

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

**PETITION OF NORTHERN INDIANA PUBLIC)
SERVICE COMPANY LLC PURSUANT TO IND.)
CODE §§ 8-1-2-42, 8-1-2-42.7 AND 8-1-2-61 FOR (1))
AUTHORITY TO MODIFY ITS RETAIL RATES)
AND CHARGES FOR GAS UTILITY SERVICE)
THROUGH A PHASE IN OF RATES; (2))
APPROVAL OF NEW SCHEDULES OF RATES)
AND CHARGES, GENERAL RULES AND)
REGULATIONS, AND RIDERS (BOTH EXISTING)
AND NEW); (3) APPROVAL OF A NEW SALES)
RECONCILIATION ADJUSTMENT MECHANISM;)
(4) APPROVAL OF REVISED GAS)
DEPRECIATION RATES APPLICABLE TO ITS)
GAS PLANT IN SERVICE; (5) APPROVAL OF)
NECESSARY AND APPROPRIATE ACCOUNTING)
RELIEF, INCLUDING BUT NOT LIMITED TO)
APPROVAL OF CERTAIN DEFERRAL)
MECHANISMS FOR PENSION, OTHER POST-)
RETIREMENT BENEFITS, AND LINE LOCATE)
EXPENSES; AND (6) TO THE EXTENT)
NECESSARY, APPROVAL OF ANY OF THE)
RELIEF REQUESTED HEREIN PURSUANT TO)
IND. CODE CH. 8-1-2.5.**

CAUSE NO. 45967

INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR'S

**PUBLIC'S EXHIBIT NO. 6 – TESTIMONY OF OUCC WITNESS
MOHAB M. NOURELDIN**

January 31, 2024

Respectfully submitted,



Thomas R. Harper
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**NORTHERN INDIANA PUBLIC SERVICE COMPANY LLC
CAUSE NO. 45967
TESTIMONY OF OUCC WITNESS MOHAB M. NOURELDIN**

I. INTRODUCTION

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

2 A: My name is Mohab M. Noureldin, and my business address is 115 West Washington Street,
3 Suite 1500 South, Indianapolis, IN 46204.

4 **Q: By whom are you employed and in what capacity?**

5 A: I am employed by the Indiana Office of Utility Consumer Counselor ("OUCC") as a Utility
6 Analyst II with the Natural Gas Division. I have worked as a member of the OUCC's
7 Natural Gas Division since December 2021. For a summary of my educational and
8 professional experience, as well as my preparation for this case, please see Appendix
9 MMN-1 attached to my testimony.

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

11 A: The purpose of my testimony is to provide my analysis of Northern Indiana Public Service
12 Company LLC's ("NIPSCO" or "Petitioner") case-in-chief regarding certain adjustments
13 to operating expenses, including adjustments to Petitioner's pro forma payroll expenses,
14 Short-Term Incentive Compensation ("STI") expense, rate base, and depreciation expense.

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

16 A: I recommend the following adjustments to payroll expense and expenses related to short-
17 term incentive pay:

18 1. A \$1,956,302 adjustment to payroll expense for the twelve months ending December
19 31, 2023; and

20 2. A (\$1,499,270) adjustment to STI expenses for the twelve months ending December
21 31, 2023.

1 I also recommend a \$642,285 ratemaking adjustment to increase depreciation
2 expense based on revised depreciation rates from OUCC witness David Garrett's
3 testimony. Finally, using the same methodology from the prior approved rate case, I
4 recommend NIPSCO's Step 2 rate base update reflect actual balances as of December 31,
5 2024, with a cap not to exceed the lesser of rate base forecast in Petitioner's case-in-chief
6 or the rate base approved by the Commission.

7 **Q: Are you sponsoring any attachments?**

8 A: Yes. I am sponsoring the following attachments:

- 9 1. Attachment MMN-1 relating to payroll expense;
- 10 2. Attachment MMN-2 regarding STI; and
- 11 3. Attachment MMN-3 relating to depreciation expense.

12 **Q: To the extent you do not address a specific issue, item or adjustment in this Cause,**
13 **should that be construed to mean you agree with Petitioner's proposal?**

14 A: No. Not addressing a specific issue, item or adjustment Petitioner proposes does not
15 indicate my agreement or approval. Rather, the scope of my testimony is limited to the
16 specific items addressed herein.

II. OPERATING EXPENSES

A. Payroll Expense

17 **Q: What is Petitioner's proposed forward test year amount for payroll expense?**

18 A: For its proposed test year payroll expense (labor), NIPSCO provided workpaper OM 1 –
19 Labor, which includes detailed information regarding multiple parts and adjustments,
20 including its calculations and methodology. NIPSCO started with the actual expense as of
21 December 31, 2022 of \$64,738,883, and made a normalization adjustment of (\$254,712),

1 a \$2,298,213 pro forma adjustment for 2023, a \$1,972,071 pro forma adjustment for 2024,
2 and a \$3,150,585 ratemaking adjustment to arrive at total forecasted payroll expense of
3 \$71,905,040 as of December 31, 2024.

4 **Q: Do you agree with Petitioner's payroll adjustment?**

5 A: No. I agree with some parts of NIPSCO's payroll expense adjustment. However, I do not
6 agree with the special pays expense included in the payroll calculation. The special pays
7 expense has three parts, Cost Element 9018 for Education Reimbursement, Cost Element
8 9020 for Hire Spot Discretionary Bonus, and Cost Element 3660 for Union Contract
9 Signing Bonus. (Petitioner's workpaper OM1, Page [.10].) I disagree with the Hire Spot
10 Discretionary Bonus component because it includes an unrepresentative amount, and
11 because it includes a misallocation of the Union Contract Signing Bonus.

12 In relation to the Spot Discretionary Bonuses, NIPSCO indicated in response to
13 discovery that "In recognition of NIPSCO employee's contributions and hard work in
14 delivering an essential service of safe and reliable gas to our customers throughout the
15 COVID pandemic in 2020 and 2021, a \$1,500 bonus was awarded to most NIPSCO
16 employees. This increased Hire Spot Discretionary Bonus by \$1,025,731.47 for 2021."
17 (Attachment MMN-1, pages 4-5; NIPSCO Response to OUCC Data Request ("DR") 10-
18 007 subpart e.) That portion of Hire Spot Discretionary Bonus for a COVID pandemic
19 bonus should not be imbedded in rates.

20 **Q: Why should a COVID pandemic bonus be excluded from base rates?**

21 A: The COVID pandemic bonus was a one-time bonus. NIPSCO's customers should not pay
22 for a non-recurring expense included in the 3-year average NIPSCO calculated.

1 **Q: Did the Union Contract Signing Bonus component also have errors?**

2 A: Yes. In response to OUCC discovery, NIPSCO indicated the 2022 increase in Hire Spot
3 Discretionary Bonuses relates to the Union Contract Signing Bonus in the amount of
4 \$771,498 that was inadvertently recorded to Cost Element 9020, as opposed to Cost
5 Element 3660. (Attachment MMN-1, page 6; NIPSCO Response to OUCC DR 14-001.)

6 **Q: What is the effect of moving the Spot Discretionary Bonus error to the Union**
7 **Contract Signing Bonus?**

8 A: If the Union Contract Signing Bonus is removed from Cost Element 9020, 2022 Hire Spot
9 Discretionary Bonuses would result in \$302,627 as opposed to \$1,074,125. The amount
10 must be moved and included in Cost Element 3660, which would result in 2022 Union
11 Contract Signing Bonuses of \$1,026,210, as opposed to \$254,712. (Attachment MMN-1,
12 page 3.)

13 **Q: How did you calculate special pays expense?**

14 A: I recalculated the 3-year average amounts using NIPSCO's same methodology and also
15 took into consideration both NIPSCO's DR 10-007 and DR 14-001 responses addressing
16 both the Hire Spot Bonus and the misallocation of Union Contract Signing Bonus.

17 I removed Petitioner's COVID Spot Bonus in the amount of \$1,025,731 from the
18 3-year average, and reallocated the Union Contract Signing Bonus from the wrong NBU
19 cost element (Hire Spot Bonus - 9020) to the correct BU cost element (Union Contract
20 Signing Bonus - 3660). These changes result in a total 3-year average of \$362,719 for
21 NBU and \$342,070 for BU, for a total 3-year average of \$704,789. (Attachment MMN-1,
22 page 3.) This compares to NIPSCO's calculated 3-year average of \$961,796 for NBU and
23 \$84,904 for BU, for a total 3-year average of \$1,046,700. (Petitioner's Workpaper OM 1,
24 page [.10].)

1 I used the 3-year average for NBU and BU in my overall payroll expense
2 calculation on Attachment MMN-1, page 2, lines 12 and 21, which decreases the overall
3 2023 payroll expense by \$341,910.

4 **Q: What is your total adjustment to payroll expense?**

5 A: As shown on Attachment MMN-1, page 1, I recommend a 2023 adjustment of \$1,956,302,
6 which takes into account the new 3-year average of special pays. My overall payroll
7 expense is \$71,563,130.

B. Short-Term Incentive Compensation ("STI")

8 **Q: What is Petitioner's proposed forward test year amount for STI expense?**

9 A: For its proposed test year STI expense, NIPSCO provided workpaper OM 12 – STI, which
10 includes detailed information regarding multiple parts and adjustments, including its
11 calculations and methodology. NIPSCO started with the actual expense as of December
12 31, 2022 of \$5,130,471, made a normalization adjustment of \$819,347, a (\$214,160) pro
13 forma adjustment for 2023, no pro forma adjustment for 2024, and no ratemaking
14 adjustment to arrive at total forecasted STI expense of \$5,735,658 as of December 31,
15 2024.

16 **Q: Did NIPSCO achieve 100% payout of its STI expense in calendar year 2022?**

17 A: No. In response to OUCC discovery, NIPSCO indicated the 2022 payout level was 94.44%
18 or \$5,130,471. (Attachment MMN-2, pages 4-5; NIPSCO response to OUCC DR 10-011.)
19 NIPSCO's \$819,347 normalization adjustment for 2022 adjusts the 2022 actual amount up
20 to a 100% payout.

1 **Q: Do you agree with Petitioner's proposed adjustment to STI expense in base rates?**

2 A: No. On average, and for most analyzed years, Petitioner's STI payouts are well below STI
3 payout targets. In response to OUCC discovery, NIPSCO indicated the level of payout for
4 both the Corporate Wide Plan STI and Executive Only STI during the period of 2018
5 through 2022 fell below the targeted payout in all years, except 2021. (Attachment MMN-
6 2, pages 4-5; NIPSCO response to OUCC DR 10-011.) The five-year average (77.59%) of
7 years 2018 through 2022, also, is well below the target 100% level for both plans combined.
8 (Attachment MMN-2, page 3.) NIPSCO's employees have not hit a target level of STI
9 expense for 4 of the last 5 years. Since NIPSCO's average is well below the targets, the
10 Commission should instead use a typical percentage of target that is representative of the
11 actual data and actual expense.

12 **Q: What is your recommendation for STI Expense to be included in base rates?**

13 A: I recommend NIPSCO recover STI expenses based on the historical 5-year average
14 deviation from its STI expense target, which is 77.59% (Attachment MMN-2, page 3). This
15 is the average percentage of target actually paid to employees for 2018-2022. (*Id.*)
16 Applying 77.59% to NIPSCO's calculation of projected annual STI expense from
17 Petitioner's Workpaper OM 12 results in total annual STI expense of \$12,216,711.
18 (Attachment MMN-1, page 2.) Multiplying the result by the gas allocation percentage of
19 36.43% results in total gas annual STI expense of \$4,450,548. Subtracting \$4,450,548 from
20 NIPSCO's 2022 normalized expense of \$5,949,818 results in a 2023 adjustment of
21 (\$1,499,270). (Attachment MMN-2, page 1.) My forecasted pro forma amount of
22 \$4,450,548 is less than NIPSCO's base year actual expense of \$5,735,658 due to applying

1 a 5-year average percentage of 77.59%, compared to NIPSCO's 94.44% payout for base
2 year expense.

III. RATE BASE

3 **Q: Has NIPSCO included a forward-looking test year rate base in its revenue**
4 **requirements?**

5 A: Yes. NIPSCO used its actual rate base as of December 31, 2022 as the basis for its
6 forecasted December 31, 2024 rate base. At this point, the forecasted rate base is an amount
7 derived from budgeted additions and retirements resulting in a forward-looking test year
8 budget estimate. I have reviewed the final balances from NIPSCO's historical base period,
9 and I analyzed the projected additions and retirements.

10 **Q: How does NIPSCO propose its rate base be updated in this Cause?**

11 A: NIPSCO's proposed rate base in this Cause will ultimately be updated to reflect actual rate
12 base on June 30, 2024, and again at the end of the forward test year, December 31, 2024.
13 The components of NIPSCO's proposed rate base include utility plant in-service and
14 common allocated plant adjusted for accumulated depreciation, the regulatory assets
15 established in Cause Nos. 44988 and 45621, TDSIC regulatory asset, FMCA regulatory
16 asset, utility materials and supplies, and gas stored underground.

17 **Q: How will NIPSCO's TDSIC and FMCA cost recovery mechanisms affect rate base in**
18 **this Cause?**

19 A: NIPSCO has factored the projected amount of its TDSIC and FMCA asset balances into
20 its proposed rate base total in this Cause. The accumulation of actual investments approved
21 in NIPSCO's TDSIC and FMCA filings in Cause Nos. 45330 and 45703, respectively, will
22 be included in NIPSCO's rate base in this Cause through the Step 1 and Step 2 update
23 compliance filings.

1 NIPSCO's TDSIC and FMCA filings have also yielded deferred regulatory assets
2 representing 20% of NIPSCO's approved TDSIC and FMCA project costs. These deferred
3 assets are eligible for recovery in this case, and therefore, rate base will be updated to
4 include the most recently approved deferred assets through NIPSCO's Step 1 and Step 2
5 update compliance filings.

6 **Q: Do you recommend NIPSCO's December 31, 2024 forecasted rate base included with**
7 **its case-in-chief filing serve as a cap on its Step 2 base rate compliance filing?**

8 A: Yes. I reviewed NIPSCO's estimated rate base components and have not made adjustments
9 to its forecasted rate base. While NIPSCO will update rate base to actual balances through
10 a compliance filing, the December 31, 2024 rate base forecast submitted with NIPSCO's
11 case-in-chief filing should serve as a cap on these amounts. This approach is standard
12 practice in forward-looking test year rate cases, including Cause No. 45621, NIPSCO's
13 most recent rate case, in which its projected rate base served as a cap on its Step 2 rate
14 update.

15 The rate base cap will hold NIPSCO accountable to the estimates included in its
16 forecasted rate base and will ensure that NIPSCO's final rates do not exceed the amounts
17 identified in its case-in-chief. If NIPSCO adds more plant than it currently forecasts, it can
18 seek recovery of the excess amount in its next rate case. I recommend NIPSCO's Step 2
19 rate base update reflect actual balances as of December 31, 2024, with a cap not to exceed
20 the lesser of the rate base forecast in Petitioner's case-in-chief or the rate base approved by
21 the Commission.

IV. DEPRECIATION EXPENSE

1 **Q: What adjustment did NIPSCO make for depreciation expense for its Gas Utility**
2 **Plant?**

3 A: For its proposed test year depreciation expense relating to gas utility plant, NIPSCO
4 provided workpaper DEPR 1, which includes detailed information regarding multiple parts
5 and adjustments, including its calculations and methodology. NIPSCO started with the
6 actual expense as of December 31, 2022 of \$73,963,938, made a (\$485,698) normalization
7 adjustment, a \$6,505,694 pro forma adjustment for 2023, a \$14,770,122 pro forma
8 adjustment for 2024, and a \$22,729,836 Ratemaking adjustment to arrive at total forecasted
9 depreciation expense for gas utility plant of \$117,483,892 as of December 31, 2024.
10 Petitioner's ratemaking adjustment is the result of implementing the new depreciation
11 accrual rates from NIPSCO witness John Spanos.

12 **Q: Is the OUCC proposing any changes to NIPSCO's proposed Gas Utility Plant**
13 **depreciation expense rates?**

14 A: Yes. OUCC witness David Garrett conducted an analysis and provides an assessment of
15 NIPSCO's depreciation study in his testimony and attachments, and is recommending
16 revisions to NIPSCO's proposed depreciation rates. Mr. Garrett makes adjustments to eight
17 FERC accounts NIPSCO used in its depreciation study. Mr. Garrett's revised rates are used
18 in my depreciation expense calculation shown on Attachment MMN-3. The resulting
19 depreciation expense reduction of \$22,087,551 is referenced on Public's Exhibit No. 7,
20 Attachment DJG-5, page 3.

21 **Q: What is your adjustment to depreciation expense for Gas Utility Plant?**

22 A: I used Mr. Garrett's proposed depreciation rates to recalculate depreciation expense as of
23 December 31, 2024, for a ratemaking adjustment of \$642,285. This yields a total proposed

1 depreciation expense of \$94,867,354. (Attachment MMN-1, page 1.)

2 **Q: Is the OUCC's proposed depreciation expense representative of the amounts to be**
3 **included in revenue requirements?**

4 A: Yes, the OUCC's proposed depreciation expense is representative of the utility plant in
5 service the OUCC presented on Public's Exhibit No. 1, Schedule 7 of Attachment MHG-
6 1.

V. RECOMMENDATIONS

7 **Q: Please summarize your recommendations to the Commission in this Cause.**

8 A: I recommend:

- 9 1. A \$1,956,302 adjustment to payroll expense for the twelve months ending December
10 31, 2023; and
- 11 2. A (\$1,499,270) adjustment to STI expense for the twelve months ending December 31,
12 2023.

13 I also recommend a \$642,285 ratemaking adjustment to depreciation expense based on
14 revised depreciation rates from OUCC witness David Garrett's testimony. Finally, using
15 the same methodology from the prior approved rate case, I recommend NIPSCO's Step 2
16 rate base update reflect actual balances as of December 31, 2024, with a cap not to exceed
17 the lesser of rate base forecast in Petitioner's case-in-chief or the rate base approved by the
18 Commission.

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

20 A: Yes.

APPENDIX TO TESTIMONY OF
OUCC WITNESS MOHAB M. NOURELDIN

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

2 A: I graduated from the Modern Academy in Maadi - Cairo, Egypt Department of Business
3 Administration with a Bachelor of Commerce in Accounting in August 2005, and an
4 Applied Management Principles Certification from Krannert School of Business Purdue
5 University in May 2016. From August 2005 through July 2007, I worked for multiple
6 companies in Egypt as an Accountant. From July 2007 through January 2012, I worked for
7 Mercedes-Benz Egypt (formerly Daimler-Chrysler Egypt) as an Accountant and was
8 promoted to Senior Accountant before relocating to the United States in January 2012.

9 From March 2012 through June 2018, I worked for Purdue University in Physical
10 Facilities Fiscal Affairs as a financial assistant / analyst. From August 2018 through
11 December 2021, I worked for Community Health System (Dukes Memorial Hospital /
12 Bluffton Regional Medical Center), Ruoff Mortgage Company, and Aston Carter Staffing
13 Agency as a Staff Accountant.

14 In December 2021, I began my employment with the OUCC as a Utility Analyst II
15 – Accountant in the Natural Gas Division. My current responsibilities include reviewing
16 and analyzing rate cases filed by Indiana natural gas utilities with the Commission. I also
17 review Gas Cost Adjustment (“GCA”) cases, Pipeline Safety Adjustment (“PSA”) cases,
18 Transmission, Distribution, and Storage System Improvement Charge (“TDSIC”), and
19 Energy Efficiency (“EE”) tracker cases for natural gas utilities.

20 Lastly, while employed at the OUCC, I completed an Accounting and Ratemaking
21 course hosted by the Institute of Public Utilities at Michigan State University in March of

1 2022.

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

3 A: Yes. I have testified in GCA cases, rate cases, TDSIC tracker cases, PSA cases, and EE
4 cases involving gas utilities.

5 **Q: Please describe the review and analysis you conducted in order to prepare your**
6 **testimony.**

7 A: I analyzed Petitioner's testimony, exhibits, and supporting documentation submitted in this
8 Cause. I analyzed Petitioner's responses to OUCC discovery requests along with other
9 supporting documentation Petitioner provided. I reviewed the Commission's Final Order
10 in Petitioner's last rate case, Cause No. 45621.

**Northern Indiana Public Service Company LLC
Pro forma Adjustment to Operations and Maintenance Expense
Twelve Months Ending December 31, 2024**

This pro forma adjusts the twelve months ended December 31, 2022, gas O&M expenses for Labor to reflect normalization adjustment(s), forecast changes for the twelve months ending December 31, 2023, and December 31, 2024, and ratemaking adjustment(s) for the twelve months ending December 31, 2024, as described below.

Line No.	Description	Adjustment	Amount	Page Reference
	A	B	C	D
1	Actual Expense - December 31, 2022		<u>\$64,738,883</u>	
2	Normalization adjustment to Increase / (Decrease) expense to normalize labor expenses.		<u>(254,712)</u>	
3	Normalized expense for the twelve months ended December 31, 2022		<u>\$64,484,172</u>	
4	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2023		<u>1,956,302</u>	Attachment MMN-1, page 2
5	Forecasted expense for the twelve months ending December 31, 2023		<u>\$66,440,474</u>	Attachment MMN-1, page 2
6	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2024		<u>1,972,071</u>	
7	Forecasted expense for the twelve months ending December 31, 2024		<u>\$68,412,545</u>	Attachment MMN-1, page 2
8	Pro Forma adjustment to Increase/(Decrease) Labor Expense for ratemaking purposes associated with increased headcount and additional positions		<u>3,150,585</u>	
9	Ratemaking expense for the twelve months ending December 31, 2024		<u><u>\$71,563,130</u></u>	Attachment MMN-1, page 2

Northern Indiana Public Service Company LLC

Cause No. 45967

2023 & 2024 Labor Roll-Forward

Line No.	Description		Amount		
			NBU	BU	
1	Total Labor (Exclusive of Spot Bonuses, Education Reimbursement, & Union Contract Signing Bonus)		103,257,232	216,690,086	
2	Divided By: 2022 Average Head Count		1,041	1,683	
3	2022 Average Salary (Exclusive of Spot Bonuses, Education Reimbursement, & Union Contract Signing Bonus)	L1/L2	99,159	128,720	
4	Times: Headcount as of August 31, 2023		1,044	1,659	
5	2022 Total Labor at August 31, 2023 Headcount	L3*L4	103,521,655	213,547,163	
6	Times: 2023 Merit Increase (NBU Effective March 1 and BU Effective January 1)		3.00%	3.50%	
7	Subtotal 2023 Labor	L5*(1+L6)	106,627,304	221,021,314	
8	Times: Gas Percentage		38.00%	38.00%	
9	Total 2023 Gas Labor	L7*L8	40,522,418	83,996,478	
10	Times: Labor Expense Percentage		56.94%	50.79%	
11	Subtotal 2023 Gas Labor Expense	L9*L10	23,072,524	42,663,161	
12	Plus: 3-Year Average Gas Special Pays Expense		362,719	342,070	Attachment MMN-1, page 3
13	Total 2023 Gas Labor Expense	L11+L12	23,435,244 A	43,005,231 A	
14	Subtotal 2023 Labor	L7	106,627,304	221,021,314	
15	Times: 2024 Merit Increase (NBU Effective March 1 & BU Effective January 1)		3.00%	3.00%	
16	Subtotal 2024 Labor Expense	L14*(1+L15)	109,826,124	227,651,953	
17	Times: Gas Percentage		38.00%	38.00%	
18	Subtotal 2024 Gas Labor	L16*L17	41,738,090	86,516,372	
19	Times: Labor Expense Percentage		56.94%	50.79%	
20	Subtotal 2024 Gas Labor Expense	L18*L19	23,764,700	43,943,056	
21	Plus: 3-Year Average Gas Special Pays Expense		362,719	342,070	Attachment MMN-1, page 3
22	Total 2024 Gas Labor Expense Before Additional Positions	L20+L21	24,127,419 B	44,285,126 B	
23	Subtotal 2024 Gas Labor Expense Before Additional Positions	L22	24,127,419	44,285,126	
24	Plus: Gas Portion of Expense associated with Additional Positions		1,831,243	1,319,342	
25	Total 2024 Gas Labor Expense Inclusive of Additional Positions	L23+L24	25,958,662 C	45,604,468 C	
			Sum of A	66,440,474	To Attachment MMN-1, page 1
			Sum of B	68,412,545	To Attachment MMN-1, page 1
			Sum of C	71,563,130	To Attachment MMN-1, page 1

Northern Indiana Public Service Company LLC
Cause No. 45967
Special Pays Expense

Line No.	Description	Amount						
		NIPSCO 2020	NIPSCO 2021	OUC Changes	New 2021 Amount	NIPSCO 2022	OUC Changes	New 2022 Amount
1	9018 - Education Reimbursement	28,138	23,171	-	23,171	20,982	-	20,982
2	9020 - Hire_Spot_Discretionary Bonus	327,071	1,411,899	(1,025,731)	386,168	1,074,125	(771,498)	302,627
3	3660 - Union Contract Signing Bonus	-	-	-	-	254,712	771,498	1,026,210
4	Total	355,209	1,435,070	(1,025,731)	409,339	1,349,819	-	1,349,819
		NBU	BU					
		3-Year Average (2020-2022)		Total				
5	9018 - Education Reimbursement	24,097						
6	9020 - Hire_Spot_Discretionary Bonus	338,622						
7	3660 - Union Contract Signing Bonus		342,070					
8	Total	<u>362,719</u>	<u>342,070</u>					<u>704,789</u>

Cause No. 45967

Northern Indiana Public Service Company LLC's

Objections and Responses to

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

OUCR Request 10-007:

Referring to Workpaper OM 1, Page [.10]:

- a. Please provide the company policy relating to Education Reimbursement, Union Contract Signing Bonuses, and Hire_Spot_Discretionary Bonuses. If no company policy exists, please explain what each of these items is for, and the qualifications needed to receive all three.
- b. Please explain why the union contract signing bonus was zero for 2020 and 2021.
- c. Please explain when the union contract signing bonus was first implemented. Please explain its purpose and the reasons for its implementation, and please explain any periods during which it is discontinued or not implemented.
- d. For lines 1-3, please provide the amounts for each of calendar years 2018 and 2019.
- e. Please explain why the Hire_Spot_Discretionary Bonus went from \$327,071 in 2020 to over \$1.4 million in 2021.

Objections:**Response:**

- a. Please see OUCR Request 10-007 Attachment A for the Tuition Reimbursement policy. No company policy exists for Union Contract Signing Bonuses and Hire_Spot_Discretionary Bonuses. Sign on (Hire) Bonus are payments made for recruitment of hard to fill positions or high caliber talent with a requirement to stay employed for a period of time or a penalty of repayment if time period is not met. Spot Award_Discretionary_Bonuses are used for recognition of project work, exceptional work above the normal scope of duties, or used to make payments for special items like an MOU payment agreed to with the union. There is no policy but in practice generally Officers and Unions (except in a case of an MOU) are not eligible.
- b. The Union contract signing bonus was zero for 2020 and 2021 as no new Union contracts were negotiated during those periods.

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Northern Indiana Public Service Company LLC's

Objections and Responses to

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

- c. Union Contract signing bonuses have been in effect for over 20 years. Once a contract is negotiated, the union is given a deadline to get the contract ratified with the members. NIPSCO agrees to a cash payment to each member if they are able to ratify by the deadline, therefore avoiding a Strike, Strike Preparation, and additional costs to the Company. Only union members in the specific contract under negotiation are eligible. The only time it would not be approved is if they did not vote to ratify by the deadline.
- d. Please see OUCC Request 10-007 Attachment B.
- e. Spot Discretionary Bonus awards are intended to recognize employees for going above and beyond in their role. In recognition of NIPSCO employee's contributions and hard work in delivering an essential service of safe and reliable gas to our customers throughout the COVID pandemic in 2020 and 2021, a \$1,500 bonus was awarded to most NIPSCO employees. This increased Hire_Spot_Discretionary Bonus by \$1,025,731.47 for 2021.

Cause No. 45967

Northern Indiana Public Service Company LLC's

Objections and Responses to

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

OUCR Request 14-001:

On Workpaper OM 1, Page [.10], the Hire_Spot_Discretionary Bonuses were \$327,071 for 2020, \$1,411,899 for 2021 and \$1,074,125 for 2022. In response to OUCR DR 10-007, NIPSCO indicated the increase in 2021 was due to a \$1,500 bonus being awarded to most NIPSCO employees for the contributions and hard work in delivering an essential service of safe and reliable gas to its customers throughout the COVID pandemic in 2020 and 2021. NIPSCO indicated this increased the Hire_Spot_Discretionary Bonus by \$1,025,731.47 for 2021. Removing this COVID bonus to employees from the total 2021 amount results in \$386,168 for 2021. Please explain the large increase from the remaining \$386,168 for 2021 to \$1,074,125 for 2022.

Objections:**Response:**

The increase in Hire Spot Discretionary Bonuses associated with 2022 relates to the Union Contract Signing Bonus in the amount of \$771,498 that was inadvertently recorded to Cost Element 9020, as opposed to Cost Element 3660. If removed from Cost Element 9020, 2022 Hire Spot Discretionary Bonuses would result in \$311,772 as opposed to \$1,074,125. Likewise, if removed from Cost Element 9020, the amount must be included in Cost Element 3660, which would result in 2022 Union Contract Signing Bonuses of \$1,017,065 as opposed to \$254,712.

**Northern Indiana Public Service Company LLC
Pro forma Adjustment to Operations and Maintenance Expense
Twelve Months Ending December 31, 2024**

This pro forma adjusts the twelve months ended December 31, 2022, gas O&M expenses for STI to reflect normalization adjustment(s), forecast changes for the twelve months ending December 31, 2023, and December 31, 2024, and ratemaking adjustment(s) for the twelve months ending December 31, 2024, as described below.

Line No.	Description A	Adjustment B	Amount C	Page Reference D
1	Actual Expense - December 31, 2022		\$ 5,130,471	
2	Normalization adjustment to Increase / (Decrease) expense to normalize the corporate incentive compensation expenses.		819,347	
3	Normalized expense for the twelve months ended December 31, 2022		<u>\$ 5,949,818</u>	
4	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2023		(1,499,270)	Attachment MMN-2, page 2
5	Forecasted expense for the twelve months ending December 31, 2023		<u>\$ 4,450,548</u>	
6	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2024		-	
7	Forecasted expense for the twelve months ending December 31, 2024		<u>\$ 4,450,548</u>	
8	Pro Forma adjustment to Increase / (Decrease) N/A		-	
9	Ratemaking expense for the twelve months ending December 31, 2024		<u>\$ 4,450,548</u>	Attachment MMN-2, page 2

Northern Indiana Public Service Company LLC
Cause No. 45967
STI Expense

Line No.	Description	2024R	Reference
	NIPSCO Total		
1	Gross Annual STI Expense	\$ 24,175,955	NIPSCO Workpaper OM 12, Page [.3]
2	Less STI Transfers	<u>(8,430,336)</u>	NIPSCO Workpaper OM 12, Page [.3]
3	Total Annual STI Expense Net of Transfers	\$ 15,745,619	NIPSCO Workpaper OM 12, Page [.3]
4	Payout Ratio	<u>77.59%</u>	Attachment MMN-2, page 3
5	Total Annual STI Expense	\$ 12,216,711	
6	Gas Allocation Percentage	<u>36.43%</u>	NIPSCO Workpaper OM 12, Page [.3]
7	Gas Annual STI Expense	\$ 4,450,548	To Attachment MMN-2 page 1
8	Normalized Expense for 2022	<u>5,949,818</u>	
9	Total 2023 Adjustment	<u><u>\$ (1,499,270)</u></u>	To Attachment MMN-2, page 1

Northern Indiana Public Service Company LLC
Cause No. 45967
5-Year Average of STI Payouts

Year	Corporate Wide Plan	Executive Only	Average %	
2018	75.00%	50.00%	62.50%	Attachment MMN-2, page 5
2019	73.00%	65.00%	69.00%	Attachment MMN-2, page 5
2020	50.00%	50.00%	50.00%	Attachment MMN-2, page 5
2021	111.00%	113.00%	112.00%	Attachment MMN-2, page 5
2022	94.44%		94.44%	Attachment MMN-2, page 5
5-Year Average			<u>77.59%</u>	

Cause No. 45967

Northern Indiana Public Service Company LLC's

Objections and Responses to

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

OUCR Request 10-011:

Referring to Workpaper OM 12, Page [.3], please provide the payout percentages for each of the calendar years 2018, 2019, 2020, 2021 and 2021.

Objections:**Response:**

Please see OUCR Request 10-011 Attachment A.

STI Payout Percent of Target 2018-2022

	2018	2019	2020	2021	2022
Corporate Wide Plan	75%	73%	50%	111%	94.44%
Executive Only	50%	65%	50%	113%	

NORTHERN INDIANA PUBLIC SERVICE COMPANY LLC
Pro forma Adjustment to Depreciation and Amortization Expense
Twelve Months Ending December 31, 2024

This pro forma adjusts the twelve months ended December 31, 2022, gas depreciation expenses for gas plant assets to reflect normalization adjustment(s), forecasted changes for the twelve months ending December 31, 2023, and December 31, 2024, and ratemaking adjustment(s) for the twelve months ending December 31, 2024, as described below.

Line No.	Description A	Adjustment B	Amount C	Page Reference D
1	Actual Expense - December 31, 2022		<u>\$ 73,963,938</u>	Attachment MMN-3, page 2
2	Normalization adjustment to Increase / (Decrease) expense to reclassify depreciation expense related to 44988 & 45621 regulatory asset amortization expense - AMTZ 5		(485,698)	
3	Normalized expense for the twelve months ended December 31, 2022		<u>\$ 73,478,240</u>	
4	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2023		6,505,694	
5	Forecasted expense for the twelve months ending December 31, 2023		<u>\$ 79,983,934</u>	Attachment MMN-3, page 2
6	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2024		14,770,122	
7	Forecasted expense for the twelve months ending December 31, 2024		<u>\$ 94,754,056</u>	Attachment MMN-3, page 2
8	Pro Forma adjustment to Increase/(Decrease) depreciation expense for Ratemaking to reflect the implementation of the new depreciation accrual rates		642,285	Attachment MMN-3, page 2
9	Ratemaking expense for the twelve months ending December 31, 2024		<u>\$ 95,396,341</u>	Attachment MMN-3, page 2

NORTHERN INDIANA PUBLIC SERVICE COMPANY LLC

Cause No. 45967

Gas Plant Depreciation Expense Summary

December 31, 2022, 2023 and 2024

<u>Line No.</u>	<u>Description</u>	<u>2022 Actuals</u>	<u>2023 Forecasted</u>	<u>2024 Forecasted</u>	<u>2024 Ratemaking</u>	<u>Increase due to New Rates</u>	<u>Page Reference</u>
	A	B	C	D	E	F = E - D	
1	Gas Asset Depreciation	\$ 73,963,938	\$ 79,983,934	\$ 94,754,056	\$ 95,396,341	\$ 642,285	Attachment MMN-3, page 7

NORTHERN INDIANA PUBLIC SERVICE COMPANY LLC

CAUSE NO. 45967

CALCULATION OF 2024 DEPRECIATION EXPENSE - ORIGINAL COST GROSS PLANT AT 2024 DEPRECIATION RATES

AS OF DECEMBER 31, 2024

UNDERGROUND STORAGE PLANT

Line	FERC	Account Title	Plant Investment	Petitioner's Proposed Accrual Rate	Petitioner's Proposed Depreciation Expense	OUCC Proposed Accrual Rate	OUCC's Proposed Depreciation Expense
(A)	(B)	(C)	(D)	(F)	(G=DxF)	(K)	(L=DxK)
1	350.20	Leaseholds	\$ 377,042	0.00%	\$ -	0.00%	\$ -
2	350.40	Rights of Way	187,343	2.35%	4,397	2.34%	4,391
3	351.10	Well Structures	18,849	0.96%	181	0.96%	181
4	351.20	Compressor Station Structures	402,897	1.82%	7,324	1.82%	7,333
5	351.30	Measuring and Regulating Station Structures	108,989	0.00%	-	0.00%	-
6	351.40	Other Structures	6,392,614	3.58%	229,031	3.59%	229,497
7	352.00	Wells	30,827,098	3.33%	1,025,663	3.33%	1,027,137
8	352.30	Nonrecoverable Natural Gas	5,414,970	0.43%	23,193	0.43%	23,193
9	353.00	Lines	33,965,055	3.44%	1,167,118	3.44%	1,166,964
10	354.00	Compressor Station Equipment	5,235,333	2.77%	145,156	2.77%	144,761
11	355.00	Measuring and Regulating Station Equipment	3,534,546	2.73%	96,607	2.73%	96,508
12	356.00	Purification Equipment	14,843,529	2.26%	335,834	2.26%	334,981
13	357.00	Other Equipment	1,014,216	0.10%	1,022	0.10%	1,025
14		Total Underground Storage Plant	\$ 102,322,481	2.97%	\$ 3,035,526	2.97%	\$ 3,035,971

NORTHERN INDIANA PUBLIC SERVICE COMPANY LLC

CAUSE NO. 45967

CALCULATION OF 2024 DEPRECIATION EXPENSE - ORIGINAL COST GROSS PLANT AT 2024 DEPRECIATION RATES

AS OF DECEMBER 31, 2024

OTHER STORAGE PLANT

Line	FERC	Account Title	Plant Investment	Petitioner's Proposed Accrual Rate	Petitioner's Proposed Depreciation Expense	OUCC Proposed Accrual Rate	OUCC's Proposed Depreciation Expense
(A)	(B)	(C)	(D)	(F)	(G=DxF)	(K)	(L=DxK)
1	361.00	Structures and Improvements	\$ 10,321,899	3.08%	\$ 317,401	3.10%	\$ 319,742
2	362.10	Gas Holders	18,160,971	0.82%	148,491	0.81%	147,735
3	363.00	Purification Equipment	2,088,231	5.32%	111,192	5.36%	111,888
4	363.10	Liquefaction Equipment	8,531,493	3.24%	276,275	3.22%	274,812
5	363.20	Vaporizing Equipment	5,268,987	2.01%	105,785	2.01%	105,830
6	363.30	Compressor Equipment	3,066,103	5.84%	179,155	5.87%	180,084
7	363.40	Measuring and Regulating Equipment	1,730,865	5.45%	94,404	5.46%	94,446
8	363.50	Other Equipment	3,199,735	7.52%	240,776	7.58%	242,508
9		Total Other Storage Plant	\$ 52,368,284	2.81%	\$ 1,473,479	2.82%	\$ 1,477,045

NORTHERN INDIANA PUBLIC SERVICE COMPANY LLC

CAUSE NO. 45967

CALCULATION OF 2024 DEPRECIATION EXPENSE - ORIGINAL COST GROSS PLANT AT 2024 DEPRECIATION RATES

AS OF DECEMBER 31, 2024

TRANSMISSION PLANT

Line	FERC	Account Title	Plant Investment	Petitioner's Proposed Accrual Rate	Petitioner's Proposed Depreciation Expense	OUCC Proposed Accrual Rate	OUCC's Proposed Depreciation Expense
(A)	(B)	(C)	(D)	(F)	(G=DxF)	(K)	(L=DxK)
1	365.20	Land Rights	\$ 21,275,449	1.55%	\$ 329,586	1.55%	\$ 329,410
2	366.20	Measuring and Regulating Station Structures	11,170,500	1.72%	192,559	1.72%	192,514
3	366.30	Other Structures	2,247,577	1.97%	44,178	1.97%	44,222
4	367.00	Mains	1,050,465,783	1.38%	14,520,405	1.38%	14,519,672
5	369.00	Measuring and Regulating Station Equipment	342,330,838	2.24%	7,667,582	1.92%	6,557,857
6	371.00	Other Equipment	47,499	0.00%	-	0.00%	-
7		Total Transmission Plant	\$ 1,427,537,646	1.59%	\$ 22,754,310	1.52%	\$ 21,643,675

NORTHERN INDIANA PUBLIC SERVICE COMPANY LLC

CAUSE NO. 45967

CALCULATION OF 2024 DEPRECIATION EXPENSE - ORIGINAL COST GROSS PLANT AT 2024 DEPRECIATION RATES

AS OF DECEMBER 31, 2024

DISTRIBUTION PLANT

Line	FERC	Account Title	Plant Investment	Petitioner's Proposed Accrual Rate	Petitioner's Proposed Depreciation Expense	OUCC Proposed Accrual Rate	OUCC's Proposed Depreciation Expense
(A)	(B)	(C)	(D)	(F)	(G=DxF)	(K)	(L=DxK)
1	374.20	Land Rights	\$ 3,633,836	1.33%	\$ 48,251	1.33%	\$ 48,247
2	375.00	Structures & Improvements	12,965,582	1.69%	218,583	1.68%	218,413
3	376.10	Mains - Steel	394,101,076	1.43%	5,640,093	1.43%	5,640,724
4	376.20	Mains - Plastic	1,119,758,044	1.40%	15,650,089	1.40%	15,642,932
5	378.00	Measuring and Reg. Station Equip. - General	80,713,398	2.22%	1,790,487	2.08%	1,678,696
6	380.10	Services - Steel	75,054,110	4.83%	3,623,732	3.65%	2,741,666
7	380.20	Services - Plastic	879,561,554	3.20%	28,149,962	2.93%	25,729,204
8	381.00	Meters	197,671,725	8.31%	16,431,512	3.24%	6,400,696
9	382.00	Meter Installations	230,249,593	5.06%	11,657,642	1.79%	4,123,703
10	383.00	House Regulators	141,843,848	1.56%	2,210,704	1.56%	2,210,348
11	384.00	House Regulator Installations	3,879,273	0.63%	24,377	0.63%	24,357
12	385.00	Industrial Measuring and Reg. Station Equip.	76,257,656	1.71%	1,307,238	1.71%	1,305,943
13	386.00	Other Property on Customer Premises	40,915	0.94%	385	0.94%	386
14		Total Distribution Plant	\$ 3,215,730,609	2.70%	\$ 86,753,055	2.05%	\$ 65,765,316

NORTHERN INDIANA PUBLIC SERVICE COMPANY LLC

CAUSE NO. 45967

CALCULATION OF 2024 DEPRECIATION EXPENSE - ORIGINAL COST GROSS PLANT AT 2024 DEPRECIATION RATES

AS OF DECEMBER 31, 2024

GENERAL PLANT

Line	FERC	Account Title	Plant Investment	Petitioner's Proposed Accrual Rate	Petitioner's Proposed Depreciation Expense	OUCC Proposed Accrual Rate	OUCC's Proposed Depreciation Expense
(A)	(B)	(C)	(D)	(F)	(G=DxF)	(K)	(L=DxK)
1	389.20	Land Rights	\$ 2,166,283	1.97%	\$ 42,653	1.97%	\$ 42,638
2	390.00	Structures & Improvements	27,842,284	4.18%	1,163,635	4.19%	1,166,584
3	391.10	Office Furniture and Equipment	979,259	5.00%	48,961	5.00%	48,950
4	391.20	Computer Equipment	801,181	14.29%	114,454	14.29%	114,454
5	392.40	Transportation Equipment - Trucks > 13,000 #	229,771	0.00%	-	0.00%	-
6	393.00	Stores Equipment	120,013	3.33%	3,995	3.33%	3,998
7	394.00	Tools, Shop, and Garage Equipment	16,757,377	4.00%	670,317	4.01%	672,509
8	395.00	Laboratory Equipment	1,725,512	5.00%	86,312	5.00%	86,282
9	396.00	Power Operated Equipment	869,210	0.00%	-	0.00%	-
10	397.00	Communication Equipment	11,874,400	6.67%	792,004	6.68%	793,762
11	398.00	Miscellaneous Equipment	324,198	5.00%	16,204	4.99%	16,170
12		Total General Plant	\$ 63,689,488	4.61%	\$ 2,938,535	4.62%	\$ 2,945,346
13		Total Gas Plant	<u>\$ 4,861,648,509</u>	2.41%	<u>\$ 116,954,905</u>	1.95%	<u>\$ 94,867,354</u>
14		Unrecovered Reserve Adjustment for Amortization			<u>528,987</u>		<u>528,987</u>
15		Total Depreciation Expense			\$ 117,483,892		\$ 95,396,341
				Less 2024 Depreciation Expense	<u>94,754,056</u>		<u>94,754,056</u>
				2024 Ratemaking Adjustment	<u>\$ 22,729,836</u>		<u>\$ 642,285</u>

To Attachment
MMN-3, page 2

AFFIRMATION

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



Mohab Nouredin
Utility Analyst II
Indiana Office of
Utility Consumer Counselor
Cause No. 45967
Northern Indiana Public Service Co.

01/31/2024
Date

CERTIFICATE OF SERVICE

This is to certify that a copy of the foregoing has been served upon the following counsel of record in the captioned proceeding by electronic service on January 31, 2024.

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