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INDIANA UTILITY
REGULATORY COMMISSION

VERIFIED DIRECT TESTIMONY OF ORVILLE COCKING

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

2 A1. My name is Orville Cocking. My business address is 801 East 86th Avenue,
3 Merrillville, Indiana 46410. I am employed by Northern Indiana Public
4 Service Company LLC ("NIPSCO" or "Company") as Senior Vice President
5 of Electric Operations.

6 **Q2. Please briefly describe your educational and business experience.**

7 A2. I received a Bachelor of Science degree in Civil Engineering from Temple
8 University, an MBA from Fordham University and am a licensed
9 Professional Engineer. I began my career at Henkels and McCoy, Inc. in
10 1997 as a Civil/Structural Engineer with a focus on design of
11 telecommunications facilities until 2001. I then worked at KM Consulting
12 Engineering in a similar capacity until 2003. In 2003 I joined M.G. McLaren,
13 PC as a Senior Structural Engineer until 2005. In 2005 I began working for
14 Consolidated Edison of New York, and I held numerous positions of
15 increasing responsibility for Con Edison of New York and Orange &
16 Rockland Utilities, including Senior Engineer; Manager of Electric
17 Construction; Manager of Transmission Line Maintenance; Director of
18 Environmental, Health, and Safety; and General Manager of Electric
19 Operations. I was also Vice President of Staten Island Electric Operations

1 and Electric Services for Consolidated Edison Company of New York with
2 responsibility for the electric customers in the borough of Staten Island,
3 Meter and testing operations, and the transformer shop. From 2021 to 2023,
4 I was Vice President of Operations for Orange & Rockland Utilities, with
5 responsibility for the company's gas and electric operations serving
6 approximately 450,000 customers across six counties in New York and
7 northern New Jersey, ensuring the safe, reliable transmission and
8 distribution of both electricity, and in New York only, natural gas. I joined
9 NIPSCO in my role as Senior Vice President of Gas Operations in May 2023.
10 I accepted my current position of Senior Vice President of Electric
11 Operations in April 2024.

12 **Q3. What are your current responsibilities as Senior Vice President, Electric**
13 **Operations of NIPSCO?**

14 A3. As Senior Vice President, Electric Operations, I am responsible for all
15 aspects of NIPSCO's electric operations, including NIPSCO's electric
16 transmission and distribution system, as well as NIPSCO's generating
17 assets.

1 **Q4. Have you previously testified before the Indiana Utility Regulatory**
2 **Commission ("Commission") or any other regulatory commission?**

3 A4. Yes. I filed testimony before the Commission in NIPSCO's most recent gas
4 rate case in Cause No. 45967.

5 **Q5. Are you sponsoring any attachments to your testimony in this Cause?**

6 A5. No.

7 **Q6. What is the purpose of your testimony?**

8 A6. The purpose of my testimony is to (1) describe NIPSCO's generation fleet;
9 (2) describe NIPSCO's electric transmission and distribution systems; (3)
10 discuss the Company's customer service and electric reliability programs;
11 (4) describe the significant investments NIPSCO has made to its generation
12 and transmission and distribution systems in recent years; (5) explain how
13 NIPSCO's significant investments support the Five Pillars; and (6) explain
14 various pro forma expense adjustments.

15 **Q7. Does NIPSCO regularly report to the Commission and stakeholders on**
16 **key reliability metrics?**

17 A7. Yes. Coming out of Cause No. 44688, NIPSCO was required to file an
18 annual Performance Metrics Collaborative ("PMC") Report. The PMC

1 Report includes sections on Safety, Reliability, Customer Service,
2 Investment & Spending, and other items. I discuss some of these topics
3 below, and NIPSCO's most recent PMC Report was filed with the
4 Commission in Cause No. 44688 on July 1, 2024.

5 **Q8. Has NIPSCO made significant investments in its electric facilities that**
6 **are driving the relief sought in this case?**

7 A8. Yes. Since the establishment of NIPSCO's current rates, NIPSCO has
8 invested significantly in its infrastructure related to its jurisdictional electric
9 operations, which is expected to continue through the end of the Forward
10 Test Year (December 31, 2025). NIPSCO's generation transition and
11 modernization of its transmission and distribution systems have driven the
12 overwhelming majority of these investments.

13 **NIPSCO's Generation Fleet**

14 **Q9. Are you familiar with NIPSCO's generating facilities?**

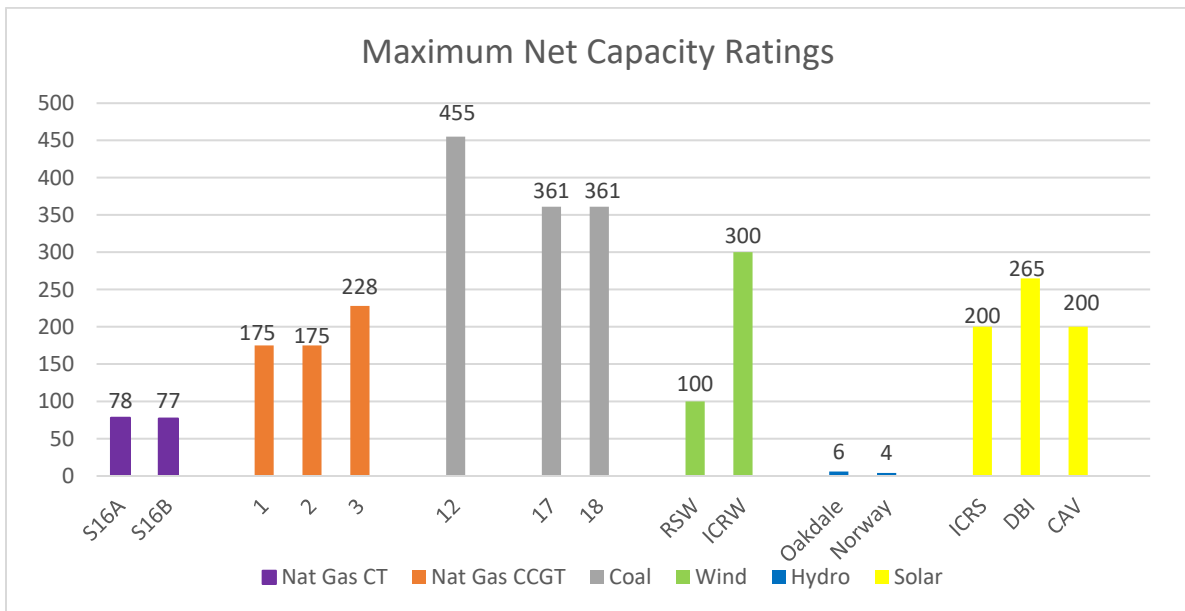
15 A9. Yes.

16 **Q10. Please generally describe NIPSCO's generation fleet.**

17 A10. NIPSCO's generating facilities have a total installed capacity of 2,985 net
18 megawatts ("MW") and consist of ten (10) separate generation sites,

1 including the R.M. Schahfer Generating Station (“Schahfer”) (Units 16A,
2 16B, 17 and 18), Michigan City Generating Station (“Michigan City”) (Unit
3 12), Sugar Creek Generating Station (“Sugar Creek”) (Units SC1, SC2, and
4 SS1), Rosewater Wind Farm, Crossroads Wind Farm, Crossroads Solar
5 Park, Dunns Bridge I Solar Park, Cavalry Solar Park Plus Storage, and two
6 (2) hydroelectric generating sites (Oakdale and Norway). Figure 1
7 illustrates the installed net capacity and unit identification of NIPSCO’s
8 generating units.

9 **Figure 1. Installed net capacity of generating units (MW)**
10 **(September 2024)**

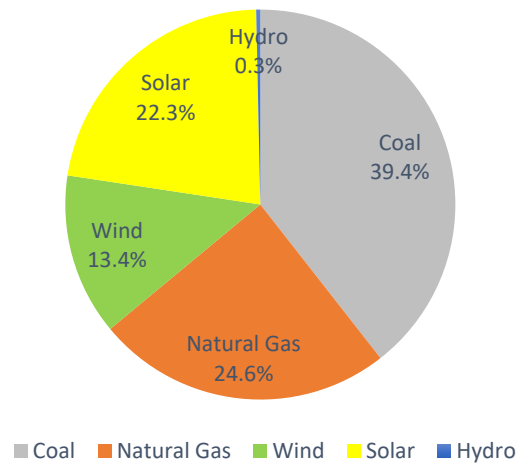


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1 As shown in Figure 2, of the total installed net capacity of 2,985 MW, 39.4%
2 is from coal-fired units, 24.6% is from natural gas-fired units, 22.3% is from
3 solar, 13.40% is from wind, and 0.3% is from hydroelectric units.

4 **Figure 2. NIPSCO Current Electric Generation Mix**
5 **(September 2024)**

NIPSCO ELECTRIC GENERATION MIX



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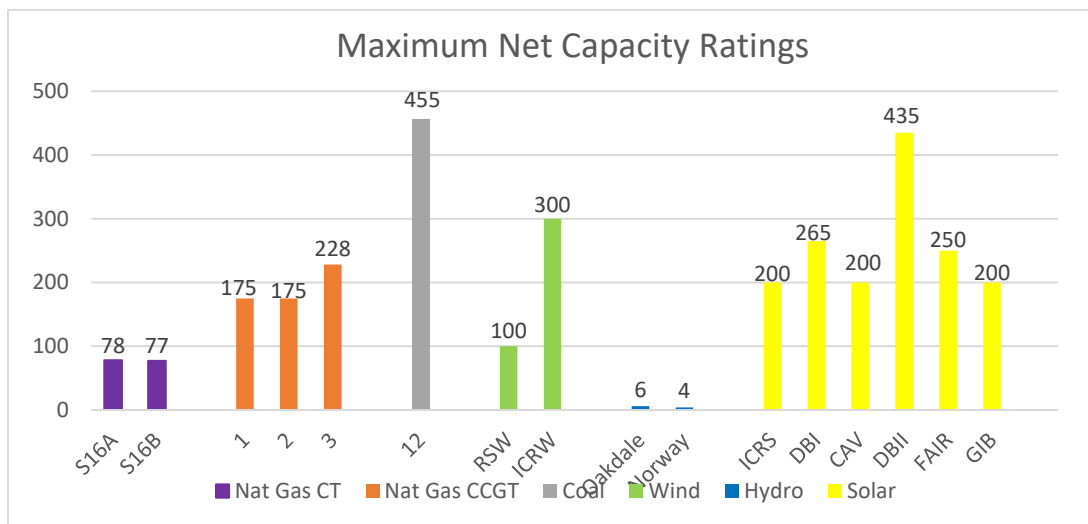
7

8 **Q11. What changes does NIPSCO anticipate to its generation fleet by the end**
9 **of the Forward Test Year (December 31, 2025)?**

10 A11. As previously announced, Schahfer Units 17 and 18, which have been in-
11 service since 1983 and 1986 respectively, will retire at the end of the
12 Forward Test Year. The impacts of those retirements as they relate to this
13 case are further discussed below. In addition to Cavalry Solar, which went

1 into service in May 2024, NIPSCO also anticipates that its Dunns Bridge II,
2 Fairbanks, and Gibson renewable projects will be in-service before the end
3 of the Forward Test Year. NIPSCO Witness Robles provides a complete
4 description of NIPSCO's renewables portfolio from which NIPSCO is or
5 will be receiving power and recovering fuel costs by the end of the Forward
6 Test Year. Figure 3 illustrates the anticipated 3,148 total installed net
7 capacity and unit identification of NIPSCO's generating units on December
8 31, 2025.

9 **Figure 3. Anticipated Installed net capacity of generating units (MW)**
10 **(December 31, 2025)**

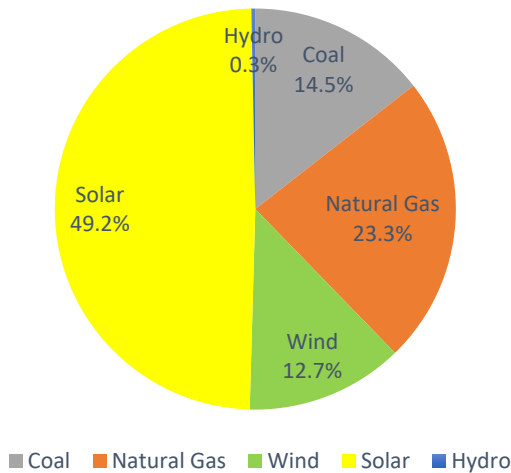


11 As shown in Figure 4, of the total anticipated installed net capacity of 3,148,
12 14.53% is from coal-fired units, 23.3% is from natural gas-fired units, 49.2%
13 is from solar, 12.7% is from wind, and 0.3% is from hydroelectric units.
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**Figure 4. NIPSCO anticipated Electric Generation Mix
(December 31, 2025)**

NIPSCO ELECTRIC GENERATION MIX



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4 **Q12. Generally speaking, how does the retirement of Schahfer Units 17 and 18**
5 **at December 31, 2025 impact NIPSCO's request in this Cause?**

6 A12. As discussed in more detail in the pro forma adjustment section of my
7 testimony, due to the retirement of Schahfer Units 17 and 18, operating
8 expenses associated with generation maintenance, planned outages, and
9 forced outages is reduced. As NIPSCO expects to use the coal inventory
10 associated with Schahfer Units 17 and 18 by their retirement date, NIPSCO
11 Witness Bytnar describes the rate base adjustment to remove the associated
12 amounts. NIPSCO is also proposing to reduce expense to reflect a
13 reasonable estimate of labor attrition associated with these Units beginning

1 soon after retirement, and this adjustment is shown in NIPSCO Witness
2 Weatherford's testimony.

3 **Q13. Does NIPSCO have a firm expectation of how its generation labor will**
4 **be impacted by the retirement of Schahfer Units 17 and 18?**

5 A13. Not entirely. NIPSCO's current union agreement, which is subject to
6 renegotiation in 2026, allows for union employees to move, based on
7 seniority, to other functional areas within NIPSCO, including transmission
8 and distribution electric operations, if they so choose. This process can take
9 months, if not years, to conclude. However, NIPSCO does expect some level
10 of attrition within its generation labor as a result of the Units' retirement
11 and as such, has proposed a reasonable reduction to Step 2 operating
12 expense.

13 **Base Cost of Fuel and Coal Inventory Levels**

14 **Q14. What was NIPSCO's level of fuel expense in the Historic Base Period?**

15 A14. As supported and sponsored by NIPSCO Witness Lash, the adjusted retail
16 jurisdictional cost of fuel in the Historic Base Period reported in Petitioner's
17 Exhibit No. 3, Attachment 3-B-S2, FPP Module was \$435,087,415 (Line 5,
18 Column A).

1 **Q15. Were NIPSCO's retail jurisdictional fuel costs during the Historic Base**
2 **Period reasonable?**

3 A15. Yes. NIPSCO made (and continues to make) every reasonable effort to
4 acquire fuel to provide electricity to its retail customers at the lowest fuel
5 cost reasonably possible. As NIPSCO regularly explains in its quarterly fuel
6 adjustment clause ("FAC") proceedings, NIPSCO purchases fuel (coal) and
7 related coal transportation services under long-term and short-term
8 contracts entered into using a competitive bidding process and market
9 assessments. For gas-fired generators (combustion turbines and Sugar
10 Creek), NIPSCO purchases natural gas pursuant to supply contracts that
11 are entered into using a competitive bidding process. Natural gas supply
12 contracts are seasonal, annual, or two years in duration, and they ensure
13 firm delivery of natural gas to the generators using competitive pricing
14 options based upon prevailing market conditions. NIPSCO considers
15 several factors in making fuel procurement decisions including price,
16 quality, operational impacts, environmental attributes, transportation
17 costs, logistics, reliability, and supply diversity. Market factors also affect
18 fuel purchases.

19 **Q16. What was the coal inventory level in the Historic Base Period?**

1 A16. The retail jurisdictional coal inventory level reported in Petitioner's Exhibit
2 No. 3, Attachment 3-B-S2, RB Module as of December 31, 2023 (at the end
3 of the Historic Base Period) was \$65,267,664 (Line 14, Column A).

4 **Q17. Was this coal inventory level reasonable?**

5 A17. Yes. During the Historic Base Period, NIPSCO operated three coal fired
6 generation units (Schahfer Units 17 and 18 and Michigan City Unit 12). This
7 coal inventory level is consistent with NIPSCO's fuel inventory strategy,
8 which is provided as part of the Minimum Standard Filing Requirements.¹
9 NIPSCO's fuel inventory strategy is designed to balance the costs
10 associated with maintaining coal inventory with reliability to ensure units
11 are available to supply energy during periods of high demand, extreme
12 weather, or fuel transportation disruptions or mine production problems.
13 Variations in consumption rates, delivery rates, volume obligations,
14 measurement uncertainty, and other factors can cause inventories to vary
15 from target. NIPSCO uses commercially reasonable efforts to manage
16 variations as delivery requirements fluctuate.

¹ 170 IAC 1-5-12(2).

1 **Q18. Since NIPSCO plans to retire Schahfer Units 17 and 18 no later than**
2 **December 31, 2025, what is the plan for coal and materials and supplies**
3 **inventory?**

4 A18. NIPSCO plans to reduce coal inventory at Schahfer starting in early 2025
5 and to consume the inventory by the end of 2025. The forecasted rate of
6 reduction and elimination of inventory was used to estimate month-end
7 inventory values for 2025. NIPSCO Witness Bytnar sponsors Adjustments
8 RB 14-24 and RB 14-25, which decrease production fuel in the amounts of
9 \$7,511,457 and \$42,087,684, respectively, and RB 13-25 to decrease the
10 related materials and supplies in the amount of \$13,617,008 to reflect the
11 retirement of Schahfer Units 17 and 18 by the end of the Forward Test Year.

12 **NIPSCO's Electric Transmission and Distribution Systems**

13 **Q19. Please describe NIPSCO's electric transmission system.**

14 A19. NIPSCO's electric transmission system consists of approximately 21 circuit
15 miles of 765 kV, 453 circuit miles of 345 kV, 756 circuit miles of 138 kV and
16 1,689 circuit miles of 69 kV transmission lines. In addition, NIPSCO has 63
17 transmission substations. NIPSCO is interconnected with seven
18 neighboring utilities. The Company has transmission interconnects with
19 American Electric Power or its affiliates, at the 345 kV, 138 kV, and 69 kV

1 operating voltages. NIPSCO also interconnects with Commonwealth
2 Edison at 345 kV and 138 kV and with Duke Energy Indiana at 345 kV, 138
3 kV and 69 kV and with NextEra Energy Transmission at 345 kV. NIPSCO
4 has a single 138 kV interconnection with both Ameren and International
5 Transmission Company and a single 765 kV interconnection with Pioneer
6 Transmission. NIPSCO also owns and operates certain transmission
7 facilities that are treated as non-jurisdictional assets as approved in Cause
8 Nos. 44156-RTO-1, 13, 19, and 24.

9 **Q20. Please provide an overview of NIPSCO's electric distribution system.**

10 A20. NIPSCO serves more than 487,000 customers in Northern Indiana,
11 primarily through about 900 distribution circuits. These circuits operate at
12 a nominal voltage of 34.5 kV and 12.5 kV and radiate from approximately
13 250 distribution substations. There are approximately 8,200 miles of
14 overhead line with about 2,600 miles of underground cable.

15 **Q21. Please identify some of the investments NIPSCO has made in its**
16 **transmission and distribution system since the 45772 Electric Rate Case.**

17 A21. Since the 45772 Electric Rate Case, NIPSCO has made numerous
18 investments in its transmission and distribution system. Most of these

1 investments have been pursuant to its current Transmission, Distribution,
2 and Storage System Improvement Charge ("TDSIC") Plan. NIPSCO's
3 initial TDSIC plan for the period January 1, 2016 through May 31, 2021 was
4 approved in Cause No. 44733. NIPSCO's current TDSIC plan for the period
5 June 1, 2021 through December 31, 2026 was approved in Cause No. 45557.²
6 NIPSCO has made significant investments in infrastructure upgrades
7 pursuant to its TDSIC plans. Through March 30, 2024, NIPSCO TDSIC
8 investments total more than \$1.3 billion in direct costs. Some infrastructure
9 upgrades executed through NIPSCO's TDSIC Plans include:

- 10 • Underground Cable Replacement. This program started in 2014 and
11 stretches across NIPSCO's service territory, targeting early
12 generation cable that is prone to failure. Replacing cable that has
13 already failed can create a long duration outage, due to the nature of
14 the repair process. Since the inception of the replacement program
15 in NIPSCO's TDSIC, NIPSCO has replaced over 3.5 million feet of
16 cable and conduit. New cable designs are expected to last more than
17 40 years. Replacing aging cable reduces outages and improves
18 system reliability, stability, and resiliency.

² NIPSCO Industrial Group appealed the Commission's approval of NIPSCO's 45557 TDSIC Plan. The appeal challenges the Commission's finding that the estimated costs of the eligible improvements included in the plan are justified by incremental benefits attributable to the plan and does not challenge the finding that public convenience and necessity require or will require the eligible improvements in the plan. on September 29, 2022, the Indiana Court of Appeals affirmed the Commission's 45557 Order in all respects. NIPSCO Industrial Group filed a petition to transfer with the Indiana Supreme Court on November 10, 2022, which is still pending.

- 1 • Substation Relay Modernization. Relays protect NIPSCO's electric
2 transmission and distribution system from undesired system
3 conditions such as overvoltage, thermal overload, and short circuit.
4 Relay modernization provides NIPSCO's customers better service
5 through reduced outage times and system visibility. These
6 improvements support reliability, resiliency, and stability of
7 NIPSCO's electric service. The scope of these projects range from
8 replacing mechanical relays, breaker replacements, upgrading
9 protection schemes, and communication equipment to provide
10 visibility and relay communication. Since the inception of the
11 program, NIPSCO has modernized all of its 345 kV circuit protection
12 relays, 91% of its 138 kV circuit protection relays, and 80% of its 69
13 kV circuit protection relays.
- 14 • Steel Structure Life Extension. Steel structures are subject to
15 degradation through physical damage, ground conditions, and
16 normal atmospheric conditions. NIPSCO's Steel Structure Life
17 Extension program is designed to extend the life of steel structures
18 or rehabilitate those that do not meet the accepted strength
19 requirements. Since 2016, NIPSCO has coated and extended the life
20 of over 3,227 structures through 2023. To date, approximately 77%
21 of NIPSCO's steel structures have received this life extending
22 treatment. The Steel Structure Life Extension program is a cost-
23 effective way to maintain reliability of the steel transmission
24 structures within NIPSCO's electric service territory.
- 25 • Distribution Automation Project. NIPSCO is deploying a series of
26 circuit reclosers and substation upgrades to create self-healing
27 networks on its distribution systems. This program focuses on
28 NIPSCO's high customer density circuits and adjusts those circuits
29 into smaller sections, with the intention of ensuring that no more
30 than 500 customers will be impacted by an outage on a 12 kV circuit,
31 which serves to reduce the number of customers to be impacted.
32 This project will also help pinpoint the cause of the service
33 interruption, further reducing the time needed to patrol the affected
34 circuit to find the defect. This program supports improvements in
35 the reliability, resiliency, and stability of NIPSCO's distribution
36 system. NIPSCO currently has 69 reclosers deployed.

1 **Q22. Please identify investments NIPSCO is currently undertaking in its**
2 **transmission and distribution system that are planned to be in-service by**
3 **the end of the Forward Test Year (December 31, 2025).**

4 A22. The investments NIPSCO is currently undertaking in its transmission and
5 distribution system that are planned to be in-service by the end of the
6 Forward Test Year are as follows:

- 7 • Winfield 69/12kV Substation & Lines. New substation will serve
8 approximately 2,500 customers upon energization. The surrounding
9 area is continuing to experience load growth (mostly residential),
10 and the new substation will serve to stabilize service and aid in
11 system reliability and resiliency.
- 12 • Marktown Substation. New substation driven by age/condition and
13 growth. The high voltage substation equipment has met its end of
14 life and must be replaced in order to avoid any reliability impacts.
15 This substation is being completely rebuilt due to the new design
16 and congested area in which the substation is located.
- 17 • Hyde Park Breaker Upgrades. Breaker upgrades help ensure the
18 system operates reliably and remain resilient through multiple
19 outages without causing cascading outages or widespread load loss.
20 Through this specific project, NIPSCO is piloting a first of its kind
21 open-air design that is less expensive than switchgear designs. This
22 project also reduces risk and aids environmental sustainability
23 through the removal of a second transformer (4600 gallons of oil).
- 24 • St. John Substation. New substation that increases reliability on the
25 69 kV and distribution network with additional redundancy. It is
26 utilizing existing property and can be tied into existing
27 infrastructure. It is being constructed for future expansion to include
28 breaker and a half scheme to aid in stability of service.

1 Q23. In your opinion, are NIPSCO's jurisdictional transmission and
2 distribution plant and equipment used and useful in the provision of
3 electricity to NIPSCO's retail electric customers?

4 A23. Yes. NIPSCO's jurisdictional transmission and distribution plant and
5 equipment are essential to the reliable transport and delivery of electricity
6 from NIPSCO's generation fleet (or from other generators) to its retail
7 customers to meet customers' needs for electric power.

8 NIPSCO's Safety Culture

9 Q24. Please describe NIPSCO's safety culture.

10 A24. NIPSCO's safety culture has made significant progress in recent years with
11 the integration and expansion of its Safety Management System ("SMS")
12 into its Electric Operations. The SMS program is anchored by Core Four
13 Responsibilities, which include: (1) Following Our Processes and
14 Procedures; (2) Identifying and Reporting Risks; (3) Continually Improving
15 Processes and Procedures; and (4) Identifying and Proactively Taking
16 Action.

17 NIPSCO's SMS is intended to take safety to a new level of continuous
18 improvement. It brings together people, processes, and culture to
19 proactively find and act on risks to employees, contractors, customers, and

1 communities. The Corrective Action Program ("CAP") is a foundational
2 part of that effort. The CAP offers a simple way to document identified
3 risks and a systematic process to review, prioritize, address, and track
4 progress to reduce risks. Submitting an issue, concern, or risk in the CAP
5 starts a rigorous process that can lead to resolving a prioritized risk through
6 corrective action. NIPSCO also uses Learning from Experience modules,
7 taking not only learnings from internal events, but those from the industry
8 as well, and creates packets for teams to review and utilize in daily safety
9 moments.

10 **Q25. Have NIPSCO's safety metrics improved in recent years?**

11 **A25.** Yes. As shown in Table 1 below, personnel in NIPSCO Electric Operations
12 have worked to realize a 48% improvement in its OSHA recordable injury
13 rate, a 50% downturn in DART (days away, restriction or transfer) injury
14 rate, and a 58% improvement in PVC (preventable vehicle collision)
15 incidents from year end 2012 to year end 2023.

16

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Table 1

NIPSCO Electric Stats			
Year	OSHA Rate	DART Rate	PVC Incidents
2012	2.46	1.54	26
2013	1.44	0.99	16
2014	1.41	0.97	20
2015	2.20	1.18	21
2016	2.23	1.37	13
2017	1.30	0.61	11
2018	2.23	1.61	21
2019	2.70	1.95	21
2020	2.61	1.59	13
2021	1.79	1.69	14
2022	1.38	0.85	13
2023	1.29	0.77	11

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To continue building a stronger safety culture, NIPSCO has worked with industry experts to develop an Energy Recognition and Human Organizational Performance Program, which focuses on hazard recognition, implementing necessary safeguards in place, and establishing direct controls to fail safely. NIPSCO continues its partnership with Vimocity, promoting NIPSCO Moves, which began in 2022 to address the largest trend of injuries the Company has year-over-year, specifically sprain and strain type injuries. NIPSCO has also completed installation of vehicle telematics to enhance employee driving safety. The vehicle telematics offer

1 the opportunity for NIPSCO to learn from driving behaviors to build safety
2 plans for the organization.

3 **Q26. Does NIPSCO's focus on safety benefit customers?**

4 A26. Yes. NIPSCO's focus on safety helps customers in a variety of ways.
5 Ensuring a healthier, more productive workforce helps to keep the public
6 as safe as possible. In addition, by keeping employees safer, NIPSCO is
7 lowering costs for overtime or contracted work to replace an injured
8 workforce. All other factors remaining constant, focusing on safety reduces
9 NIPSCO's operating costs.

10 NIPSCO is also using a risk-based prioritization approach as a guide in
11 long-term system modernization planning. This approach identifies the
12 highest risk assets within the NIPSCO electric system and focuses
13 mitigation planning on assets with the highest risk of failure. This serves
14 to support public safety and reliability. All major electric transmission and
15 distribution assets, such as substation transformers, substation breakers
16 and circuits, are included in this modeling approach. The scores derived
17 from this risk model provide focus to high risk assets and assist in
18 prioritizing other areas of the business such as inspections, maintenance,

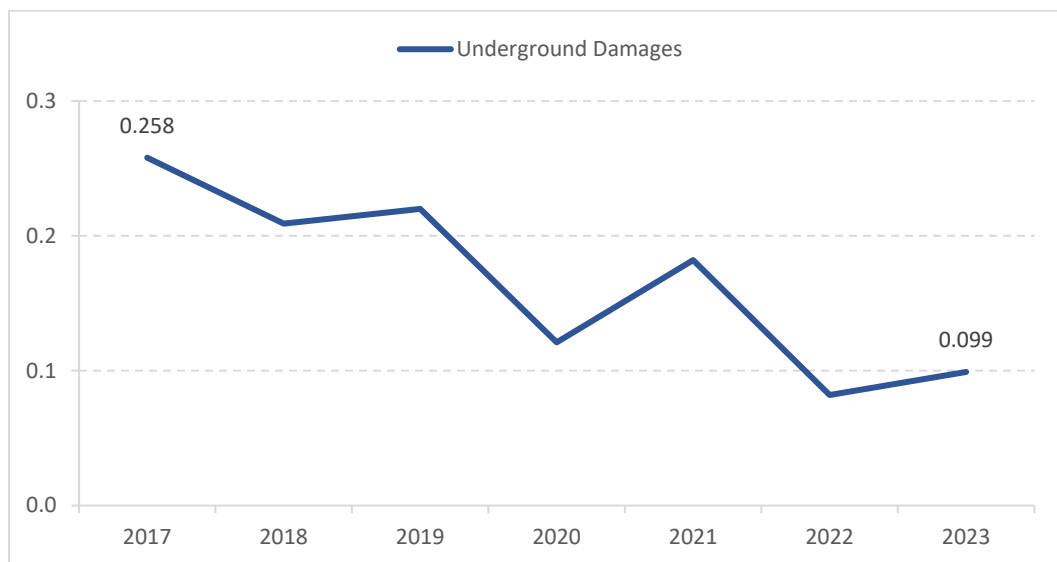
1 load growth, and grid modernization. This approach helps keep NIPSCO's
2 electric assets performing as anticipated and reducing overall risk of failure
3 with a release of energy in public areas.

4 Additionally, NIPSCO is committed to educating the public about the
5 importance of safe digging by promoting local 811 programs – the national,
6 universal phone number and free service for customers and contractors to
7 call ahead of any digging project in order to have underground utilities
8 marked. The number one cause of natural gas pipeline and underground
9 electric primary damage is from third parties digging near underground
10 facilities. NIPSCO focuses on educating the public about the importance of
11 calling 811. Realizing its employees are NIPSCO's best advocates and
12 connection to its customers and the communities we serve, NIPSCO added
13 811 logos to its company uniforms. National Safe Digging Month (April)
14 and National Safe Digging Day (August 11) give NIPSCO opportunities to
15 recognize and celebrate local partners in safe digging.

16 **Q27. Has the rate of electric underground damages in NIPSCO's service**
17 **territory decreased since 2017?**

1 A27. Yes. Figure 5 below illustrates the number of reported electric damages,
2 divided by the number of electric locate tickets received through the 811
3 process, multiplied by 1,000. This metric has been steadily improving
4 dating back to 2017. NIPSCO continues to experience increases in the
5 volume of line locate tickets year-over-year, mainly due to increases in
6 public marketing and awareness to call 811 for a locate ticket as well as
7 increases in fiber and infrastructure investments occurring across the
8 service territory. NIPSCO's cost per line locate ticket is based on its vendor
9 contract, which includes year over year costs increases. In 2023, there were
10 27 reported electric damages out of 273,038 locate tickets received by
11 NIPSCO through the 811 process.

12 **Figure 5. Electric Underground damages per 1000 locates**



1 **Five Pillars**

2 **Q28. Do generation, transmission, and distribution investments support the**
3 **Five Pillars of Ind. Code § 8-1-2-0.6 as discussed by NIPSCO Witness**
4 **Whitehead?**

5 A28. Yes, particularly reliability, resiliency, and stability. Adequate generation
6 helps keep rates affordable and a reliable, resilient, and stable system with
7 adequate generation minimizes negative consequences to NIPSCO's
8 customers. A reliable, resilient, and stable system with adequate generation
9 has less frequent and shorter outages, so less spoiled groceries for
10 residential customers, less lost wages from being unable to work, less lost
11 revenues for commercial customers due to closures, less production
12 interruptions for industrials and other similar mitigated consequences.

13 **Q29. Please further explain reliability, resiliency, and stability.**

14 A29. Electric system reliability is the adequacy and operational reliability of
15 electric utility service. The first concept, adequacy, includes the ability of
16 the electric system to supply electrical demand and energy requirements of
17 its end users, taking into account scheduled and reasonably expected
18 unscheduled outages. The second concept, operational reliability, is the

1 electric system's ability to withstand sudden disturbances, such as electric
2 short circuits or unanticipated loss of system components.

3 Electric system resiliency describes the ability of a system or its components
4 to adapt to changing conditions, withstand disruptions and off nominal
5 events, and rapidly recover. Stability encompasses the ability of the electric
6 system or its components to maintain a state of equilibrium during normal
7 or abnormal conditions or disturbances. Stable sources of power provide a
8 critical backbone to the grid, which is particularly vital during this dynamic
9 time of significant generation transition.

10 As described throughout my testimony, the TDSIC and non-TDSIC
11 investments the Company is making directly contribute to the reliability,
12 resiliency, and stability of NIPSCO's transmission system. As part of the
13 TDSIC Plan approval process, NIPSCO's TDSIC investments were
14 supported by the risk reduction and long-term customer value to system
15 reliability, resilience, and stability. NIPSCO's TDSIC investments not only
16 evaluate risk but further extend a cost-to-benefit and value to benefit
17 proposition for each investment emphasizing reliability prioritization,
18 hardening and resiliency improvements, stability and enablement of

1 distributed energy. The Commission has found NIPSCO's TDSIC projects
2 are prudent and that the public convenience and necessity require or will
3 require all of them.

4 Non-TDSIC investments are more reactive, and they support mainly
5 emergent equipment conditions, customer load growth and expansion,
6 outage restoration, vegetation management, and system modifications and
7 highway projects. Providing safe, reliable, resilient, and stable energy is at
8 the core of NIPSCO's mission and essential business processes.

9 **Customer Service and Reliability**

10 **Q30. How are customer service and reliability goals incorporated into**
11 **NIPSCO's planning process?**

12 A30. NIPSCO prepares an annual operating plan to outline long term and near-
13 term operational goals, plans, and performance targets. Key elements of
14 this plan include a focus on service and reliability improvements.
15 Performance targets are established that represent stretch levels of
16 continuous improvement and initiatives are then outlined to achieve the
17 performance targets. These performance targets and initiatives are then
18 cascaded throughout the organization in an aligned and increasingly more
19 specific manner, becoming a core part of the annual performance

1 management process. NIPSCO's performance initiatives are directly tied
2 to reliability metrics (SAIFI, SAIDI, and CAIDI), safety metrics (OSHA
3 recordables, DART, and PVCs), and staying within operation budget, and
4 targets for these metrics are included in performance expectations.

5 **Q31. Please summarize the reliability metrics associated with NIPSCO's**
6 **transmission and distribution system since the 45772 Electric Rate Case.³**

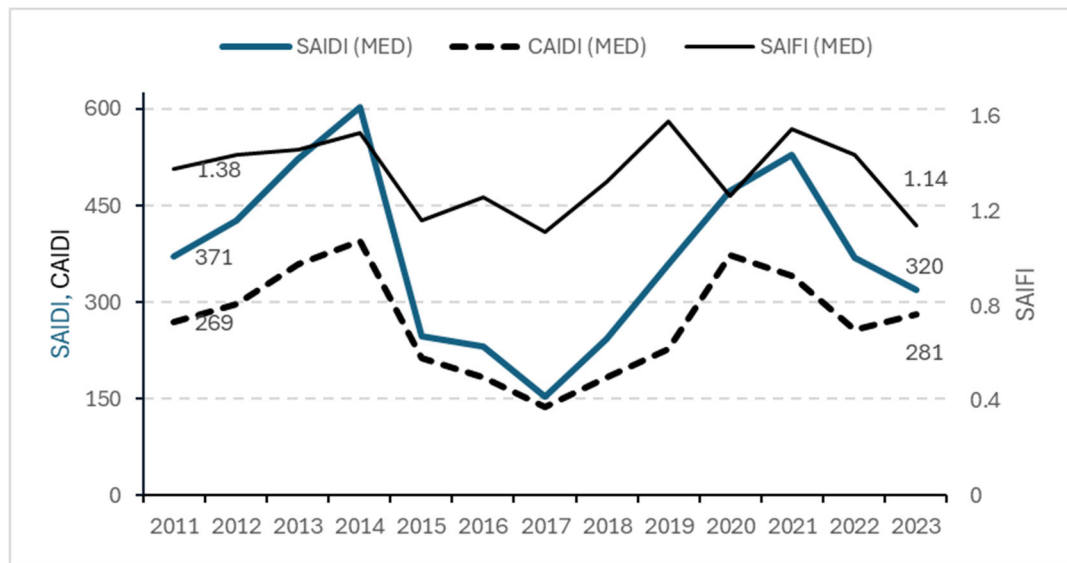
7 A31. NIPSCO monitors three main metrics to evaluate the reliability of the
8 transmission and distribution system: SAIFI, SAIDI and CAIDI (the
9 "reliability metrics"). SAIFI is the System Average Interruption Frequency
10 Index and represents the average number of times that a system customer
11 experiences an outage during the year. SAIDI is the System Average
12 Interruption Duration Index and represents the number of minutes a
13 utility's average customer did not have power during the year. CAIDI is
14 the Customer Average Interruption Duration Index and represents the
15 average time of an outage during the year.

16 As shown in Figure 6, when looking at the reliability metrics from an all-

³ As noted above, additional information on NIPSCO's customer service and reliability metrics is available in its PMC Report filed on July 1, 2024 in Cause No. 44688.

1 inclusive perspective, NIPSCO has seen decreases in SAIFI and SAIDI.
2 NIPSCO has seen a slight increase in CAIDI in the short term but has kept
3 the CAIDI value on the decrease since 2020. The increase in its CAIDI is a
4 result from the number of Major Event Days ("MED")⁴ NIPSCO has
5 experienced over the years, with two of the highest number of MEDs in
6 2021 and 2022.

7 **Figure 6. NIPSCO Reliability Metrics (Including MED)**



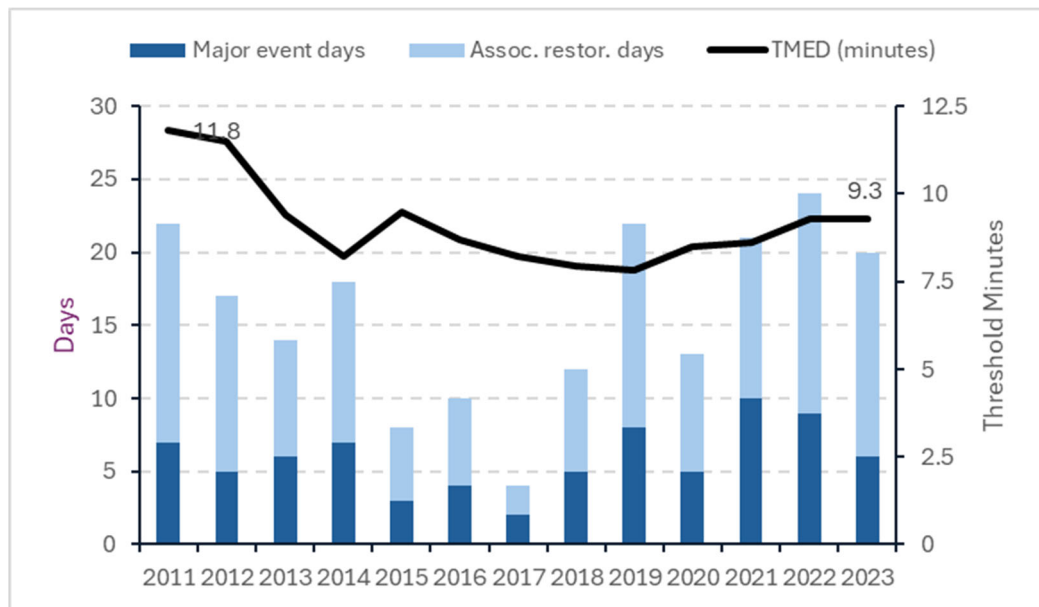
8

9 Figure 7 illustrates the number of MEDs in NIPSCO's service territory and
10 the threshold that was used to identify MEDs each year. It shows NIPSCO
11 has seen an increase in MED in recent years, due to stronger storm activity

⁴ Major Event Days ("MED") are primarily storms or severe weather events that are more destructive than typical storm events.

1 across the service territory. The increase in MED and associated restoration
2 days since 2021 is the result of increased severe weather in the service
3 territory.

4 **Figure 7. NIPSCO's Major Event Days Metrics**

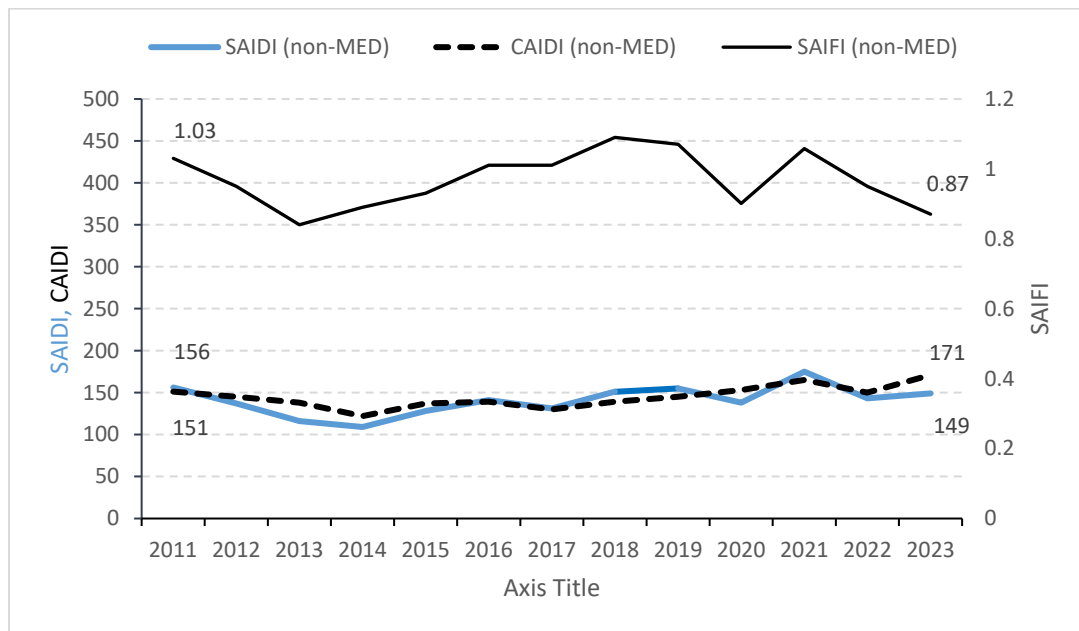


5

6 As shown in Figure 8, when looking at the reliability metrics, without MED,
7 NIPSCO has seen a decrease in SAIFI since 2021. This can be attributed to:
8 (1) increasing NIPSCO's vegetation management efforts in its distribution
9 and transmission circuit program; (2) execution of the current TDSIC plan,
10 which is designed to improve system resiliency; and (3) NIPSCO's Outage
11 Investigation Program which targets outages that resulted in over 1,000
12 customers affected.

1 NIPSCO expects to see continued improvement in SAIFI, as it continues
2 investing in its vegetation circuit trimming and executing its current TDSIC
3 Plan, which includes hardening the system with new wood poles, replacing
4 older vintage underground cable, and deploying additional distribution
5 automation.

6 **Figure 8. NIPSCO Reliability Metrics (Excluding MED)**



7

8 NIPSCO's SAIDI and CAIDI, without MED, have increased since 2017. A
9 portion of this increase can be attributed to the impact of increased
10 exposure during construction activities. For example, even though NIPSCO
11 owns five mobile substations to assist with construction activities, NIPSCO
12 may still need to tie circuits to adjacent substations or circuits while

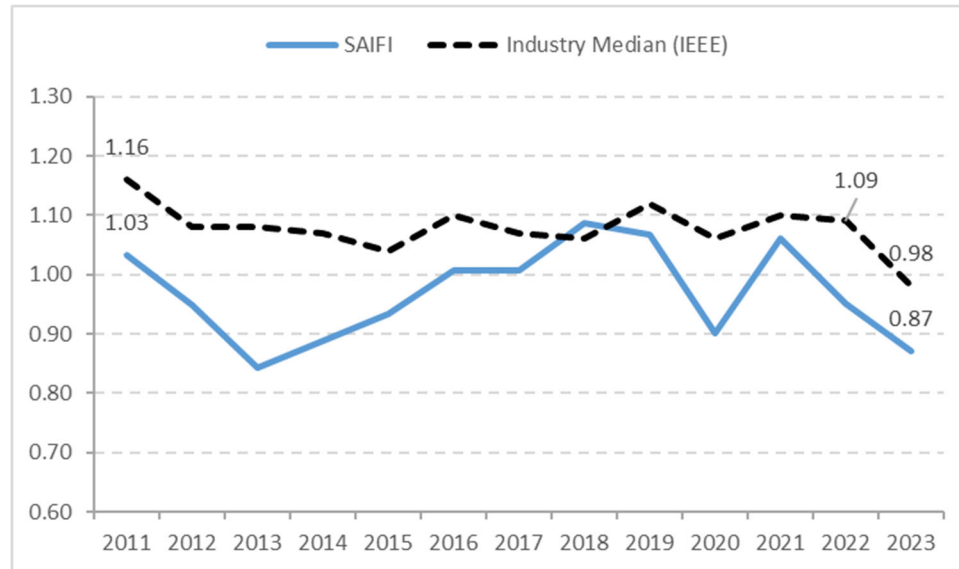
1 construction work is active. When an outage occurs on circuits that are tied,
2 the number of customers impacted is increased and the complexity of the
3 restoration efforts is increased. NIPSCO has taken action to remediate
4 potential outage causes on these connected circuits prior to execution of the
5 planned work. NIPSCO expects to see improvements in both SAIDI and
6 CAIDI with the execution of its current TDSIC plan, which includes grid
7 modernization investments through which NIPSCO will provide value to
8 its customers by reducing outage severity and duration, thereby improving
9 the customer experience.

10 **Q32. Are NIPSCO's transmission and distribution reliability metrics in line**
11 **with industry standards?**

12 A32. Yes. NIPSCO uses the Institute of Electrical and Electronics Engineers
13 ("IEEE") Standard 1366-2022 when calculating the metrics for SAIFI, SAIDI,
14 and CAIDI. Overall, NIPSCO has been holding steady when compared to
15 its peers. In fact, Figure 9 shows that NIPSCO's SAIFI has been lower
16 (better) than the IEEE industry median over the past 12 years. As stated
17 above, increased reliability provides a real everyday benefit to our
18 customers and supports the Five Pillars.

1

Figure 9. SAIFI (excluding Major Events)



2

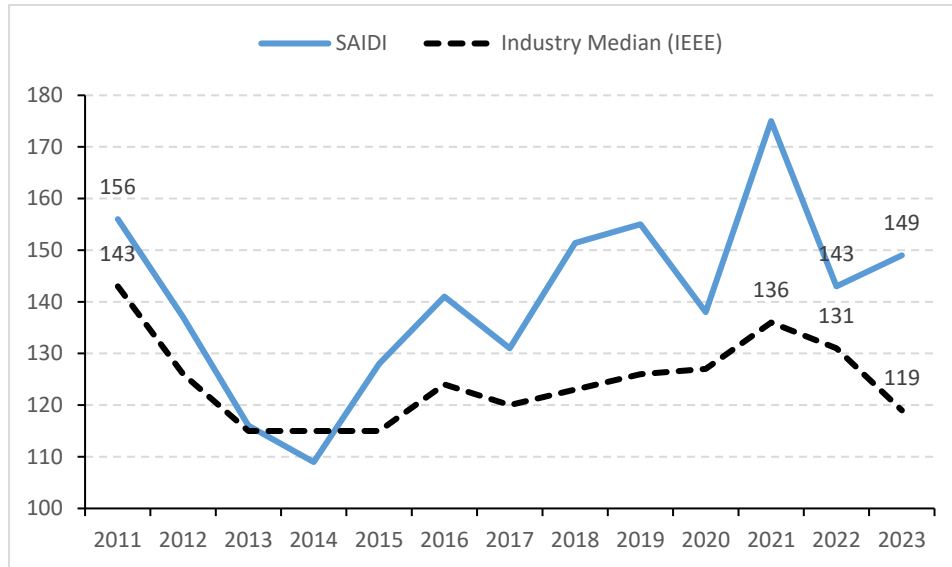
3 Figure 10 shows that NIPSCO's SAIDI has been above the IEEE industry
 4 median over the past 12 years.⁵ NIPSCO has seen an increase to SAIDI since
 5 2021 because of a high number of severe weather days impacting its
 6 customers. A severe weather day for NIPSCO is determined when 20% of
 7 the Threshold Major Event Day ("TMED") calculation for the year is met
 8 (TMED is referenced in Figure 7).

9

⁵ IEEE Standard 1366-2022 Beta Method using a utility's daily SAIDI values for the past five reporting years.

1

Figure 10. SAIDI (excluding Major Events)



2

Finally, Figure 11 shows that NIPSCO's CAIDI has been above the IEEE

3

industry median over the past 12 years. NIPSCO saw an increase to CAIDI

4

since 2021 because of a high number of severe weather days impacting its

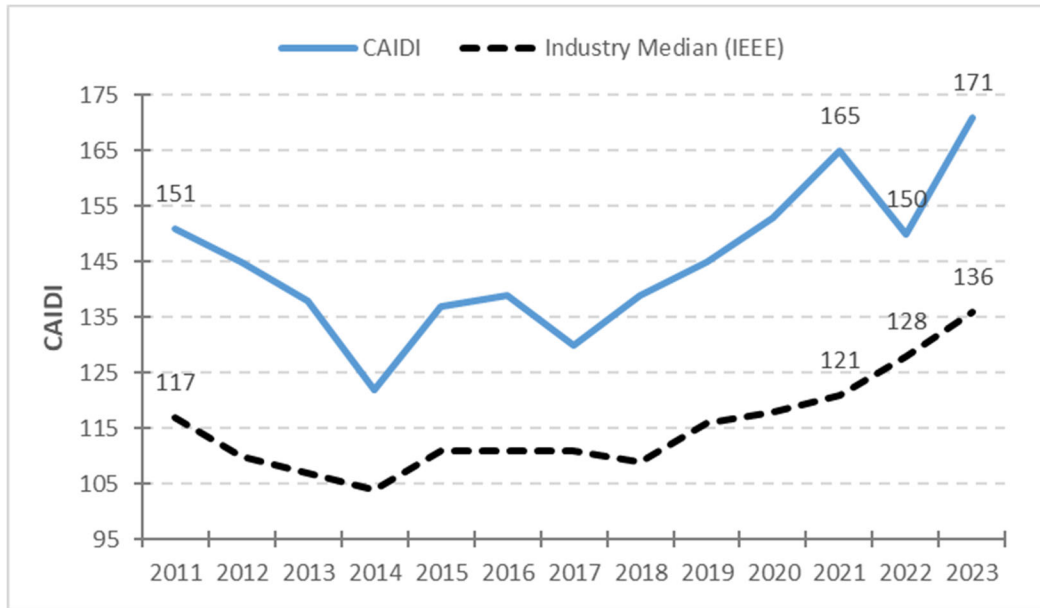
5

customers.

6

1
2

Figure 11. CAIDI (excluding Major Events)



3
4

5 **Q33. What types of maintenance programs are in place at NIPSCO to ensure**
6 **electric system reliability?**

7 **A33.** NIPSCO has a comprehensive set of proactive substation, transmission, and
8 distribution maintenance programs targeted at reliability. These include an
9 active vegetation management program and capital investments aimed at
10 enhancing system capabilities, improving reliability, and replacing aging
11 infrastructure where needed. NIPSCO also continues to review and
12 enhance its transmission system maintenance program procedures and
13 record systems to improve reliability, reduce mis-operations, and ensure

1 compliance with North American Electric Reliability Corporation
2 standards.

3 NIPSCO is currently operating its wooden structure inspection program for
4 transmission and distribution on a 10-year cycle. This program includes
5 the treatment/life extension of poles meeting minimum strength
6 requirements and replacement of those that do not meet those
7 requirements. The pole program inspects approximately 30,000 wooden
8 transmission and distribution poles per year and replaces a minimum of
9 1,200 poles on an annual basis. A similar program has been implemented
10 for NIPSCO's steel structures, which includes the inspection, remediation,
11 and coating of NIPSCO's steel lattice structures and monopoles. Currently
12 this program operates on a 20-year cycle and includes structures both
13 outside and inside of substations.

14 NIPSCO conducts other system reliability programs including the periodic
15 inspections and maintenance of transmission lines and structures,
16 substation equipment, protective relay systems, and distribution pad-
17 mount transformers, pole-mounted reclosers, voltage regulators, switched
18 capacitors, and other underground equipment. These programs also

1 include the remedial work necessary to repair or replace minor plant items
2 found to be deficient from inspection criteria.

3 **Q34. How does NIPSCO's current TDSIC plan address system reliability**
4 **(which is also one of the Five Pillars)?**

5 A34. NIPSCO's current TDSIC plan reduces system risk and addresses reliability
6 by replacing aging infrastructure, with a focus on assets that have high
7 likelihood of failure and a high consequence of failure. By doing this,
8 NIPSCO can prioritize those assets that will have the highest probability of
9 failing that will also have the largest impact to NIPSCO's customers, which
10 serves to mitigate reliability, resiliency, and stability of service impacts.
11 This is why, as discussed above, the TDSIC investment and other
12 investment is so important in the support of the Five Pillars.

13 A specific example of the reliability improvements NIPSCO's customers
14 have experienced is through the execution of the Underground Cable
15 Replacement program. This program focuses on 1970s and 1980s vintage
16 unjacketed cable, which accounts for 90% of the underground faults each
17 year. NIPSCO focused its replacement on the impact of a failure and the
18 frequency of failures. Underground faults can mean power outages for

1 customers. With this program, over the last 10 years, NIPSCO has
2 decreased the number of customers affected each year by an underground
3 fault from over 10,000 to under 8,000, a 20% improvement. Execution of
4 this program has also decreased the number of underground faults on
5 NIPSCO's system from over 300 to just above 200 each year; a 33%
6 improvement.

7 **Q35. In addition to the TDSIC projects described above, what other actions**
8 **has NIPSCO undertaken to maintain and/or improve the resiliency,**
9 **stability, and reliability of its electric service for customers?**

10 A35. On an annual basis, NIPSCO reviews and, if needed, adjusts its Electric
11 Emergency Response Plan ("EERP"). The EERP is a coordinated and
12 comprehensive response plan for rapid restoration of electric service in the
13 event of severe weather, or other system emergencies, by ensuring that all
14 required corporate resources are utilized in the most effective manner.

15 In addition, NIPSCO continues its formal Outage Investigation Program.
16 This program reviews any outages that impact more than 1,000 customers.
17 The findings are reported out through the organization. Line Technicians,
18 Substation Electricians, Supervisors, Dispatchers, and Engineers all benefit

1 from these report findings by applying these lessons learned to their
2 designs, materials, and construction methods to improve reliability. This
3 program also reviews and updates the outage cause codes to identify the
4 true outage root cause. Doing so allows NIPSCO to perform analytics more
5 accurately on its outage causes and make improved decisions on materials,
6 designs, construction methods, and maintenance techniques. This program
7 averages 93 investigations per year and is made up of the most impactful
8 outages to NIPSCO's customers.

9 NIPSCO maintains a Line & Substation voltage regulator maintenance
10 replacement program to reduce service failures leading to enhanced
11 customer reliability. Newer design regulators incorporate enhanced tap
12 changers that reduce contact wear and thus premature failure.
13 Microprocessor based controls have been more reliable than analog
14 controls, with the added benefit of enhanced customer voltage profile.

15 NIPSCO continues to perform its Circuit Performance Improvement
16 Program to better improve electric system reliability. The program includes
17 calculating the SAIFI, SAIDI, and CAIDI, and Customer Duration Hours
18 annually for each circuit and determining an overall performance value for

1 each circuit. The circuits with the worst performance values are then
2 assessed and recommendations for improvement are developed. The
3 program includes identifying all circuit taps that have experienced multiple
4 outages in the previous year and developing recommendations for
5 improvement.

6 NIPSCO's Enhanced Outage Management System ("EOMS") improves
7 customer experience by providing for faster restoration and more accurate
8 communication of estimated time of restoration during planned and
9 unplanned outages. Overall, the EOMS serves as the foundational platform
10 to drive dependable, predictable, timely service and emergency response.

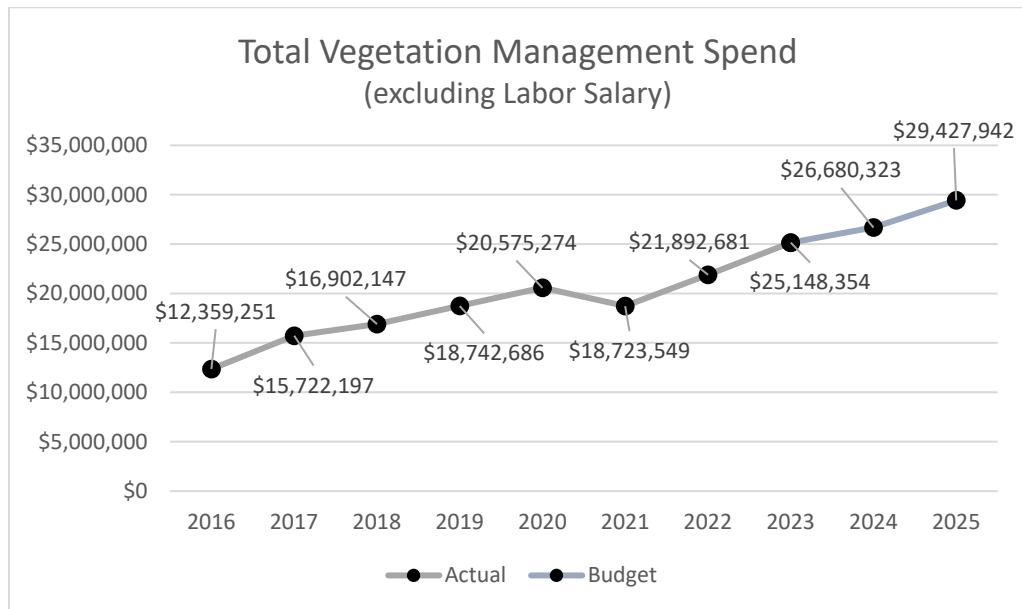
11 Finally, to enhance customer experience, NIPSCO improved its mobile user
12 application to show the outage cause when NIPSCO has updated the
13 estimated time of restoration ("ETR"). All electric customers that have
14 supplied NIPSCO with an email address were auto-enrolled to receive
15 power outage email alerts. NIPSCO also allows customers to enroll
16 themselves to receive Account Alert notifications via text and/or voice
17 message for unplanned electrical outages and ETR notifications. This
18 information allows NIPSCO to inform customers on the duration of the

1 outage so customers can plan their day accordingly.

2 **Q36. Please describe NIPSCO's Vegetation Management Program.**

3 A36. NIPSCO has a Vegetation Management Program that is designed to clear
4 vegetation by circuit (miles) for maintenance. To improve overall
5 reliability, as shown in Figure 12 below, NIPSCO has steadily increased
6 funding for its vegetation management program to specifically focus on
7 trimming more circuit miles on distribution and sub-transmission circuits.
8 This budget increase has been primarily focused on clearing circuits with
9 the highest tree-related outages. As discussed above, pursuing reduced
10 outages supports the Five Pillars.

11 **Figure 12. Total Vegetation Management Spend**



1 NiSource Corporate Services Company's Data Analytics team has been
2 engaged to assist NIPSCO Power Delivery and Transmission in the
3 development of an annual vegetation management work plan that relies on
4 a combination of data analytics, data on tree related outages and number of
5 customers impacted by outage, as well as Tree SAIFI. The Data Analytics
6 team has helped to define the most efficient method to improve NIPSCO's
7 trim cycle, and as explained in more detail below, NIPSCO is proposing a
8 ratemaking adjustment to increase vegetation management expense. Based
9 on the current contract pricing, the proposed level of vegetation
10 management expense would allow NIPSCO to trim approximately 1,328
11 miles of the system in one year, which equates to a 7-year cycle. Increasing
12 NIPSCO's vegetation management funding will allow NIPSCO to continue
13 to take steps to improve customer reliability and experience by reducing
14 vegetation related outages.

15 **Q37. How does NIPSCO manage its Vegetation Management Program?**

16 A37. In addition to the development of data driven annual workplans, NIPSCO's
17 Vegetation Management Group also manages a hot spot/worst performing
18 circuit program to increase reliability outside of the trim cycles. This Group
19 engages demand crews that have the flexibility to address specific areas of

1 a circuit that need to be addressed each year. The data supporting which
2 circuits are hot spots/worst performing is generated from NIPSCO
3 engineers.

4 Tight labor markets, competition for labor of neighboring utilities, and
5 increases in fuel and equipment costs, have all led to increasing the cost to
6 perform vegetation management. As a result, NIPSCO has experienced
7 increases in the cost to perform the work from its preferred vendors. As it
8 has since 2017, NIPSCO's Vegetation Management Group holds category
9 specific sourcing events with vendors to secure pricing for multi-year, unit-
10 based contracts. Between 2021 and 2023, the cost for vegetation
11 management equipment and labor increased. All categories of equipment
12 and labor saw an increase beyond the annualized inflation rate. These
13 increases have been primarily driven by the increased demand for
14 resources across the industry. In 2023, NIPSCO began engaging
15 supplementary line clearance qualified vendors, in addition to its existing
16 vendors, to perform vegetation management on a case-by-case basis. This
17 diversity in vendors has increased the availability of line clearance qualified
18 resources and increased cost competition among vendors.

1 NIPSCO is working towards holding equipment and labor costs steady for
2 2024 and will be holding a competitive bid event during Quarter 3 and
3 Quarter 4, 2024 for the line clearance vendors. Included in the bid event
4 and negotiations will be unit pricing, labor rates, and equipment rates for
5 2025 through 2027. This bid event will include several of the line clearance
6 qualified contractors who have been recently engaged on the NIPSCO
7 footprint, and vendors who are interested but have not won a bid yet. This
8 strategy should provide additional resources to NIPSCO's service territory.

9 **Q38. Has NIPSCO experienced reductions in tree-related outages events?**

10 A38. Except for 2021, NIPSCO has seen an overall reduction of Tree Related
11 Outages since 2016. As shown in Table 2 below, 2021 had an especially high
12 number of localized weather-related events.

13 **Table 2**

Tree Related Outages (Excluding Major Events)		
	Outages	Severe Days
2016 Tree Outages	3,705	15
2017 Tree Outages	3,610	16
2018 Tree Outages	3,595	20
2019 Tree Outages	3,056	29
2020 Tree Outages	2,875	15
2021 Tree Outages	3,233	27
2022 Tree Outages	2,815	12
2023 Tree Outages	2,624	14

1 As shown in Table 3, when comparing the 3-year period 2016 to 2019 and
2 2020 to 2023, NIPSCO's average tree related outages improved from 3,492
3 (2016 to 2019) to 2,887 (2020 to 2023).

4 **Table 3**

3-Year Period	Avg. Tree Outages (Excluding Major Events)	Avg. Severe Days	Avg. MED
2016 – 2019	3,492	20	4.75
2020 – 2023	2,887	17	7.5

5
6 This improvement is encouraging, considering NIPSCO has experienced
7 more weather event days from 2020 to 2023 compared to 2016 to 2019, and
8 it confirms NIPSCO is targeting the correct circuits that is causing the most
9 customer outages. However, to improve overall system reliability and
10 drive value for its customers through enhanced system resiliency and
11 stability, NIPSCO is moving to a more proactive approach that focuses on
12 its distribution and sub-transmission circuits.

13 **Q39. What vegetation management cycle is NIPSCO currently on for its**
14 **distribution and sub-transmission circuit program?**

15 A39. On average for the last three years, NIPSCO has trimmed approximately
16 871 distribution and sub-transmission circuit miles per year. Assuming this
17 pace continues, NIPSCO would trim each mile of circuit once every 10

1 years. However, NIPSCO's experience is, on average, some tree species
2 may grow back into the lines within as soon as 5 years. To trim or clear
3 each of its distribution and sub-transmission circuits every 5 years,
4 additional crews would need to be utilized and about 1,768 miles needs to
5 be completed per year.

6 **Q40. What is the biggest challenge NIPSCO faces to be able trim each circuit**
7 **every 5 years?**

8 A40. As explained above, in the last 3 years, the cost to perform line clearance
9 work has increased due to high demand for resources and a constrained
10 labor market. According to NIPSCO contractors, low unemployment has
11 made it challenging for vendors to add workers without increasing wages
12 to keep up with the labor market demands. Vendor resources are also in
13 high demand by neighboring utilities.

14 NIPSCO has been working with its labor contractors to ramp up staffing in
15 a prudent and responsible way. Because public and employee safety is
16 NIPSCO's utmost priority when performing work, NIPSCO prioritizes
17 partnering with contractors who specialize in this kind of work and have
18 proven experience in tree clearing around energized lines. NIPSCO's

Petitioner's Exhibit No. 7
Northern Indiana Public Service Company LLC
Page 47

Description	OM 2-23	OM 2-24	OM 2-25	OM 2-25R*	Ratemaking Adjustment
PD & Trans. Base Maintenance	\$1,033,258	-	\$(1,108,545)	\$675,269	OM 2E-25R-S OM 2F-25R-S2
Nontrackable Fuel	-	-	\$(1,126,206)	\$(10,059,309)	OM 2B-25-S2
Capacity Purchase	-	-	\$(3,591,223)	-	
Variance ⁶	\$9,618	-	-	-	
Total	\$(6,327,316)	\$(450,375)	\$2,645,712	\$(23,978,339)	
*Subcomponents impacting multiple adjustments are detailed in <u>Petitioner's Exhibit No. 3, Attachment 3-C-S2, OM 2, page [4]</u> .					

1

2 **Q42. Please describe Adjustments OM 2-24 and OM 2-25 in Petitioner's**3 **Exhibit No. 3, Attachment 3-C-S2, OM 2.**

4 A42. Adjustments OM 2-24 and OM 2-25 increase/decrease the 2024 and 2025

5 Forecast Periods by (\$450,375) and \$2,645,712, respectively. The

6 calculations and supporting schedules for the subcomponents of these

7 adjustments are included in Petitioner's Exhibit No. 3, Attachment 3-C-S2,

8 OM 2. As stated in her testimony, NIPSCO Witness Robles supports the

9 detailed and confidential calculation related to capacity purchases.

10 Without these adjustments, the Forward Test Year would be understated.

⁶ This amount represents the variance of 2023 balances when comparing an activity and cost element view.

1 **Q43. Please describe Adjustment OM 2-25R-S2 in Petitioner's Exhibit No. 3,**
2 **Attachment 3-C-S2, OM 2.**

3 A43. Adjustment OM 2-25R-S2 is to decrease the Forward Test Year by
4 \$23,978,339. This adjustment is the net decrease of Adjustments OM 2A-
5 25R through OM 2F-25R. These adjustments are discussed in detail below.

6 **Q44. Please explain Adjustment OM 2A-25R-S2 on Petitioner's Exhibit No. 3,**
7 **Attachment 3-C-S2, OM 2.**

8 A44. Adjustment OM 2A-25R-S2 is to increase the Forward Test Year in the
9 amount of \$497,808 for the 3 year average of 2023-2025 planned outages.
10 The planned outage schedule varies by year, and the workplan for each
11 generating station details the projected expenditure amount by station,
12 unit, and major component. If this adjustment is not included, the Forward
13 Test Year electric operating expenses will be understated. Details of this
14 adjustment can be found in Petitioner's Confidential Exhibit No. 18-S2,
15 Workpaper OM 2.

16 **Q45. Please explain Adjustment OM 2B-25R-S2 on Petitioner's Exhibit No. 3,**
17 **Attachment 3-C-S2, OM 2.**

1 A45. Adjustment OM 2B-25R-S2 is to decrease the Forward Test Year in the
2 amount of \$35,604,068 for retirement of Schahfer Units 17 and 18. This
3 adjustment removes the operating expenses for Planned Outages, Forced
4 Outages, Generation Base Maintenance, and Nontrackable Fuel Handling
5 related to retirement of Schahfer Units 17 and 18 at the end of the Forward
6 Test Year. As explained by NIPSCO Witness Weatherford, while this
7 expense reduction will not occur during the Forward Test Year, NIPSCO is
8 proposing this adjustment. Details of this adjustment can be found in
9 Petitioner's Confidential Exhibit No. 18-S2, Workpaper OM 2.

10 **Q46. Please describe Adjustment OM 2C-25R-S2 on Petitioner's Exhibit No. 3,**
11 **Attachment 3-C-S2, OM 2.**

12 A46. NIPSCO proposes a ratemaking adjustment to increase O&M expense by
13 \$7,249,428 to reflect the annualization of previously deferred O&M expense
14 associated with the operation of NIPSCO's wholly owned renewable
15 facilities, one of which has come online during 2024 (Cavalry) and three
16 others that are expected to come online in 2025 (Dunn's Bridge II, Fairbanks,
17 and Gibson). This incremental O&M expense is comprised of annualized
18 expense levels for (a) substation and transmission line, (b) project support

1 services, (c) vegetation management, and (d) internal vehicle use, as
2 described below.

3 **Q47. Please describe the O&M incremental expenses for (a) substation and**
4 **transmission line, (b) project support services, (c) vegetation**
5 **management, and (d) internal vehicle use in more detail.**

6 A47. NIPSCO engages with a third-party that completes O&M work associated
7 with the substations and transmission lines that connect to and serve its
8 four wholly-owned renewable facilities. The forecasted cost for this work
9 is supported by estimates provided by third-parties. NIPSCO also engages
10 with a third-party for project support services at its renewable sites. These
11 support services include on-site support such as parts procurement,
12 managing warranties for major assets, and engaging with various asset
13 providers, such as the provider of inverters, to manage issues as they arise.
14 Third-party support services are also off-site, as the third-party has remote
15 operating control of NIPSCO's four wholly owned renewable facilities and
16 interfaces with MISO to offer these facilities into the MISO grid. The
17 forecasted cost for this work is supported by a master services agreement.

18 NIPSCO must also conduct vegetation management work at its renewable

1 facilities, and its 2025 forecast for this expense is based upon an annualized
2 estimate of labor associated with mowing, seeding, and adding chemical
3 treatment to the facilities' vegetation to ensure the sites are managed and
4 vegetation does not impede full solar production. Finally, the internal
5 vehicle component of new solar generation O&M relates to the vehicle lease
6 agreement for the renewable facilities, through which NIPSCO leases
7 mowers and other vehicles for on-site use.

8 Adding incremental O&M to support NIPSCO's solar generation
9 investments is reasonable and prudent. NIPSCO has supported these
10 expected costs with third-party contracts, where applicable, and by
11 annualizing historical expense from the two solar facilities that came online
12 in 2024.

13 **Q48. Please describe Adjustment OM 2D-25R-S2 Vegetation Management.**

14 A48. NIPSCO proposes a ratemaking adjustment to increase Vegetation
15 Management operating expenses by \$3,203,224. As described above,
16 increasing NIPSCO's Vegetation Management funding to \$29,427,942 will
17 provide for the completion of approximately 1,328 circuit miles, based on
18 current contract prices, which is slightly more than a 7-year cycle. These

1 increases will allow NIPSCO to continue to take steps to improve reliability,
2 resiliency, and stability of service and customer experience by reducing
3 vegetation related outages. If this adjustment is not included, Forward Test
4 Year electric operating expenses would be understated. Details of this
5 adjustment can be found in Petitioner's Confidential Exhibit No. 18-S2,
6 Workpaper OM 2.

7 **Q49. Please explain Adjustment OM 2E-25R-S2 on Petitioner's Exhibit No. 3,**
8 **Attachment 3-C-S2, OM 2.**

9 A49. Adjustment OM 2E-25R-S2 is to increase the Forward Test Year \$1,036,561
10 to reflect the annualization of work continuity costs related to union
11 contract negotiations and work stoppage costs. This adjustment is based
12 on Work Stoppage Retainer fees paid from the last work continuity
13 contract, adjusted for inflation, and annualized over a four year period. If
14 this adjustment is not included, the Forward Test Year electric operating
15 expenses will be understated. Details of this adjustment can be found in
16 Petitioner's Confidential Exhibit No. 18-S2, Workpaper OM 2.

17 **Q50. Please explain Adjustment OM 2F-25R-S2 on Petitioner's Exhibit No. 3,**
18 **Attachment 3-C-S2, OM 2.**

1 A50. Adjustment OM 2F-25R-S2 is to decrease the Forward Test Year in the
2 amount of \$361,292 to remove operating expense related to NIPSCO's non-
3 jurisdictional assets. If this adjustment is not included, the Forward Test
4 Year electric operating expenses will be overstated. Details of this
5 adjustment can be found in Petitioner's Confidential Exhibit No. 18-S2,
6 Workpaper OM 2.

7 **Q51. Please explain the reduction to labor expense associated with Schahfer**
8 **Units 17 and 18 in Adjustment OM 1-25R-S2 on Petitioner's Exhibit No.**
9 **3, Attachment 3-C-S2, OM 1.**

10 A51. Adjustment OM 1-25R-S2 decreases the Forward Test Year by \$11,946,061
11 for the estimated labor savings that are anticipated to occur after the closure
12 of Schahfer Units 17 and 18. As describes above in my testimony, the actual
13 labor reduction associated with the retirement will not be an instant cost
14 savings. A full complement of generation labor will still be needed up until
15 the retirement date of December 31, 2025, and will also be needed for
16 several months post closure for the wind down of the units and facility and
17 to bring the retired assets to a safe condition. However, NIPSCO does
18 anticipate a transition of labor to occur over an extended period of time
19 post-retirement. As the labor transition will begin soon after retirement,

1 NIPSCO is proposing this adjustment in a good faith effort to reflect a
2 reasonable level of cost savings.

3 **Conclusion**

4 **Q52. Are NIPSCO's generation, transmission, and distribution investments**
5 **reasonable, prudent, and consistent with Indiana's Five Pillars codified**
6 **in Ind. Code § 8-1-2-0.6?**

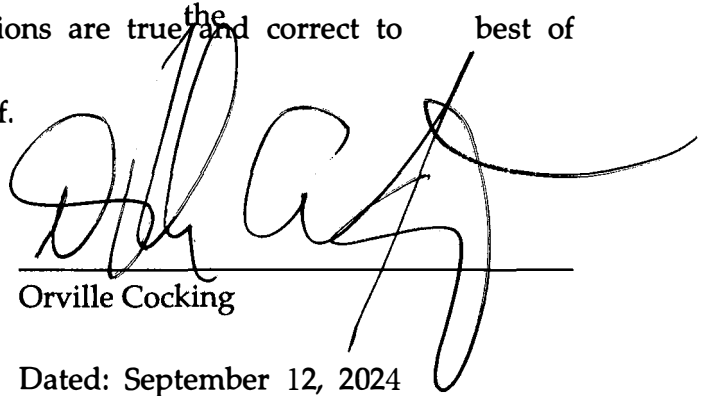
7 A52. Yes, for the reasons I set out above. Further, meeting the Five Pillars means
8 ensuring customers have the power they need when they need it while
9 ensuring availability of electricity under changing or extraordinary system
10 conditions. NIPSCO has made significant investments in renewable sources
11 of generation since its last rate case. NIPSCO's capital investments in
12 generation, transmission, and distribution enhance the reliability,
13 resiliency, and stability of the electrical service offered to its customers. In
14 particular, NIPSCO's TDSIC Plan is focused on replacing aging
15 infrastructure, maintaining robust system deliverability, and modernizing
16 its grid to deliver safe and reliable service.

17 **Q53. Does this conclude your prefiled direct testimony?**

18 A53. Yes.

VERIFICATION

I, Orville Cocking, Senior Vice President of Electric Operations for Northern Indiana Public Service Company LLC, affirm under penalties of perjury that the foregoing representations are true ^{the} and correct to best of my knowledge, information, and belief.



Orville Cocking

Dated: September 12, 2024