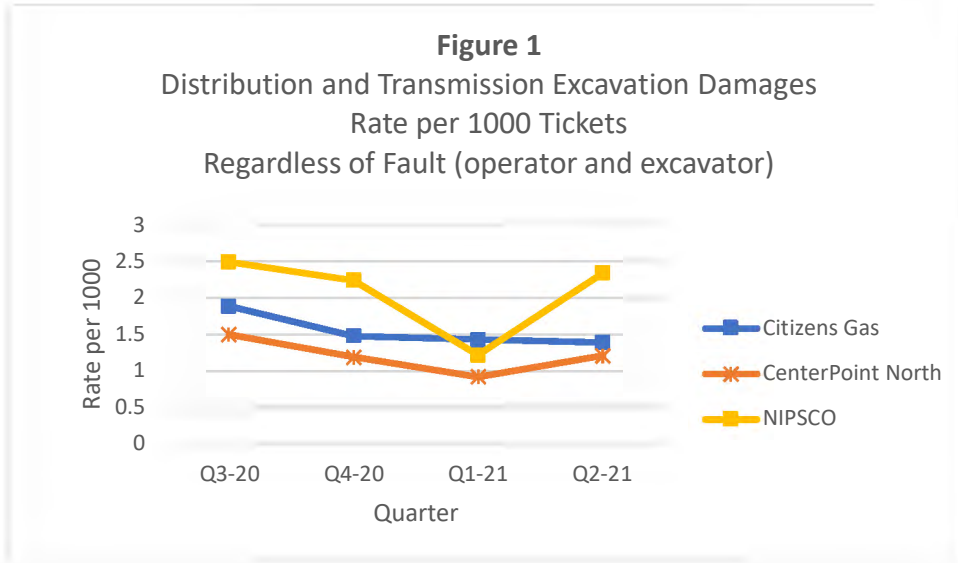
1

Table 2

Year	Distribution Facility Damage per 1000 Tickets			
	NIPSCO	Citizens	CenterPoint North	PHMSA's Indiana Data*
2013	3.73	2.77	2.35	
2014	3.02	2.18	2.33	
2015	3.00	1.71	1.91	2.3
2016	2.56	1.92	1.63	2.0
2017	2.31	1.86	1.44	1.9
2018	2.05	1.88	1.49	1.7
2019	1.97	1.45	1.51	1.7
2020	2.19	0.55	1.32	1.7

*Attachment BAS-4.

2 **Q: Have you analyzed NIPSCO's transmission facility damage trends?**
3 A: Yes. The 2020 and 2021 Excavation Damage Reporting Forms ("Quarterly Reports")
4 submitted by NIPSCO, Citizens, and CenterPoint North to the Commission's Pipeline
5 Safety Division are summarized in Figure 1 below. Table 2 above shows distribution-
6 only metrics while Figure 1 shows each utility's combined distribution and
7 transmission facility damage metrics. For more detail, including more metrics and the
8 Quarterly Report data, please see Attachment BAS-3. Figure 1 shows that NIPSCO's
9 combined distribution and transmission facility damage rate per 1000 tickets exceeded
10 that of Citizens Gas and CenterPoint North in three of the reported four quarters.



1 **Q: In light of these concerns, how do you recommend the Commission address**
2 **NIPSCO's proposed OM 2A and OM 2B adjustments?**

3 **A:** Certainly, the OUCC supports the delivery of safe and reliable utility service in Indiana.

4 As the PHMSA reports summarized in Table 2 show, NIPSCO is generally the highest
5 of the three large Indiana natural gas utilities in facility damages per 1000 tickets.

6 NIPSCO should take steps to reduce this trend. If NIPSCO believes the incremental
7 OM 2A and OM 2B internal personnel are needed for safe and reliable service, it should

8 take immediate action to fill those positions. Ideally, NIPSCO would have taken this
9 action before it filed its case-in-chief, so that the parties and the Commission could

10 have reliable evidence upon which to evaluate this proposed adjustment. However, in
11 recognition of how these positions are intended to address a matter of public safety, I

12 recommend any positions not filled by NIPSCO's rebuttal filing date should be denied
13 and the associated expenses not included in NIPSCO's forward-looking revenue

14 requirement. If NIPSCO has not filled any internal positions as of its rebuttal date, I

1 recommend denying \$1,680,037 for Adjustment OM 2A, resulting in a pro forma
2 adjustment of \$4,313,200, and a ratemaking expense for the twelve months ending
3 December 31, 2022 of \$16,778,317. (Attachment BAS-5.) Likewise, I recommend
4 denying \$869,468 for Adjustment OM 2B, resulting in a pro forma adjustment of \$0,
5 and a ratemaking expense for the twelve months ending December 31, 2022 of \$0.
6 (Attachment BAS-6.)

III. RECOMMENDATIONS

7 **Q: Please summarize your recommendations.**

8 A: For the reasons detailed in my testimony, I recommend the Commission deny any OM
9 2A and OM 2B positions not filled by NIPSCO's rebuttal filing date. The associated
10 expenses should not be included in NIPSCO's ongoing revenue requirement.
11 NIPSCO's failure to support its proposed expense does not give the Commission the
12 evidence it needs to find that the proposed expense will even occur, let alone that the
13 proposed amount is reasonable and necessary.

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

15 A: Yes.

**APPENDIX BAS-1 TO TESTIMONY OF
OUCC WITNESS BARBARA A. SMITH**

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

2 A: I received a Bachelor of Science degree, magna cum laude, from Indiana Wesleyan
3 University. I also earned an Associate's Certificate in Project Management through
4 George Washington University. I was employed by Vectren Energy from 1987 through
5 2006 in various capacities, including Supervisor of Distribution Planning. My
6 responsibilities included planning installation of new natural gas pipelines, making
7 pipeline replace/repair decisions, as well as development, implementation, and support
8 of new data repositories (such as asset management and compliance systems, support
9 for the Geographic Information System, capital work order systems, outage
10 management systems and storm outages). My professional experience as a member of
11 the management team at Vectren with direct customer contact helped me develop a
12 broad understanding of consumer interests, including the value placed on reliable
13 service and the impact rate increases have on consumers.

14 I joined the OUCC as a Utility Analyst in the Electric Division in October 2006
15 and held the position of Director, Resource Planning and Communication Division
16 from April 2009 through July 2015. I was promoted to my current position of Executive
17 Director, Technical Operations in August 2015. On behalf of the OUCC, I have led
18 many case teams in complex cases, including Certificate of Public Convenience and
19 Necessity cases, critical infrastructure as well as demand side management and
20 renewable energy cases.

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

22 A: Yes.

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

2 A: I reviewed Petitioner's verified petition, testimony, and exhibits submitted in this

3 Cause. I also reviewed Petitioner's responses to OUCC discovery requests. I reviewed

4 PHMSA Annual Reports and other facility damage reports found on the PHMSA

5 website.

Cause No. 45621

Northern Indiana Public Service Company LLC's

Objections and Responses to

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

OUC Request 15-001:

Has NIPSCO signed contracts with external firms for the incremental Watch and Protect and QA/QC work included in adjustment OM 2A? If yes, please supply a copy of the contract, state the date the contracts were signed, the contractor, the length of the contract commitment and the annual cost of the contract. If contracts have not been executed, please explain the basis for the amount of the proposed adjustment beyond what is included in NIPSCO's case-in-chief testimony.

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:

QA/QC

As stated in NIPSCO's case-in-chief testimony, third party excavation is the number one risk to NIPSCO's pipeline infrastructure. On average there are 1,300 new excavations starting every day in NIPSCO's footprint. The additional QA/QC will allow NIPSCO to ensure that all tickets are properly responded to and located properly to avoid property damage and personal injury. As stated in Q&A 27 in Rick Smith's direct testimony, the added quality control fosters a quality conscious employee, drives process improvements, builds credibility with the excavator community, and proactively identifies issues. The additional QA/QC is needed to drive continuous improvement in public safety and ensure adherence to policies and procedures.

Stepping through the QA/QC Adjustment in OM 2A shown in Petitioner's Confidential Exhibit No. 19-S2 (Redacted), Pages 531 through 544:

As noted in Q&A 27, this incremental adjustment will net approximately 44,000 additional audits. The cost of QA/QC performed by the locate contractors is spread to all locate requests in a given year, which is included in the services rendered in the "per ticket price."

Anticipated Locate Volume (Lines 1-4 and Columns A and B) (Page 539):

Cause No. 45621
Northern Indiana Public Service Company LLC's
Objections and Responses to
Indiana Office of Utility Consumer Counselor's Fifteenth Set of Data Requests

Since this cost is averaged across the total ticket volume, NIPSCO calculated the 3 year average of its actual locate ticket requests for a 3 year average of 441,084 (Column B, Line 4).

	(A)	(B)	(C)
		High Risk	
Line No.	Year	Gas Locate Ticket Volume	
1	2018	431,066	
2	2019	449,686	
3	2020	442,500	
4	3 year average	441,084 [A]	

NIPSCO then calculated the Current Locate Cost (needed to compare against future cost to understand the incremental adjustment) as follows:

Lines 5 and 6 reflect the cost for GridHawk and UtiliQuest to complete their assigned locate volume at a 5% audit requirement. Column B reflects the estimated percentage of the total ticket volume assigned to each vendor based on 2021 actuals. This percentage is then multiplied by the 3-year average ticket volume (Line 4) to establish the estimated number of tickets each vendor is assigned (Column C). Those totals are then multiplied by the established price per ticket in the currently executed locate contracts (Column D) to determine the current locate cost per vendor (Column F). These cost are added together to get a total current cost of \$15,455,583 (Line 7), which is then used to compare against the future cost to determine the incremental adjustment.

	(A)	(B)	(C)	(D)	(E)	(F)
		High Risk				
Line No.	Year	Gas Locate Ticket Volume				
1	2018	431,066				
2	2019	449,686				
3	2020	442,500				
4	3 year average	441,084 [A]				
	Vendor	Estimated % of Tickets	Estimated # Tickets	Price per Ticket	Ref	Locate Current Cost
5	GridHawk	40%	176,434	\$	[.8]	\$
6	Utiliquest	60%	264,650	\$	[.8]	\$
7			441,084 [A]			\$ 15,455,583

Future Locate Cost (needed to compare against current cost to understand the incremental adjustment):

Lines 8 and 9 reflect the cost for GridHawk and UtiliQuest to complete their assigned locate volume at a 15% audit requirement. Column B reflects the estimated percentage of the total ticket volume assigned to each vendor based on 2021 actuals. This percentage is then multiplied by the 3-year average ticket volume (Line 4) to

Cause No. 45621

Northern Indiana Public Service Company LLC's

Objections and Responses to

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

establish the estimated number of tickets each vendor is assigned (Column C). Those totals are then multiplied by the anticipated price per ticket (Column D) to determine the future locate cost per vendor (Column F). These cost are added together to get a total future cost of \$19,435,925 (Line 10), which is then used to compare against the current cost to determine the incremental adjustment.

Line No.	(A) Year	(B) High Risk Gas Locate Ticket Volume	(C)	(D)	(E)	(F)
1	2018	431,066				
2	2019	449,686				
3	2020	442,500				
4	3 year average	441,084 [A]				
	Vendor	Estimated % of Tickets	Estimated # Tickets	Price per Ticket	Ref	Locate Current Cost
5	GridHawk	40%	176,434	\$ [REDACTED]	[.8]	\$ [REDACTED]
6	Utiliquest	60%	264,650	\$ [REDACTED]	[.8]	\$ [REDACTED]
7			441,084			\$ 15,455,583
			[A]			
	Vendor	Estimated % of Tickets	Estimated # Tickets	Price per Ticket	Ref	Locate Future Cost
8	GridHawk	40%	176,434	\$ [REDACTED]	[.10]	\$ [REDACTED]
9	Utiliquest	60%	264,650	\$ [REDACTED]	[.11]	\$ [REDACTED]
10			441,084			\$ 19,435,925
			[A]			

Total Gas O&M cost of the QA/QC incremental adjustment:

First, the future locate cost (Line 10, Column F) is subtracted from the current locate cost (Line 7, Column F) to determine the total cost of the incremental cost of \$3,980,342 (Line 11). To arrive at the total O&M costs, 11% of the costs that are allocated to capital projects (\$437,838) are removed (Line 12) to reflect the total O&M costs of \$3,542,504 (Line 13). Since only 65% of the O&M costs are charged to gas (with the remaining 35% charged to electric), the total O&M costs (Line 13) is multiplied by 65% to determine the total O&M adjustment in this case of \$2,302,628 (Line 14).

Cause No. 45621

Northern Indiana Public Service Company LLC's

Objections and Responses to

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

(A)	(B)	(C)	(D)	(E)	(F)	
Line No.	Year	High Risk Gas Locate Ticket Volume				
1	2018	431,066				
2	2019	449,686				
3	2020	442,500				
4	3 year average	441,084 [A]				
	Vendor	Estimated % of Tickets	Estimated # Tickets	Price per Ticket	Ref	Locate Current Cost
5	GridHawk	40%	176,434	\$ [REDACTED]	[.8]	\$ [REDACTED]
6	Utiliquest	60%	264,650	\$ [REDACTED]	[.8]	\$ [REDACTED]
7			441,084			\$ 15,455,583
			[A]			
	Vendor	Estimated % of Tickets	Estimated # Tickets	Price per Ticket	Ref	Locate Future Cost
8	GridHawk	40%	176,434	\$ [REDACTED]	[.10]	\$ [REDACTED]
9	Utiliquest	60%	264,650	\$ [REDACTED]	[.11]	\$ [REDACTED]
10			441,084			\$ 19,435,925
			[A]			
11						\$ 3,980,342 Incremental Cost
12						\$ (437,838) 11% Capital Allocation [12]
13						\$ 3,542,504
14						\$ 2,302,628 65% Gas Allocation [8] See 62% and 63% calculation on page 8

Watch & Protect

As noted in Q&A 22 of Rick Smith's direct testimony, excavator error continues to account for over 40% of all pipeline damages in NIPSCO's footprint. The majority of these damages occur on projects that require excavators to install infrastructure around NIPSCO's gas pipelines (water/sewer projects). As described in Q&A 28 of Rick Smith's direct testimony, Watch & Protect promotes partnership and education in damage prevention. NIPSCO representatives are able to assess the challenges with the excavator's unique project, educate them of industry best practices to overcome said challenges, and coach them through the project without incident. Once the project has ended, the best practices taught to the excavator can then be applied to other projects that would not require onsite assistance. The incremental expense is necessary to facilitate this level of field education and public safety. Watch and Protect has been completed as a pilot since 2020. The currently executed locator contracts have a line item included for this work. Please see NIPSCO's response to OUCS Request 15-002 for details on the Watch and Protect expenses in 2020. The water project identified in Q&A 28 of Rick Smith's direct testimony provides a thorough explanation of the benefits of Watch & Protect.

Stepping through the Watch and Protect Adjustment in OM 2A shown in Petitioner's Confidential Exhibit No. 19-S2 (Redacted), Pages 531-544:

Watch and Protect Hours Needed:

Cause No. 45621

Northern Indiana Public Service Company LLC's

Objections and Responses to

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

NIPSCO estimates there will be a need for 16 employees or 33,280 straight time hours per year ($16 \times 40 \text{ hours/week} = 640 \text{ hours/week} \times 52 \text{ weeks} = 33,280$). Additionally, NIPSCO estimates these 16 employees will work 2,000 overtime hours per year ($16 \times 2.4 \text{ hours/week} = 38.4 \text{ hours/week} \times 52 \text{ weeks} = 1,996.8$)

Straight Time Hours Needed	33,280
# of employees needed	16
Hours in a week	40
Total hours needed in a week	$16 \times 40 = 640$
# of weeks needed	52
Total hours needed annually	$640 \times 52 = 33,280$
Overtime Hours needed	1,997
# of employees needed	16
Hours in a week	2.4
Total hours needed in a week	$16 \times 2.4 = 38.4$
# of weeks needed	52
Total hours needed annually	$38.4 \times 52 = 1,996.8$

Watch & Protect Rates (Page 538):

Column C, Lines 1 and 2 are the average rates for Watch and Protect using an average of the rates included in NIPSCO's locate contracts.

	(A)	(B)	(C)	(D)	(E)
Line No.	Additional Locate Resources 2022	Hours	Hourly Rate	Ref	Total
1	16 (Straight time)				
2	16 (Overtime)				
3					\$2,010,572.80 [2]

Watch and Protect Total Adjustment:

The adjustment was calculated by adding the total for 16 hours of straight time (Column E, Line 1) and the total for the 16 hours of overtime (Column E, Line 2) for a total of Watch and Protect Adjustment of \$2,010,572.80 (Column E, Line 3).

Cause No. 45621

Northern Indiana Public Service Company LLC's

Objections and Responses to

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

OUC Request 6-004:

For all new additional employees NIPSCO proposes to hire through adjustments OM 2A and OM 2B, please respond to the following:

- a. List the current hiring status of each position (i.e., not yet posted, posted, interviewed, or hired).
- b. If a position has been filled, please state the starting salary and date of hire.
- c. If the new hire or proposed new hire will replace a contractor, please state the amount of the contractor expense reduction and where that reduction is recorded in NIPSCO's case-in-chief.
- d. If the new position has been or will be filled by an existing employee, please give the existing employee's current salary, and whether the existing position has been or will be filled.

Objections:**Response:**

a.

Positions	Status ¹
11 Damage Prevention Coordinators	Not yet posted
3 Assigners	Not yet posted
2 Frontline Leaders	Not yet posted
16 Watch & Protect Staff	Will be contracted labor
2 Emergency Responder Outreach Trainers	Posted and Interviewed
4 Transmission Maintenance Technicians	Not yet posted
2 Transmission Regulator Technicians	Not yet posted
1 Measurement Technician	Not yet posted

¹ NIPSCO is expecting to post or move forward with the hiring process for Damage Prevention Coordinators, Assigners, Frontline Leaders in the first half of 2022.

Cause No. 45621

Northern Indiana Public Service Company LLC's

Objections and Responses to

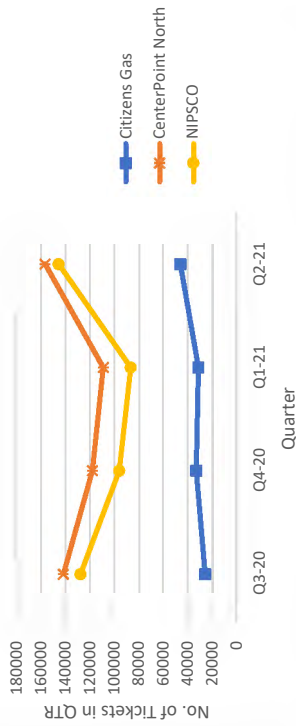
Indiana Office of Utility Consumer Counselor's Sixth Set of Data Requests

b. Currently, no positions have been filled.

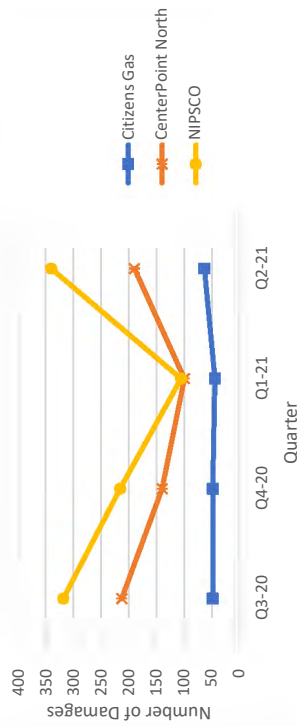
c. For the two Enhanced Emergency Responder Outreach Trainer positions, contractors are currently compensated at \$75/hour for all hours worked preparing and conducting training, plus mileage and expenses. The replacing employees' salary range is \$80,000 to \$100,000.

d. At this time, no positions have been filled; however, existing employees may apply for any of the positions. If an existing employee does fill the new position(s), that existing employee's position would then be backfilled.

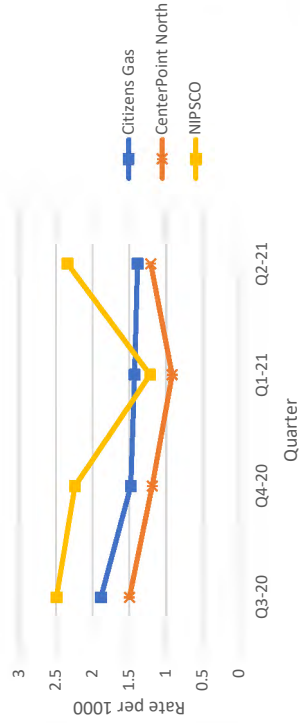
Tickets in Quarter for
 Q3 2020, Q4 2020, Q1 2021 and Q2 2021



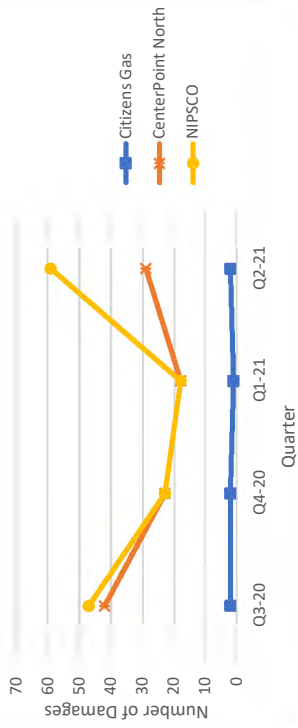
Total No. of excavation damages, regardless of fault
 (operator and excavator)



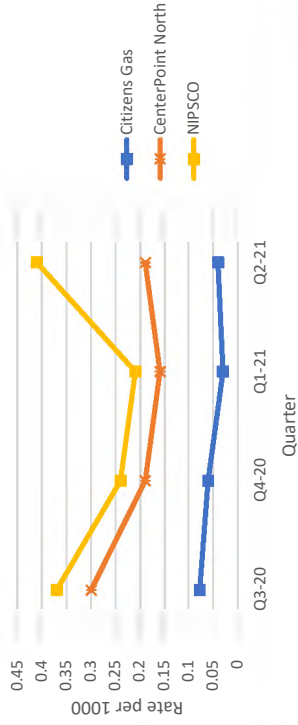
Rate per 1000 of excavation damages, regardless of
 fault (operator and excavator)



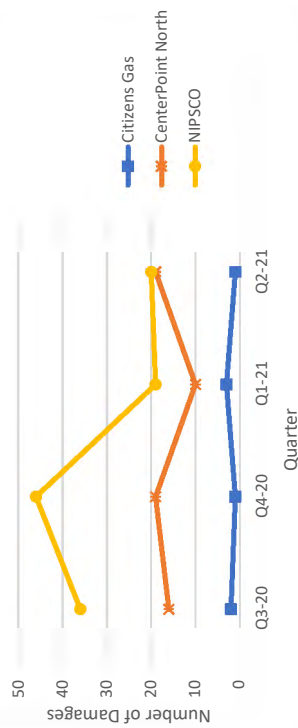
Number of Locator-at-Fault damages (i.e. locating practices not sufficient, etc.)



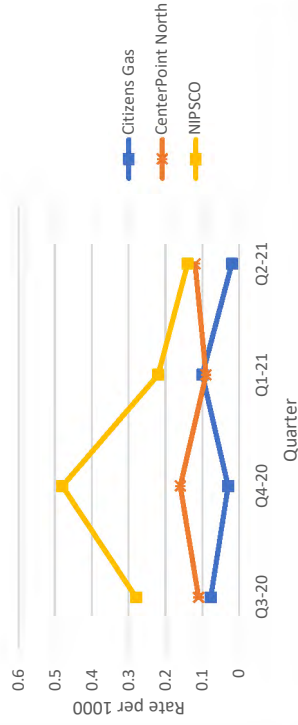
Rate per 1000 of Locator-at-Fault damages (i.e. locating practices not sufficient, etc.)



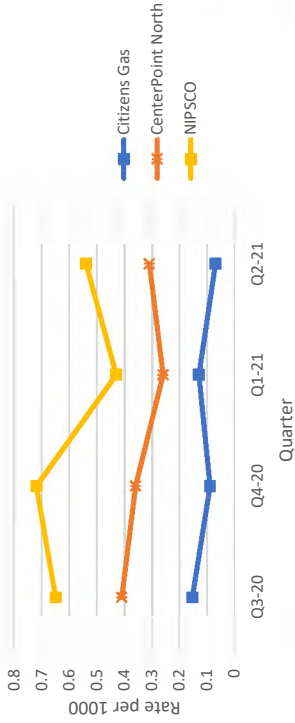
Number of Operator-at-Fault damages (i.e. maps/records, etc.)



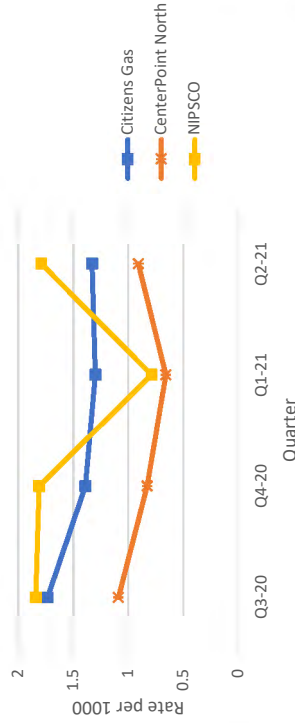
Rate per 1000 of Operator-at-Fault damages (i.e. maps/records, etc.)



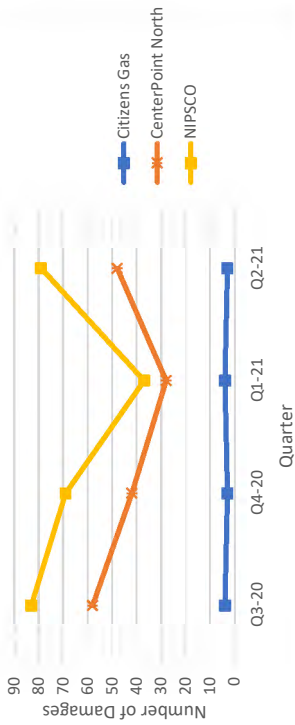
Rate per 1000 of Operator-at-Fault damages
 (Operator and Contract Locator at-fault)



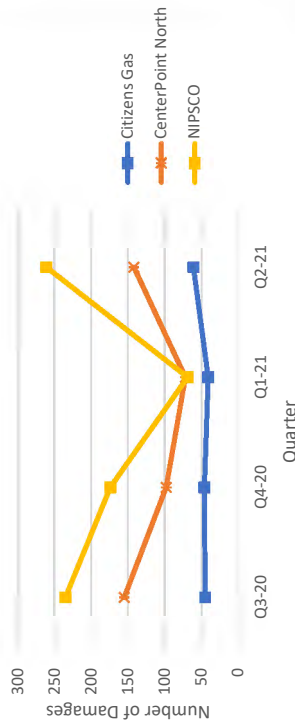
Rate per 1000 of Excavator-at-Fault damages (i.e. no
 ticket, tolerance zone, etc.)



Total No. of Operator-at-Fault damages (Operator
 and Contract Locator at-fault)

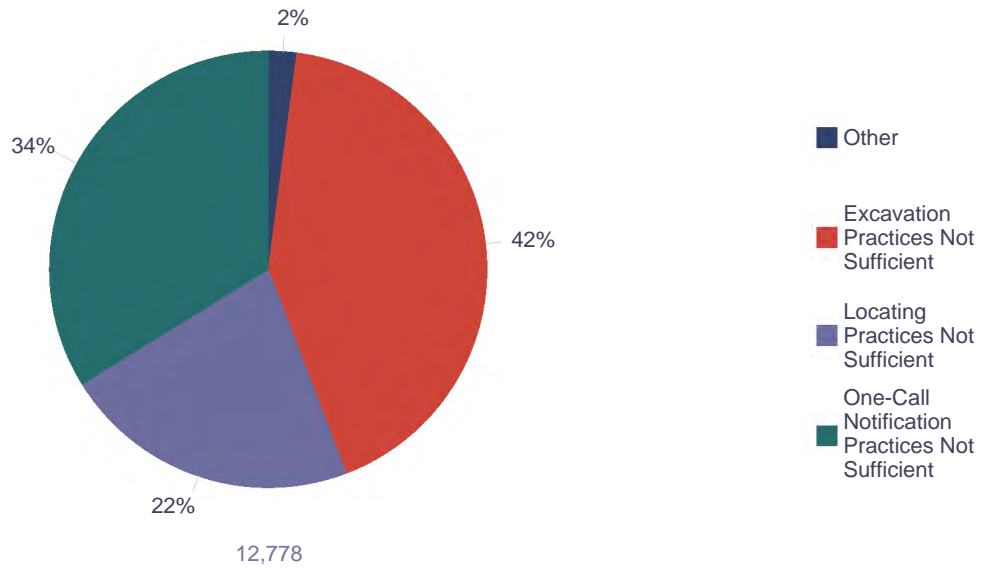


Total number of Excavator-at-Fault damages (i.e. no
 ticket, tolerance zone, etc.)



Gas Distribution Pipeline Excavation Damages by Root Cause 2015 - Present
Time run: 1/6/2022 12:30:52 PM

Data Source: US DOT Pipeline and Hazardous Materials Safety Administration
Portal Data as of 1/5/2022 10:01:36 PM
State:INDIANA



Calendar Year	Number of Excavation Tickets	Number of Excavation Damages	Damages per Thousand Tickets	One-Call Notification Practices Not Sufficient	Locating Practices Not Sufficient	Excavation Practices Not Sufficient	Other	One-Call Notification Practices Not Sufficient	Locating Practices Not Sufficient	Excavation Practices Not Sufficient	Other
2020	1,267,309	2,194	1.7	839	467	883	5	38%	21%	40%	0%
2019	1,230,512	2,083	1.7	712	437	917	31	34%	21%	44%	1%
2018	1,198,450	2,052	1.7	687	421	901	43	33%	21%	44%	2%
2017	1,163,520	2,165	1.9	730	557	864	14	34%	26%	40%	1%
2016	1,052,738	2,110	2.0	811	454	803	42	38%	22%	38%	2%
2015	958,585	2,174	2.3	547	478	1,017	132	25%	22%	47%	6%

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Operations and Maintenance (O&M) Expense
Twelve Months Ending December 31, 2022

This pro forma adjusts the twelve months ended December 31, 2020, gas O&M expenses for Line Locates and Mitigate Damages to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2021, and December 31, 2022, and ratemaking adjustment(s) for the twelve months ending December 31, 2022, as described below.

Line No.	Description A	Adjustment B	Amount C	Page Reference D
1	Actual Expense - December 31, 2020		\$ 10,882,748	
2	Normalization Adjustment N/A		-	
3	Normalized expense for the twelve months ended December 31, 2020		\$ 10,882,748	
4	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2021		1,582,369	
5	Budgeted expense for the twelve months ending December 31, 2021		\$ 12,465,117	
6	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2022		-	
7	Budgeted expense for the twelve months ending December 31, 2022		\$ 12,465,117	
8	Pro Forma adjustment to Increase / (Decrease) Line Locates and Mitigate Damages expense for additional staff and investments in quality control		4,313,200	
9	Ratemaking expense for the twelve months ending December 31, 2022		\$ 16,778,317	

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Operations and Maintenance (O&M) Expense
As of December 31, 2022

This pro forma adjusts the twelve months ended December 31, 2020, gas O&M expenses for GM&T to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2021, and December 31, 2022, and ratemaking adjustment(s) for the twelve months ending December 31, 2022, as described below.

Line No.	Description	Adjustment	Amount	Page Reference
	A	B	C	D
1	Actual Expense - December 31, 2020		\$ -	
2	Normalization Adjustment N/A		-	
3	Normalized expense for the twelve months ended December 31, 2020		\$ -	
4	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2021		-	
5	Budgeted expense for the twelve months ending December 31, 2021		\$ -	
6	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2022		-	
7	Budgeted expense for the twelve months ending December 31, 2022		\$ -	
8	Pro Forma adjustment to Increase / (Decrease) GM&T expense for additional staff		-	
9	Ratemaking expense for the twelve months ending December 31, 2022		\$ -	

AFFIRMATION

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

Barbara A Smith

Barbara A. Smith
Executive Director of Technical Operations
Indiana Office of Utility Consumer
Counselor
Cause No. 45621
Northern Indiana Public Service Company
LLC

1/19/22

Date

CERTIFICATE OF SERVICE

This is to certify that a copy of the foregoing *OUCC'S TESTIMONY OF BARBARA A. SMITH* has been served upon the following counsel of record in the captioned proceeding by electronic service on January 20, 2022.

Nicholas K. Kile
Hillary J. Close
Lauren M. Box
Barnes & Thornburg LLP
Email: Nicholas.kile@btlaw.com
Email: Hillary.close@btlaw.com
Email: Lauren.box@btlaw.com

Jennifer A. Washburn
Citizens Action Coalition
jwashburn@citact.org

Todd A. Richardson
Aaron A. Schmoll
Ellen Tennant
LEWIS & KAPPES, P.C.
Email: TRichardson@lewis-kappes.com
ASchmoll@lewis-kappes.com
ETennant@Lewis-kappes.com

Joseph P. Rompala
Tabitha L. Balzer
LEWIS & KAPPES, P.C.
Email: JRompala@lewis-kappes.com
TBalzer@lewis-kappes.com

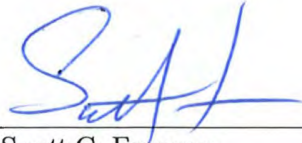
Robert E. Heidorn
Kathryn A. Bryan
NiSource Corporate Services - Legal
Email: rheidorn@nisource.com
Email: kbryan@nisource.com

Robert K. Johnson, Esq.
Steel Dynamics Inc.
Email: rjohnson@utilitylaw.us

Robert C. Sears
Erin E. Whitehead
**Northern Indiana Public Service Company
LLC**
Email: rsears@nisource.com
Email: ewhitehead@nisource.com

Copy to:
Reagan Kurtz
Citizens Action Coalition
rkurtz@citact.org

Debi McCall
NiSource Corporate Services - Legal
Email: demccall@nisource.com



Scott C. Franson
Attorney No. 27839-49
Deputy Consumer Counselor

INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR

115 West Washington Street
Suite 1500 South
Indianapolis, IN 46204

infomgt@oucc.in.gov

317/232-2494 – Telephone

317/232-5923 – Facsimile