

Northern Indiana Public Service Company LLC  
Cause No. 45621

**FILED**  
September 29, 2021  
INDIANA UTILITY  
REGULATORY COMMISSION

---

---

**VERIFIED DIRECT TESTIMONY OF GUNNAR J. GODE**

---

---

1 **Introduction**

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

3 A1. My name is Gunnar J. Gode. My business address is 290 W Nationwide Blvd,  
4 Columbus, Ohio 43215. I am Vice President and Chief Accounting Officer for  
5 NiSource Corporate Services Company ("NCSC"), a wholly-owned subsidiary of  
6 NiSource Inc. ("NiSource").

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

8 A2. I am submitting this testimony on behalf of Northern Indiana Public Service  
9 Company LLC ("NIPSCO" or the "Company"), a wholly-owned subsidiary of  
10 NiSource.

11 **Q3. Please describe your educational and employment background.**

12 A3. I earned a B.S. degree in managerial economics from Cornell University and  
13 completed my M.B.A. from Babson College. I am a Certified Public Accountant,  
14 licensed in the state of Maryland. I joined NiSource in my current role in August  
15 2020. Prior to that, I was the Vice President and Controller for AltaGas Services  
16 US, including its wholly owned subsidiary Washington Gas Light Company. I

1 was employed by Washington Gas for 16 years, serving in increasing roles of  
2 responsibility within the Finance and Accounting functions. Prior to joining  
3 Washington Gas, I worked as a business recovery consultant for FTI Consulting  
4 and also as a senior accountant at PricewaterhouseCoopers and Grant Thornton,  
5 serving the technology and utility sectors, respectively.

6 **Q4. What are your responsibilities as Vice President and Chief Accounting Officer?**

7 A4. As Vice President and Chief Accounting Officer, my principal responsibilities  
8 include overseeing the Company's financial statement preparation, accounting  
9 and control processes. As a part of these responsibilities, I am responsible for  
10 maintaining the processes and controls to identify and record transactions related  
11 to NCSC and the corresponding allocations to the NiSource operating companies,  
12 including NIPSCO.

13 **Q5. Have you previously testified before the Indiana Utility Regulatory**  
14 **Commission ("Commission") or any other regulatory commission?**

15 A5. I have not previously testified before the Commission. I have previously testified  
16 in proceedings in Virginia and the District of Columbia.

17 **Q6. Are you sponsoring any attachments to your direct testimony in this Cause?**

18 A6. Yes. I am sponsoring Attachments 7-A through 7-D, all of which were prepared

1 by me or under my direction and supervision. I also sponsor a portion of the  
2 workpapers included in Petitioner's Confidential Exhibit No. 19.

3 **Q7. What is the purpose of your testimony?**

4 A7. The purpose of my testimony is to provide background on the relationship  
5 between NCSC and NIPSCO. I also support the actual operation and  
6 maintenance ("O&M") expenses associated with services provided by NCSC to  
7 NIPSCO for the period beginning January 1, 2020 and ending December 31, 2020  
8 (the "Historic Base Period"), as well as certain normalization adjustments to those  
9 expenses (which when taken together, comprise the "Normalized Historic Base  
10 Period"). The same underlying allocation methodologies applied during the  
11 Historic Base Period are used for the expected NCSC services provided to  
12 NIPSCO for the period beginning January 1, 2021 and ending December 31, 2021  
13 (the "Budget Period"), and the period beginning January 1, 2022 and ending  
14 December 31, 2022 (the "Forward Test Year").

15 **Relationship between NCSC and NIPSCO**

16 **Q8. Please explain the structure and role of NCSC.**

17 A8. NCSC was established to provide centralized services to the individual operating  
18 companies within NiSource and coordinates the allocation and billing of charges  
19 to the NiSource operating companies for services provided by both NCSC directly

1 and by third-party vendors. The rendering of services on a centralized basis  
2 enables the affiliates to realize benefits from economies of scale, by leveraging the  
3 use and specialized expertise of personnel and equipment across the whole  
4 enterprise. Thus, NCSC offers NIPSCO, as well as the other individual  
5 distribution companies, access to the depth and breadth of professional  
6 experience that may not otherwise be available, or available from consultants at  
7 much higher costs. NIPSCO Witness Baryenbruch evaluates the reasonableness  
8 of and necessity for the costs of services provided by NCSC to NIPSCO gas and  
9 compares the cost of services provided to NIPSCO to market based costs. A list  
10 of the NCSC associate billing companies is shown in Attachment 7-A.

11 **Q9. How are costs billed to affiliates?**

12 A9. There are two types of billings made to affiliates, including NIPSCO: (1) contract  
13 billing; and (2) convenience billing.

14 **Q10. Can you please explain the difference between contract and convenience**  
15 **billings?**

16 A10. Contract billings represent NCSC labor and costs billed to the respective affiliates,  
17 and are identified by billing pools. Contract billings may be direct-billed (billed  
18 directly to a single affiliate or function, including NIPSCO Electric, NIPSCO Gas

1 or NIPSCO Common), or allocated (split between or among several affiliates),  
2 depending upon the nature of the expense. Of note, all of the charges listed on  
3 Attachment 7-D are costs generated by contract billings, as defined here.

4 Convenience billings reflects payments that are routinely made on behalf of  
5 affiliates on an ongoing basis, including employee benefits, corporate insurance,  
6 leasing, and external audit fees. Each affiliate is billed for its proportional share  
7 of the payments made in that respective month. As the name implies,  
8 convenience billing is intended as a convenience to vendors because it eliminates  
9 the need for a separate invoice to be generated for each affiliate entity receiving  
10 the same services. NCSC makes the payment to the vendor and the charges for  
11 the services are recorded directly on the books of the affiliate.

12 **Q11. Is contract billing rendered pursuant to an executed contract?**

13 A11. Yes. NCSC has executed an individual Service Agreement with each affiliate,  
14 which designates the types of services to be performed and the method of  
15 calculating the charges for those services. The Service Agreement is updated  
16 from time to time so all affiliates that receive service from NCSC are subject to the  
17 same Service Agreement. A copy of the current Service Agreement, effective  
18 January 1, 2015 between NCSC and NIPSCO, was submitted to this Commission

1 as an affiliate agreement on January 15, 2015 (the "Service Agreement"). A copy  
2 of the Service Agreement is attached hereto as Attachment 7-B. The services  
3 provided to NIPSCO are described in the Service Agreement in Article 1 and in  
4 Appendix A (Article 2) and further described below.

5 **Q12. Is NCSC responsible for appropriately assessing the split between costs**  
6 **attributable to NIPSCO's Electric and Gas operations?**

7 A12. No, not unless the costs are directly billed to NIPSCO Electric or NIPSCO Gas.  
8 NCSC has been direct billing expenses where possible to NIPSCO Electric and  
9 NIPSCO Gas since 2009. As NIPSCO Witness Newcomb explains, allocations  
10 between NIPSCO Electric and NIPSCO Gas are done using a similar methodology  
11 as the NCSC allocation bases. The NCSC allocation methodology is described  
12 later in my testimony.

13 **NCSC Cost Allocation to NIPSCO**

14 **Q13. How does NCSC determine charges applicable to NIPSCO?**

15 A13. NCSC is regulated by the Federal Energy Regulatory Commission ("FERC").  
16 Pursuant to FERC Order No. 684 issued October 19, 2006, centralized service  
17 companies (like NCSC) must use a cost accumulation system, provided such  
18 system supports the allocation of expenses to the services performed and readily  
19 identifies the source of the expense and the basis for the allocation. In compliance

1 with FERC, NCSC uses a billing pool system to collect costs that are applicable  
2 and billable to affiliates, including NIPSCO. The cost allocation policy requires  
3 all expenses (labor related or otherwise) to be charged directly to an affiliate  
4 whenever possible and practicable. Some projects or services necessarily involve  
5 more than one affiliate, and in that case, the billing pool system details how  
6 expenses are allocated among the participating affiliates.

7 **Q14. Are charges for services rendered to NIPSCO billed at cost?**

8 A14. Yes. In accordance with the Service Agreement (Section 2.2) all services are  
9 provided at cost, including compensation for use of capital.

10 **Q15. What controls are in place to ensure that an affiliate is consistently and**  
11 **appropriately billed?**

12 A15. NCSC allocates costs for a particular billing pool in accordance with the bases of  
13 allocation filed annually with FERC. A description of the basis of each allocation  
14 is included within the Service Agreement. NCSC updates the statistical data used  
15 in the approved allocation bases, at minimum, on a semi-annual basis. Prior to  
16 publishing the updated allocation percentages, NCSC provides NIPSCO's  
17 leadership team the opportunity to review, discuss, and provide feedback on the  
18 changes from the previous allocation percentages. There are system controls in



1 place that restrict certain departments, or groups of departments, to only use  
2 billing pools that allocate to companies benefitting from the services those  
3 departments provide. Essentially, a department that supports only the operating  
4 affiliates would only be allowed to use billing pools that include the operating  
5 affiliates. If an individual would attempt to use a different billing pool, the related  
6 accounting systems would prompt an immediate error and not allow data to be  
7 input. NCSC continues to use the same allocation methods reviewed and tested  
8 during its last FERC Audit.<sup>1</sup>

9 **Q16. What are the Bases of Allocation?**

10 A16. NCSC allocates costs for a particular billing pool in accordance with the following  
11 Bases of Allocation that are filed annually with the FERC:

- |    |         |  |
|----|---------|--|
| 12 | BASIS 1 | Gross Fixed Assets and Total Operating Expenses      |
| 13 | BASIS 2 | Gross Fixed Assets                                   |
| 14 | BASIS 3 | Number of Meters Serviced (Not used for NIPSCO)      |
| 15 | BASIS 4 | Number of Accounts Payable Invoices Processed        |
| 16 | BASIS 7 | Gross Depreciable Property & Total Operating Expense |
| 17 | BASIS 8 | Gross Depreciable Property (Not used for NIPSCO)     |

---

<sup>1</sup> NiSource Inc., including NCSC, underwent a FERC audit, Docket No. FA11-5-000 covering the period January 1, 2009 through December 31, 2010. The Final Audit Report was issued by the FERC on October 24, 2012.

- 1 BASIS 9 Automotive Units
- 2 BASIS 10 Number of Retail Customers
- 3 BASIS 11 Number of Regular Employees
- 4 BASIS 13 Fixed Allocation
- 5 BASIS 14 Number of Transportation Customers (not used for NIPSCO)
- 6 BASIS 15 Number of Commercial Customers (not used for NIPSCO)
- 7 BASIS 16 Number of Residential Customers (not used for NIPSCO)
- 8 BASIS 17 Number of High Pressure Customers (not used for NIPSCO)
- 9 BASIS 20 Direct Costs (direct and allocated corporate contract bill costs)

10

11 A description of each Basis of Allocation is included in Attachment 7-B (Exhibit

12 A of Appendix A to the Service Agreement). Each basis of allocation has one or

13 more allocation codes under it that include different groupings of the benefitting

14 operating companies. Allocation bases along with their respective allocation

15 codes included in the Historic Base Period for NIPSCO are shown in Attachment

16 7-C. As NIPSCO Witness Newcomb discusses, a similar methodology is used to

17 allocate NIPSCO Common costs between NIPSCO Electric and Gas and these

18 allocation percentages are included in NIPSCO Witness Newcomb's Attachment

19 3-E.

20 **Q17. Please explain each affiliate's rights regarding bills issued by NCSC.**

1 A17. In accordance with the Service Agreement (Section 4.1), affiliates have the right  
2 to meet with NCSC to review and assess the quality, costs, and/or allocations of  
3 the services being provided pursuant to the Service Agreement. The NCSC  
4 accounting team performs a review of the bill and makes selections to test  
5 individual charge details for reasonableness and accuracy. A monthly report  
6 summarizing the contract billings is sent out to the utility planning group for  
7 review and informational purposes.

8 **Historic Base Period NCSC Allocation to NIPSCO**

9 **Q18. What is the actual amount of NCSC O&M expenses billed to NIPSCO Gas in**  
10 **the Historic Base Period?**

11 A18. The actual amount of NCSC O&M expenses in the Historic Base Period for  
12 NIPSCO Gas is \$55,204,741 as shown on Attachment 7-D, Page 1, Line 1.<sup>2</sup> To  
13 arrive at a comparable, ongoing level of allocated expenses, certain adjustments  
14 are made to the Historic Base Period, resulting in a Normalized Historic Base  
15 Period total expense of \$60,077,311, as shown on Attachment 7-D, Page 1, Line 9.

16 **Q19. Please explain the adjustments to the Historic Base Period to arrive at the**  
17 **Normalized Historic Base Period?**

---

<sup>2</sup> Petitioner's Exhibit No. 3, Attachment 3-C-S2, OM 7 (line 1).

1 A19. As shown on Attachment 7-D, and as further discussed below, adjustments were  
2 made to the Historic Base Period for (1) School Safety Program Reclass, (2) Long  
3 Term Incentive Plan ("LTIP"), (3) Retention Award Adjustment, (4) CIP  
4 Normalization Adjustment, and (5) Allocation Update.

5 **Q20. Please explain the School Safety Program Reclass Adjustment on Attachment**  
6 **7-D, Page 1, Line 3.**

7 A20. The School Safety Program Reclass Adjustment (included in Adjustment OM 7-  
8 20) decreases the Historic Base Period by \$62,500 to reflect that the School Safety  
9 Program is now managed and budgeted as part of NIPSCO Gas Operations  
10 directly, as supported by Witness Smith in Adjustment OM 2D-20, whereas  
11 during the Historic Base Period these activities were included in NCSC  
12 Operations. If this adjustment is not included, the Normalized Historic Base  
13 Period O&M expenses would be overstated.

14 **Q21. Please explain the LTIP Adjustment on Attachment 7-D, Page 1, Line 4.**

15 A21. The LTIP Adjustment normalizes the Historic Base Period by increasing NCSC  
16 expenses in the amount of \$344,240 to reflect a payout consistent with target levels  
17 included in the Budget Period and Forward Test Year. LTIP is a form of stock  
18 compensation granted to employees for two reasons: first, to align employee

1 interests with those of NiSource, and second, to ensure NiSource is competitive  
2 in the marketplace to attract and retain highly qualified and capable employees.  
3 LTIP represents restricted and contingent stock compensation granted to leaders  
4 at the Vice President level and higher that vests over multiple years. If this  
5 adjustment is not included, the Normalized Historic Base Period O&M expenses  
6 would be understated as LTIP was below target in 2020.

7 **Q22. Please explain the Retention Award Adjustment on Attachment 7-D, Page 1,**  
8 **Line 5.**

9 A22. The Retention Award Adjustment normalizes the Historic Base Period by  
10 decreasing NCSC expenses in the amount of \$118,778 to reflect the reversal of a  
11 retention award for Columbia Gas of Massachusetts ("CMA") that was  
12 inadvertently charged to NIPSCO, which were corrected in July 2021. If this  
13 adjustment is not included, the Normalized Historic Base Period O&M expenses  
14 would be overstated.

15 **Q23. Please explain the Corporate Incentive Payout ("CIP") Adjustment on**  
16 **Attachment 7-D, Page 1, Line 6.**

17 A23. The CIP adjustment normalizes the Historic Base Period by increasing NCSC  
18 expenses in the amount of \$1,409,619 to reflect a payout consistent with target

1 levels included in the 2021 Budget Period and Forward Test Year. The target level  
2 represents on-target compensation (i.e. expected compensation) for employees.  
3 Similar to the LTIP Adjustment described above, if this adjustment is not  
4 included, the Normalized Historic Base Year O&M expenses would be  
5 understated.<sup>3</sup>

6 **Q24. Please explain the Allocation Update Adjustment on Attachment 7-D, Page 1,**  
7 **Line 8.**

8 A24. The Allocation Update adjustment normalizes the Historic Base Period by  
9 increasing NCSC expenses in the amount of \$3,299,990 to reflect the current  
10 percentage of NCSC service costs being allocated to NIPSCO Gas. This update is  
11 pursuant to the standard, semi-annual update of the allocation percentages as  
12 described in Question 15 above. A driver of the change in the allocation  
13 percentages is NiSource's divestiture of CMA in October 2020. Up to the date of  
14 sale, CMA received services from NCSC under a service agreement similar to  
15 NIPSCO. With the removal of CMA from the billing pool following the  
16 divestiture, the allocation percentages from NCSC increased to the remaining  
17 affiliates receiving its services. Calculation of this adjustment is presented in

---

<sup>3</sup> Petitioner's Exhibit No. 3, Attachment 3-C-S2, Adjustment OM 7 (line 2).

1 Attachment 7-D, Page 5. In 2019, NIPSCO Gas was allocated 12.01% of the total  
2 NCSC Service Fee (Line 3). Following the update of the allocation percentages,  
3 NIPSCO Gas is budgeted and expected to be allocated 12.71% of the total NCSC  
4 Service Fee (Line 8) during the 2021 Budget Period. The update to the allocation  
5 percentages from 2019 to 2021 represents a 5.81% increase in the allocation to  
6 NIPSCO Gas (Line 10). Applying that increase to the Preliminary Normalized  
7 Historic Base Period (\$56,777,321 shown on Attachment 7-D, Page 1, Line 7)  
8 results in \$3,299,990 adjustment to reflect these updated allocation percentages  
9 (Line 8).

10 **Q25. Is the updated allocation of service costs to NIPSCO reasonable?**

11 A25. Yes. The cost allocation to NIPSCO is reasonable, both in the percentage and the  
12 amount. The methodology to calculate the allocation percentages has been  
13 consistently applied. As a public utility, the Company's responsibility is to  
14 provide safe, reliable gas service to its customers at reasonable and prudent costs.  
15 The amount of NCSC costs allocated to NIPSCO Gas is prudent and reasonable  
16 when comparing to what similar service costs would be if provided by an outside  
17 third party – or provided solely to NIPSCO. NIPSCO Witness Baryenbruch  
18 provides a detailed analysis that supports the reasonableness and prudence of  
19 the NCSC service costs.

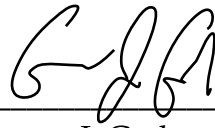
1 **Q26. Does this conclude your prefiled direct testimony?**

2 **A26. Yes.**



**VERIFICATION**

I, Gunnar J. Gode, Vice President and Chief Accounting Officer of NiSource Corporate Services Company, affirm under penalties of perjury that the foregoing representations are true and correct to the best of my knowledge, information and belief.

A handwritten signature in black ink, appearing to read 'G. J. Gode', is written above a horizontal line.

Gunnar J. Gode

Date: September 29, 2021

**NiSource Corporate Services Company  
List of Associate Billing Companies**

Company Name	Billing Company No.
Columbia Gas of Kentucky, Inc.	32
Columbia Gas of Maryland, Inc.	35
Columbia Gas of Massachusetts	80 (a)
Columbia Gas of Ohio, Inc.	34
Columbia Gas of Pennsylvania, Inc.	37
Columbia Gas of Virginia, Inc.	38
Columbia Gas of Ohio Receivables Corporation	93
Columbia Gas of Pennsylvania Receivables Corporation	94
Energy USA, Inc.	68
Energy USA TPC Corporation	24
NiSource Capital Markets Inc.	62
NiSource Development Company, Inc.	60
NiSource Energy Technologies, Inc.	78
NiSource Finance Corporation	75
NiSource Inc.	58
NiSource Insurance Corporation, Inc.	22
Northern Indiana Public Service Company	59

(a) Bay State Gas d/b/a Columbia Gas of Massachusetts ("CMA").

NiSource closed an asset sale of CMA to Eversource, Inc on October 9, 2021, whereby Eversource acquired essentially all of CMA's assets and certain of its liabilities.

Service Agreement

BETWEEN

NISOURCE CORPORATE SERVICES COMPANY

AND

NORTHERN INDIANA PUBLIC SERVICE COMPANY

Dated January 1, 2015

(To Take Effect Pursuant to Article 3 Hereof)

SERVICE AGREEMENT

This SERVICE AGREEMENT (the "Service Agreement" or "Agreement") is made and entered into effective the 1<sup>st</sup> day of January, 2015 by and between Northern Indiana Public Service Company, its subsidiaries, affiliates and associates ("Client", and together with other associate companies that have or may in the future execute this form of Service Agreement, the "Clients") and NiSource Corporate Services Company ("Company").

WITNESSETH:

WHEREAS, each Company and Client is a direct or indirect wholly owned subsidiary of NiSource Inc., a Delaware corporation and a "holding company" as defined in the Public Utility Holding Company Act of 2005 ("Act") that is subject to regulations adopted by the Federal Energy Regulatory Commission ("FERC") pursuant to the Act;

WHEREAS, the Client is an affiliate of the Company; and

WHEREAS, the Company and Client agree to enter into this Service Agreement whereby the Client may seek certain services from the Company and the Company agrees to provide such services upon request and upon the Company's conclusion that it is able to perform such services. Further, the Client agrees to pay for the services as provided herein at cost; and

WHEREAS, the rendition of such services set forth in Article 2 of Appendix A on a centralized basis enables the Clients to realize economic and other benefits through (1) efficient use of personnel and equipment, (2) coordination of analysis and planning, and (3) availability of specialized personnel and equipment which the Clients cannot economically maintain on an individual basis.

NOW THEREFORE, in consideration of the premises and the mutual agreements herein contained, the parties to this Service Agreement covenant and agree as follows:

**ARTICLE 1**

**SERVICES**

1.1 The Company shall furnish to Client, as requested by Client, upon the terms and conditions hereinafter set forth, such of the services described in Section 2 of Appendix A hereto (the "Services"), at such times, for such periods and in such manner as Client may from time to time request and that the Company concludes it is able to perform. The Company shall also provide Client with such services, in addition to those services described in Appendix A hereto, as may be requested by Client and that the Company concludes it is able to perform. In supplying such services, the Company may arrange, where it deems appropriate in consultation with Client, for the services of such experts, consultants, advisers, and other persons with necessary qualifications as are required for or pertinent to the provision of such services ("Additional Services").

1.2 Client shall take from the Company such of the Services, and such Additional Services, whether or not now contemplated, as are requested from time to time by Client and that the Company concludes it is able to perform.

1.3 The cost of the Services described herein or contemplated to be performed hereunder shall be allocated to Client in accordance with Exhibit A, which is filed annually with the FERC. Client shall have the right from time to time to amend or alter any activity, project, program or work order provided that (i) Client pays and remunerates the Company the full cost for the services covered by the activity, project, program or work order, including therein any expense incurred by the Company as a direct result of such amendment or alteration of the activity, project, program or work order, and (ii) Client accepts that no amendment or alteration of an activity, project, program or work order shall release Client from liability for all costs already incurred by or contracted for by the Company pursuant to the activity, project, program or work order, regardless of whether the services associated with such costs have been completed.

1.4 The Company shall hire, train and maintain an experienced staff able to perform the Services, or shall obtain experience through third-party resources, as it shall determine in consultation with Client.

1.5 The Company routinely makes payments on behalf of affiliates on an ongoing basis, including payroll, employee benefits, corporate insurance, leasing, and external audit fees. Each affiliate receives on a monthly basis a Convenience Bill for its proportional share of the payments made in that respective month. As the name implies, convenience billing is intended as a convenience to vendors because it eliminates the need for a separate invoice to be generated for each affiliate entity receiving the same services. Therefore, the Company makes the payment to the vendor and the charges for the services are recorded directly on the books of the affiliate and not by the Company.

## ARTICLE 2

### COMPENSATION

2.1 As compensation for the Services to be rendered hereunder, Client shall compensate and pay to the Company all costs, reasonably identifiable and related to particular Services performed by the Company for or on Client's behalf. The methods for allocating the Company costs to Client, as well as to other associate companies, are set forth in Appendix A.

2.2 It is the intent of this Service Agreement that charges for Services shall be billed, to the extent reasonably possible, directly to the Client or Clients benefiting from such Service. Any amounts remaining after such direct billing shall be allocated using the methods identified in Appendix A. The methods of allocation of cost shall be subject to review annually, or more frequently if appropriate. Such methods of allocation of costs may be modified or changed by the Company without the necessity of an amendment to this Service Agreement; provided that, in each instance, all services rendered hereunder shall be at actual cost and include compensation for use of capital thereof, fairly and equitably allocated. The Company shall review with the

Client any proposed change in the methods of allocation of costs hereunder and the parties must agree to any such changes before they are implemented.

2.3 The Company shall make available monthly billing information to the Client that shall reflect all information necessary to identify the costs charged and Services rendered for that month. Client shall undertake a review of the charges and identify all questions or concerns regarding the charges reflected within a reasonable period of time. Client shall remit to the Company all charges billed to it within a period of time not exceeding 30 days of receipt of the monthly billing information.

2.4 Client agrees to provide the Company, from time to time, as requested such financial and statistical information as the Company may need to compute the charges payable by Client consistent with the method of allocation set forth on Appendix A.

2.5 It is the intent of this Service Agreement that the payment for services rendered by the Company to Client under this Service Agreement shall cover all the costs of its doing business including, but not limited to, salaries and wages, office supplies and expenses, outside services employed, insurance, injuries and damages, employee and retiree pensions and benefits, taxes, miscellaneous general expenses, rents, maintenance of structures and equipment, depreciation and amortization, and reasonable compensation for use of capital.

### **ARTICLE 3**

#### **TERM**

3.1 This Service Agreement shall become effective as of the date first written above, subject only to the receipt of any required regulatory approvals from the State Commissions and federal agencies as needed, and shall continue in force until terminated by the Company or Client, upon not less than one year's prior written notice to the other party. This Service Agreement shall also be subject to termination or modification at any time, without notice, if and to the extent performance under this Service Agreement may conflict with (1) the Act or with any rule, regulation or order of the FERC adopted before or after the date of this Service Agreement, or (2) any state or federal statute, or any rule, decision, or order of any state or federal regulatory agency having jurisdiction over one or more Clients. Further, this Service Agreement shall be terminated with respect to the Client immediately upon the Client ceasing to be an associate company of the Company. The parties' obligations under this Service Agreement which by their nature are intended to continue beyond the termination or expiration of this Service Agreement shall survive such termination or expiration.

### **ARTICLE 4**

#### **SERVICE REVIEW**

4.1 Upon request of the Client, the Company shall meet with the Client to review and assess the quality, costs, and/or allocations of the services being provided pursuant to this

Service Agreement. The Client shall also have the right to amend the scope of services as it determines to be necessary or desirable.

4.2 NiSource maintains an Internal Audit Department that will conduct periodic audits of the Company administration and accounting processes ("Audits"). The Audits will include examinations of Service Agreements, accounting systems, source documents, methods of allocation of costs and billings to ensure all Services are properly accounted for and billed to the appropriate Client. In addition, the Company's policies, operating procedures and controls will be evaluated annually. Copies of the reports generated by the Company as part of the Audits will be provided to Client upon request.

## ARTICLE 5

### MISCELLANEOUS

5.1 All accounts and records of the Company shall be kept in accordance with the FERC's Uniform System of Accounts ("USofA") for centralized service companies .

5.2 New direct or indirect subsidiaries of NiSource Inc., which may come into existence after the effective date of this Service Agreement, may become additional Clients of the Company and subject to a service agreement with the Company. The parties hereto shall make such changes in the scope and character of the services to be rendered and the method of allocating costs of such services as specified in Appendix A, subject to the requirements of Section 2.2, as may become necessary to achieve a fair and equitable allocation of the Company's costs among all Clients including any new subsidiaries. The parties shall make similar changes if any Client ceases to be associated with the Company.

5.3 The Company shall permit Client reasonable access to its accounts and records including the basis and computation of allocations.

5.4 The Company and Client shall comply with the terms and conditions of all applicable contracts managed by the Company for the Client, individually, or for one or more Clients, collectively, including without limitation terms and conditions preserving the confidentiality and security of proprietary information of vendors.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date and year first above written.

NISOURCE CORPORATE SERVICES  
COMPANY

By: Susanne M. Taylor  
Name: Susanne M. Taylor  
Its: Controller

NORTHERN INDIANA PUBLIC SERVICE  
COMPANY

By: Kathleen O'Leary  
Name: Kathleen O'Leary  
Its: President



APPENDIX A

NISOURCE CORPORATE SERVICES COMPANY

Services Available to Clients  
Methods of Charging Therefor and  
Miscellaneous Terms and Conditions of Service Agreement

ARTICLE 1

DEFINITIONS

1 The term "Company" shall mean NiSource Corporate Services Company and its successors.

2 The term "Service Agreement" shall mean an agreement, of which this Appendix A constitutes a part, for the rendition of services by the Company.

3 The term "Client" shall mean any corporation to which services may be rendered by the Company under a Service Agreement.

ARTICLE 2

DESCRIPTION OF SERVICES

Descriptions of the expected services to be provided by the Company are detailed below. The descriptions are deemed to include services associated with, or related or similar to, the services contained in such descriptions. The details listed under each heading are intended to be illustrative rather than inclusive and are subject to modification from time to time in accordance with the state of the art and the needs of the Clients.

1 *Accounting and Statistical Services.* The Company will advise and assist the Clients in all aspects of accounting, including financial accounting, asset accounting, regulatory accounting, tax accounting, maintenance of books and records, safeguarding of assets, accounts payable, accounts receivable, reconciliations, accounting research, reporting, operations and maintenance analysis, payroll services, business applications support, and other related accounting functions. The Company will also provide services related to developing, analyzing and interpreting financial statements, directors' reports, regulatory reports, operating statistics and other financial reports. The Company will ensure compliance with generally accepted accounting principles and provide guidance on exposure drafts, financial accounting standards, and interpretations issued by the Financial Accounting Standards Board. The Company will advise and assist the Clients in the formulation of accounting practices and policies and will conduct special studies as may be requested by the Clients.

2 *Auditing Services.* The Company will conduct periodic audits of the general records of the Clients, will supervise the auditing of local and field office records of the Client, and will coordinate the audit programs of the Clients with those of the independent accountants

in the annual examination of their accounts. The Company will ensure compliance, monitor business risk, and coordinate internal control structure.

3 *Budget Services.* The Company will advise and assist the Clients in matters involving the preparation and development of forecasts, budgets and budgetary controls, and other financial planning activities.

4 *Business Services.* The Company will advise and assist the Clients in the preparation and use of educational and advertising materials; in the development of processes to increase residential, commercial and industrial customers, as well as maintenance of business in those areas; and providing information to customers regarding Clients' products and services.

5 *Corporate Services.* The Company will advise and assist the Clients in connection with corporate matters including corporate secretary services, business continuity planning, shareholder services, corporate records management, proceedings involving regulatory bodies, and other corporate matters.

6 *Customer Billing, Collection, and Contact Services.* The Company will render calculating, bill exception processing, back office processing, posting, printing, inserting, mailing and related services to Client associated with the preparation and issuance of customer bills, notices, inserts and similar mailings. The Company will provide cash processing, revenue recovery, account reconciliations and adjustments, and related services to Client associated with the collection of revenue and management of accounts receivable. The Company will provide customer contact and related services to Client, including alternative pricing services, customer contact center management, operation and administration; management of key customer relationships; communications associated with the commencement, transfer, maintenance and disconnection of service; sales of optional products and services; the receipt and processing of emergency calls; the handling of customer complaints; and responses to customer billing, credit, collection, order take and inquiry, outage, meter reading, retail choice and other inquiries.

7 *Depreciation Services.* The Company will advise and assist the Clients in matters pertaining to depreciation practices, including (1) the making of studies to determine the estimated service life of various types of plant, annual depreciation accrual rates, salvage experience, and trends in depreciation reserves indicated by such studies; (2) assistance in the organization and training of the depreciation departments of the Clients; and (3) dissemination to the Clients of information concerning current developments in depreciation practices.

8 *Economic Services.* The Company will advise and assist the Clients in matters involving economic research and planning and in the development of specific economic studies.

9 *Electronic Communications Services.* The Company will advise and assist the Clients in connection with the planning, installation and operation of radio networks, remote control and telemetering devices, microwave relay systems and all other applications of electronics to the fields of communication and control.

10 *Employee Services.* The Company will advise and assist the Clients in connection with organizational, leadership, and strategic development, employee relations matters, including recruitment, employee placement and retention, training, compensation, safety, labor relations

and health, welfare and employee benefits. The Company will also advise and assist the Clients in connection with temporary labor matters, including assessment, selection, contract negotiation, administration, service provider relationships, compliance, review and reporting.

11 *Engineering and Research Services.* The Company will advise and assist the Clients in connection with the engineering phases of all construction and operating matters, including estimates of costs of construction, preparation of plans and designs, engineering and supervision of the fabrication of natural gas facilities, standardization of engineering procedures, and supervision and inspection of construction. The Company will also conduct both basic and specific research in fields related to the operations of the Clients.

12 *Facility Services.* The Company will manage and effectively execute facility operations, facility maintenance, provide suitable space in its offices for the use of the Clients and their officers and employees, provide delivery services, security services, print services, and other facility services.

13 *Gas Dispatching Services.* The Company will advise and assist the Clients in the dispatching of the gas supplies available to the Clients, and in determining and effecting the most efficient routing and distribution of such supplies in the light of the respective needs therefor and the applicable laws and regulations of governmental bodies. If requested by the Clients, the Company will provide a central dispatcher or dispatchers to handle the routing and dispatching of gas.

14 *Information Services.* The Company will advise and assist the Clients in matters involving the furnishing of information to customers, employees, investors and other interested groups, and to the public generally, including the preparation of booklets, photographs, motion pictures and other means of presentation, and assistance to Clients in their advertising programs.

15 *Information Technology Services.* The Company will advise and assist Clients in matters involving information technology, including management, operations, control, monitoring, testing, evaluation, data access security, disaster recovery planning, technical research, and support services. The Company will also provide and assist the Client with application development, maintenance, modifications, upgrades and ongoing production support for a portfolio of systems and software that are used by the Clients. In addition, the Company will identify and resolve problems, ensure efficient use of software and hardware, and ensure that timely upgrades are made to meet the demands of the Clients. The Company will also maintain information concerning the disposition and location of Information Technology assets.

16 *Insurance Services.* The Company will advise and assist the Clients in general insurance matters, in obtaining policies, making inspections and settling claims.

17 *Land/Surveying Services.* The Company will provide land asset management, land contract management, and surveying services in connection with Clients' acquisition, leasing, maintenance, and disposal of interests in real property, including the maintenance of land records and the recording of instruments relating to such interests in real property, where necessary.

18 *Legal Services.* The Company will provide Clients with legal services (including legal services, as necessary or advisable, in connection with or in support of any of the other services provided hereunder), including, but not limited to, general corporate matters and internal corporate maintenance, contract drafting and negotiation, litigation, liability and risk assessment, financing, securities offerings, state and federal regulatory compliance, state and federal regulatory support and rule interpretation and advice, including, without limitation, interpretation and advice concerning the regulations or orders of the Securities and Exchange Commission, the Federal Energy Regulatory Commission, the Environmental Protection Agency, and the Pipeline and Hazardous Materials Safety Administration, bankruptcy and collection matters, employment and labor relations investigations, union contracting, Equal Employment Opportunity Commission issues, compliance with state and federal legislative requirements, and all other matters for which Clients require legal services.

19 *Officers.* Any Client may, with the consent of the Company, elect to any office of the Client any officer or employee of the Company whose compensation is paid, in whole or in part, by the Company. Services rendered to the Client by such person as an officer shall be billed by the Company to the Client and paid for as provided in Articles 3 and 4, and the Client shall not be required to pay any compensation directly to any such person.

20 *Operations Support and Planning Services.* The Company will advise and assist the Clients in connection with operations support and planning, including logistics, scheduling & dispatching; workforce planning; corrosion and leakage programs; estimates of gas requirements and gas availability; gas transmission, measurement, storage and distribution; construction requirements; construction management; operating standards and practices; regulatory and environmental compliance; pipeline safety and compliance; employee and system safety programs; sustainability; training; management of transportation and sales programs; negotiation of gas purchase and sale contracts; energy marketing and trading, including off-system sales and capacity release activities contemplated in a Client's revenue sharing mechanism; security services; measurement, regulation and conditioning equipment; meter testing, calibration and repair; hydraulic gas network modeling, facility mapping and GIS technologies; and other operating matters.

21 *Purchasing, Storage and Disposition Services.* The Company will render advice and assistance to the Clients in connection with supply chain activities, including the standardization, purchase, lease, license and acquisition of equipment, materials, supplies, services, software, intellectual property and other assets, as well as shipping, storage and disposition of same. The Company will also render advice and assistance to the Client in connection with the negotiation of the purchase, sale, acquisition or disposition of assets and services and the placing of purchase orders for the account of the Client.

22 *Regulatory Services.* The Company will advise and assist the Clients in all regulatory and rate matters, including the design and preparation of schedules and tariffs, the analysis of rate filings, the preparation and presentation of testimony and exhibits to regulatory authorities, and other regulatory activities.

23 *Tax Services.* The Company will advise and assist the Clients in tax matters, in the preparation of tax returns and in connection with proceedings relating to taxes.

24 *Transportation Services.* The Company will advise and assist the Clients in connection with the purchase, lease, operation and maintenance of motor vehicles and the operation of aircraft owned or leased by the Company or the Clients.

25 *Treasury Services.* The Company provides services such as risk management, cash management, long and short term financing for all Clients, investment of temporarily available cash, retirement of long term debt, investment management oversight of all benefits plans, and special economic studies as requested.

26 *Miscellaneous Services.* The Company will render to any Client such other services, not hereinabove described, , as from time to time the Company may be equipped to render and such Client may desire to have performed.

### ARTICLE 3

#### ALLOCATION METHODS

1 *Specific Direct Salary Charges to Clients.* To the extent that time spent by the officers and employees of the Company rendering services hereunder is related to services rendered to a specific Client, a direct salary charge, computed as provided in Article 4, shall be made to such Client.

2 *Apportioned Direct Salary Charges to Clients.* To the extent that the time spent by such officers and employees is related to services rendered to the Clients generally, or to any specified group of the Clients, a direct salary charge, computed as provided in Article 4, shall be made to the Clients generally, or to such specified group of the Clients, and allocated to each such Client using an allocation method as set forth on Exhibit A hereto.

3 *Direct Salary Charges for Services to the Company.* To the extent that time spent by any officer or employee of the Company is related to services rendered to the Company, a direct salary charge computed as provided in Article 4 shall be allocated among the Clients in the same proportions which the direct salary charges to such Clients made pursuant to Sections 1 and 2 of this Article III, for services of officers and employees, bear to the aggregate of such direct salary charges.

4 *Apportionment of Employee Benefits.* The employee benefit expenses that are related to direct salary charges made pursuant to sub-paragraphs (1), (2) and (3) of Article 3 shall be apportioned among the Clients, as applicable, in the proportions that the respective direct salary charges made pursuant to the rendering of such services to each such Client bear to the aggregate of such direct salary charges.

5 *Other Expenses.* All expenses, other than salaries and employee benefit expenses incurred by the Company in connection with services rendered to a specific Client shall be charged directly to such Client. All such expenses incurred by the Company in connection with services rendered to the Clients generally or to any specified group of Clients shall be apportioned in the manner set forth in Section 2 of this Article 3 for the apportionment of salary charges. All such expenses incurred by the Company in connection with services rendered to the

Company shall be apportioned in the manner set forth in Section 3 of this Article 3 for the apportionment of salary charges.

#### ARTICLE 4

##### COMPUTATION OF SALARY CHARGES

*Direct Salary Charges* The direct salary charge per hour which shall be made for the time of any officer or employee for services rendered in any calendar month shall be computed by dividing his total compensation for such month by the aggregate of (1) the number of scheduled working hours for which he was compensated, including hours paid for but not worked, and (2) hours worked in excess of his regular work schedule, whether or not compensated for.

*Exhibit A****DIRECT BILLING AND BASES OF ALLOCATION***

The Company will bill charges directly to a Client to the extent possible while any remaining costs are then allocated. When it is impractical or inappropriate to charge a Client directly, the Company allocates costs in accordance with the following Bases of Allocation which are filed annually with the FERC. The Company works cooperatively with department sponsors or project leaders through meetings and discussions to ensure costs are properly allocated to the Clients that will benefit from the service provided. Provided below are the Bases of Allocation for the Company, including a description of each basis and its numerator and denominator.

---

**BASIS 1****GROSS FIXED ASSETS AND TOTAL OPERATING EXPENSES**

- Fifty percent of the total charges will be allocated on the basis of the relation of the affiliate's gross fixed assets to the total gross fixed assets of all benefited affiliates; the remaining 50% will be allocated on the basis of the relation of the affiliate's total operating expenses to the total operating expenses of all benefited affiliates. All companies may be included in this allocation.

**BASIS 2****GROSS FIXED ASSETS**

- Charges will be allocated to each benefited affiliate on the basis of the relation of its total gross fixed assets to the sum of the total gross fixed assets of all benefited affiliates. All companies may be included in this allocation.

**BASIS 3****NUMBER OF METERS SERVICED**

- Charges will be allocated to each benefited affiliate on the basis of the relation of its number of meters serviced to the total number of all meters serviced of the benefited affiliates. This allocation may only be used by the following companies: Columbia Gas of Virginia, Columbia Gas of Kentucky, Columbia Gas of Ohio, Columbia Gas of Pennsylvania, Columbia Gas of Maryland, and Bay State Gas Company.

**BASIS 4**

NUMBER OF ACCOUNTS PAYABLE INVOICES PROCESSED

- Charges will be allocated to each benefited affiliate on the basis of the relation of its number of accounts payable invoices processed (interface invoices excluded) to the total number of all accounts payable invoices processed of the benefited affiliates. All companies may be included in this allocation.

**BASIS 7**

GROSS DEPRECIABLE PROPERTY AND TOTAL OPERATING EXPENSE

- Fifty percent of the total charges will be allocated on the basis of the relation of the affiliate's total operating expenses to the total of all the benefited affiliates' total operating expense; the remaining 50% will be allocated on the basis of the relation of the affiliate's gross depreciable property to the gross depreciable property of all benefited affiliates. All companies may be included in this allocation.

**BASIS 8**

GROSS DEPRECIABLE PROPERTY

- Charges will be allocated to each benefited affiliate on the basis of the relation of its total depreciable property to the sum of the total depreciable property of all benefited affiliates. All companies may be included in this allocation.

**BASIS 9**

AUTOMOBILE UNITS

- Charges will be allocated to each benefited affiliate on the basis of the relation of its number of automobile units to the total number of all automobile units of the benefited affiliates. All companies may be included in this allocation.

**BASIS 10**

NUMBER OF RETAIL CUSTOMERS

- Charges will be allocated to each benefited affiliate on the basis of the relation of its number of retail customers to the total number of all retail customers of the benefited affiliates. All companies may be included in this allocation.



**BASIS 11**

NUMBER OF REGULAR EMPLOYEES

- Charges will be allocated to each benefited affiliate on the basis of the relation of its number of regular employees to the total number of all regular employees of the benefited affiliates. All companies may be included in this allocation.

**BASIS 13**

FIXED ALLOCATION

- Charges will be allocated to each benefited affiliate on the basis of fixed percentages on an individual project basis. All companies may be included in this allocation.

**BASIS 14**

NUMBER OF TRANSPORTATION CUSTOMERS

- Charges will be allocated to each benefited affiliate on the basis of the relation of its Transportation Customers to the total of all Transportation Customers of the benefited affiliates. This allocation is only used by the following companies: Columbia Gas of Virginia, Columbia Gas of Kentucky, Columbia Gas of Ohio, Columbia Gas of Pennsylvania, Columbia Gas of Maryland, and Bay State Gas Company.

**BASIS 15**

NUMBER OF COMMERCIAL CUSTOMERS

- Charges will be allocated to each benefited affiliate on the basis of the relation of its Commercial Customers to the total of all Commercial Customers of the benefited affiliates. This allocation is only used by the following companies: Columbia Gas of Virginia, Columbia Gas of Kentucky, Columbia Gas of Ohio, Columbia Gas of Pennsylvania, Columbia Gas of Maryland, and Bay State Gas Company.

**BASIS 16**

NUMBER OF RESIDENTIAL CUSTOMERS

- Charges will be allocated to each benefited affiliate on the basis of the relation of its Residential Customers to the total of all Residential Customers of the benefited affiliates. This allocation is only used by the following companies: Columbia Gas of Virginia, Columbia Gas of Kentucky, Columbia Gas of Ohio, Columbia Gas of Pennsylvania, Columbia Gas of Maryland, and Bay State Gas Company.

**BASIS 17**

**NUMBER OF HIGH PRESSURE CUSTOMERS**

- Charges will be allocated to each benefited affiliate on the basis of the relation of its High Pressure Customers to the total of all High Pressure Customers of the benefited affiliates. This allocation is only used by the following companies: Columbia Gas of Virginia, Columbia Gas of Kentucky, Columbia Gas of Ohio, Columbia Gas of Pennsylvania, Columbia Gas of Maryland, and Bay State Gas Company.

**BASIS 20**

**SERVICE COMPANY BILLING (DIRECT AND ALLOCATED) COSTS**

- Charges will be allocated to each benefited affiliate on the basis of the relation of its Service Corporation billing costs, in total or by functional group (e.g. IT, Legal, HR, Finance, Audit), to the corresponding total of all Service Company billing costs, (i.e. in total or by functional group). The calculation of Basis 20 will include only those billings for services provided to all NiSource affiliates, excluding Business Unit specific shared service functions (i.e. functions that serve only one particular Business Unit). All companies may be included in this allocation.

NiSource Corporate Service Company Allocation Percentages which impact NIPSCO  
Test Year - Twelve Months Ended 12/31/2020

Allocation Basis <sup>1</sup>	Allocation Code <sup>2</sup>	January 2020 - January 2020		February 2020 - July 2020		August 2020 - September 2020		October 2020 - October 2020		November 2020 - December 2020	
		NCSC	Total NIPSCO	NCSC	Total NIPSCO	NCSC	Total NIPSCO	NCSC	Total NIPSCO	NCSC	Total NIPSCO
Basis 1	AB	0.00%	51.89%	0.00%	51.18%	0.00%	50.49%	0.00%	54.46%	0.00%	55.96%
	AG	0.00%	51.38%	0.00%	50.81%	0.00%	49.95%	0.00%	53.82%	0.00%	55.28%
	AM	88.18%	0.00%	88.59%	0.00%	88.91%	0.00%	88.91%	0.00%	88.91%	0.00%
	AN	15.28%	43.65%	13.65%	43.96%	13.60%	43.42%	14.49%	46.25%	14.81%	47.32%
	AP	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%
	AR *	0.00%	23.30%	0.00%	23.21%	0.00%	23.06%	0.00%	26.06%	0.00%	27.23%
	AS	89.82%	0.00%	89.82%	0.00%	91.10%	0.00%	91.10%	0.00%	91.10%	0.00%
	AV	0.00%	51.89%	0.00%	51.17%	0.00%	50.49%	0.00%	54.46%	0.00%	55.96%
	ZG	0.00%	57.14%	0.00%	55.01%	0.00%	54.69%	0.00%	76.81%	0.00%	85.10%
	ZI	0.00%	98.14%	0.00%	98.10%	0.00%	97.63%	0.00%	97.63%	0.00%	97.63%
ZJ	0.00%	26.92%	0.00%	27.35%	0.00%	27.21%	0.00%	27.21%	0.00%	27.21%	
ZK	0.00%	0.00%	0.00%	0.00%	0.00%	55.96%	0.00%	55.96%	0.00%	55.96%	
Basis 2	BG	0.00%	50.45%	0.00%	50.05%	0.00%	49.72%	0.00%	53.05%	0.00%	54.29%
	BI	0.00%	50.51%	0.00%	50.13%	0.00%	49.80%	0.00%	53.14%	0.00%	54.38%
	BN	0.01%	50.10%	0.01%	49.72%	0.77%	49.34%	0.82%	52.61%	0.84%	53.84%
Basis 4	DA	0.00%	53.19%	0.00%	53.24%	0.00%	54.25%	0.00%	59.03%	0.00%	60.80%
	DB	19.80%	0.00%	17.55%	0.00%	17.14%	0.00%	20.17%	0.00%	21.31%	0.00%
	DE	10.36%	47.68%	9.05%	48.42%	8.65%	49.55%	9.34%	53.50%	9.59%	54.98%
	DS	97.81%	0.00%	98.69%	0.00%	98.90%	0.00%	98.90%	0.00%	98.90%	0.00%
Basis 7	GG	0.00%	51.46%	0.00%	50.89%	0.00%	50.02%	0.00%	53.89%	0.00%	55.36%
Basis 9	IG	0.00%	34.64%	0.00%	31.94%	0.00%	31.81%	0.00%	35.01%	0.00%	36.21%
Basis 10	JE	0.00%	33.10%	0.00%	32.99%	0.00%	33.00%	0.00%	35.16%	0.00%	35.97%
	JF	0.00%	80.11%	0.00%	80.03%	0.00%	79.99%	0.00%	94.54%	0.00%	100.00%
	JL	0.00%	25.80%	0.00%	25.70%	0.00%	25.72%	0.00%	27.60%	0.00%	28.31%
	JN *	0.00%	23.98%	0.00%	23.90%	0.00%	23.93%	0.00%	25.73%	0.00%	26.40%
Basis 11	KF	25.24%	36.00%	24.46%	35.70%	24.34%	35.67%	26.11%	38.27%	26.78%	39.24%
	KG	0.00%	48.16%	0.00%	47.27%	0.00%	47.14%	0.00%	51.82%	0.00%	53.58%
	KS	46.04%	0.00%	44.52%	0.00%	44.07%	0.00%	44.07%	0.00%	44.07%	0.00%
	KU	0.00%	0.00%	0.00%	33.33%	0.00%	32.81%	0.00%	37.11%	0.00%	38.73%
Basis 13	MA	0.00%	36.30%	0.00%	36.47%	0.00%	36.44%	0.00%	39.79%	0.00%	41.04%
	MD	0.00%	37.77%	0.38%	38.75%	0.00%	38.92%	0.00%	42.45%	0.00%	43.77%
	ME	0.00%	18.10%	0.00%	18.07%	0.00%	16.93%	0.00%	18.30%	0.00%	18.93%
	MK	0.00%	50.14%	0.00%	50.18%	0.00%	50.17%	0.00%	54.41%	0.00%	56.01%
	MM	0.00%	43.95%	0.00%	44.46%	0.00%	44.55%	0.00%	48.45%	0.00%	49.89%
	MR	5.20%	38.40%	2.65%	38.17%	2.17%	38.62%	2.37%	42.28%	2.44%	43.65%
	MX	0.00%	14.10%	0.00%	14.10%	0.00%	14.10%	0.00%	0.00%	0.00%	0.00%
	MZ	0.00%	20.80%	0.00%	20.12%	0.00%	20.31%	0.00%	22.33%	0.00%	23.26%
Basis 20	TA	0.00%	38.87%	0.00%	38.24%	0.00%	37.97%	0.00%	41.75%	0.00%	43.16%
	TI	0.00%	39.56%	0.00%	39.37%	0.00%	39.11%	0.00%	43.33%	0.00%	44.92%
	TL	0.00%	38.98%	0.00%	38.61%	0.00%	38.61%	0.00%	42.31%	0.00%	43.70%

\* Allocation factor is NIPSCO Gas only

\*\* Please note that some allocations bill a portion of a percentage to NCSC, thus all companies are billed a portion of NCSC costs in these allocation factors.

In order to calculate the NIPSCO portion of the NCSC, Petitioner's Exhibit Attachment C is multiplied by the NCSC allocation percentage.

\*\*\* At a minimum, allocations are updated on a semi-annual basis in February and August.

1) Allocation Basis are defined in Appendix A of the Service Agreement included as Petitioner's Exhibit Attachment E

2) Allocation codes are merely subgroupings of companies under an Allocation Basis that benefit from services offered by NCSC. They are alphanumeric in nature and normally the first letter of the allocation code follows the Allocation Basis number (i.e. Basis 1 has "A" allocation codes).

**NiSource Corporate Service Company Allocation Percentages which impact NIPSCO  
Test Year - Twelve Months Ended 12/31/2020**

<b>Month</b>	<b>NIPSCO Common</b>
Jan-20	25.20%
Feb-20	26.21%
Mar-20	25.28%
Apr-20	25.69%
May-20	25.64%
Jun-20	26.08%
Jul-20	25.57%
Aug-20	25.66%
Sep-20	25.36%
Oct-20	27.38%
Nov-20	30.26%
Dec-20	29.87%

Please note that some allocation factors bill a percentage to NCSC, thus all companies are billed a portion of NCSC costs in these specific allocation factors.

**Northern Indiana Public Service Company**  
**NiSource Corporate Services Company (NCSC) Test Year Expenses - with Pro-forma Adjustments**  
**Normalized Historic Base Period - Twelve Months Ended 12/31/2020**

<u>Line No.</u>	<u>Ref</u>	<u>Description</u>	<u>Amount</u>
1		2020 Historic Base Period	\$ 55,204,741
2		<i>Adjustments:</i>	
3	[OM 2D]	School Safety Program Reclass	(62,500)
4	[.2]	LTIP Normalization Adjustment	344,240
5	[.3]	Retention Award Adjustment	(118,778)
6	[.4]	CIP Normalization Adjustment	1,409,619
7		Preliminary Normalized Historic Base Period	\$ 56,777,321
8	[.5]	Allocation Update	\$ 3,299,990
9		<u>2020 Normalized Historic Base Period</u>	<u>\$ 60,077,311</u>

**Northern Indiana Public Service Company  
NiSource Corporate Services Company - Long-Term Incentive Plan Grants (LTIP)  
For The Twelve Months Ended December 31, 2020**

<u>Line No.</u>	<u>Description</u>	<u>Dollars</u>
1	NCSC Historic Test Year LTIP Expense	\$ 6,822,821
		LTIP Normalization Adjustment
2	NIPSCO Gas Historic Test Year LTIP Expense	1,020,753
3 = Line 2 / Line 1	NIPSCO Gas Historic Test Year LTIP Allocation %	14.96%
4	NCSC LTIP Expense at Target	9,123,754
5 = Line 4 x Line 3	NIPSCO Gas LTIP Expense at Target	1,364,993
6 = Line 5 - Line 2	Total LTIP Adjustment	344,240

**Northern Indiana Public Service Company  
NiSource Corporate Services Company - Retention Award  
For The Twelve Months Ended December 31, 2020**

<u>Line No.</u>	<u>Description</u>	<u>Dollars</u>
1	Retention allocated to NIPSCO Gas in 2020	\$ 118,778
2	Retention correction allocated to NIPSCO Gas in 2021	LTIP Norma (119,645)
3 = Line 1 + Line 2	Total retention impact to NIPSCO Gas*	<u>(867)</u>

\* Correction difference due to change in common segment allocation percentages.

**Northern Indiana Public Service Company  
NiSource Corporate Services Company - Short-Term Incentive Compensation  
For The Twelve Months Ended December 31, 2020**

<u>Line No.</u>	<u>Description</u>		<u>Dollars</u>	<u>%</u>
1	NIPSCO Gas Historic Test Year Incentive Compensation Expense - Capital		\$ 231,762	16.4%
2	NIPSCO Gas Historic Test Year Incentive Compensation Expense - O&M	LTIP Norm	1,184,674	83.6%
3 = Line 1 + Line 2	NIPSCO Gas Historic Test Year Incentive Compensation Expense - Total		<u>1,416,436</u>	<u>100.0%</u>
4	NCSC Short-term Incentive Compensation Expense at Target		24,301,347	
5	NIPSCO Gas Average Percentage of Incentive Compensation		12.300%	
6 = Line 4 x Line 5	Incentive Compensation Expense at Target		2,989,066	
7 = Line 6 x Line 1 %	Capital - Incentive Compensation Expense at Target		489,081	
8 = Line 6 x Line 2 %	O&M - Incentive Compensation Expense at Target		<u>2,499,985</u>	
9 = Line 7 + Line 8	Total Incentive Compensation Expense at Target		2,989,066	
10 = Line 8 - Line 2	Adjustment to Annualize Short Term Incentive Compensation Expense		1,315,311	
11	Payroll Tax Rate		7.17%	
12 = Line 10 x Line 11	Payroll Tax Adjustment		94,308	
13 = Line 10 + Line 12	Total Incentive Compensation Adjustment		<u><u>1,409,619</u></u>	



**Northern Indiana Public Service Company  
NiSource Corporate Services Company - NIPSCO Gas Allocation Percentage  
For The Twelve Months Ended December 31, 2020**

<u>Line No.</u>	<u>Description</u>	<u>Dollars</u>
1	2019 NCSC Total Service Fee	\$ 468,633,849
2	LTIP Normalization Adjustment	56,286,650
3	2019 NIPSCO Gas Allocation	12.01%
4		
5		
6	2021 NCSC Total Service Fee	482,771,379
7	2021 NIPSCO Gas Service Fee	61,354,844
8	2021 NIPSCO Gas Allocation	12.71%
9		
10	= (Line 8 - Line 3) / Line 8 Allocation Percent Increase	5.81%
11		
12	2020 Preliminary Normalized Historical Base Year	56,777,321
13	= Line 10 x Line 12 Allocation Adjustment	3,299,990
14		
15		
16		
17		
18		