

OFFICIAL
EXHIBITS

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

VERIFIED PETITION OF NORTHERN INDIANA)
PUBLIC SERVICE COMPANY LLC FOR (1) AN)
ADJUSTMENT TO ITS GAS SERVICE RATES)
THROUGH ITS FEDERALLY MANDATED COST)
ADJUSTMENT FACTOR PURSUANT TO IND. CODE)
CH. 8-1-8.4 AND THE COMMISSION'S ORDERS IN)
CAUSE NOS. 45007 AND 45183; (2) AUTHORITY TO)
DEFER 20% OF THE FEDERALLY MANDATED)
COSTS FOR RECOVERY IN NIPSCO'S NEXT)
GENERAL RATE CASE, AND (3) MODIFICATIONS)
TO THE APPROVED COMPLIANCE PROJECTS SET)
FORTH IN ITS PROGRESS REPORTS PURSUANT)
TO THE ONGOING REVIEW PROCESS APPROVED)
IN CAUSE NOS. 45007 AND 45183.)

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PUBLIC'S
EXHIBIT NO. 2
9-1-20 DR
DATE REPORTER

FILED
August 7, 2020
INDIANA UTILITY
REGULATORY COMMISSION

CAUSE NO. 45007 FMCA-4

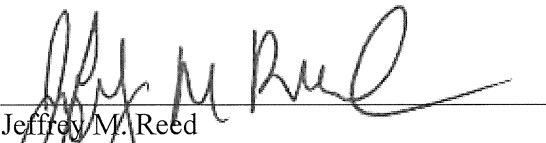
INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR'S

PUBLIC'S EXHIBIT NO. 2 – PUBLIC (REDACTED) TESTIMONY OF
OUCC WITNESS BRIEN R. KRIEGER

With the current requirement that all staff work from home, signatures for affirmations are not available at this time.

August 7, 2020

Respectfully submitted,



Jeffrey M. Reed
Attorney No. 11651-49
Deputy Consumer Counselor

**TESTIMONY OF
OUCC WITNESS BRIEN R. KRIEGER
CAUSE NO. 45007 FMCA-4
NORTHERN INDIANA PUBLIC SERVICE COMPANY LLC**

I. INTRODUCTION

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

2 A: My name is Brien R. Krieger, and my business address is 115 West Washington
3 Street, Suite 1500 South, Indianapolis, Indiana 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
6 a Utility Analyst II for the Natural Gas Division. My educational background and
7 experience are detailed in Appendix BRK-1 attached to this testimony. Also
8 detailed in Appendix BRK-1 is the background of my testimony analysis for this
9 case.

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

11 A: My testimony analyzes and provides recommendations for recovery of capital costs
12 and operations and management ("O&M") expenses associated with FMCA-4
13 requested by Northern Indiana Public Service Company LLC ("NIPSCO" or
14 "Petitioner") for the federally mandated costs of FMCA-4.

15 Petitioner's Pipeline Safety Compliance Plan ("Compliance Plan") of
16 federally mandated costs is made up of twenty-six projects. Petitioner's
17 Compliance Plan is composed of projects from two different causes. The Pipeline
18 Safety Compliance Project ("Pipeline Safety") consisting of twenty-four projects,
19 approved in Cause No. 45007, and the Pipeline and Hazardous Material Safety

1 Administration Compliance Project ("PHMSA") consisting of two projects,
2 approved in Cause No. 45183.

3 For my analysis, I reviewed individual Pipeline Safety project costs looking
4 for actual cost increases of 15% or greater than the approved estimate. I reviewed
5 both Pipeline Safety projects and PHMSA projects looking for projects with actual
6 costs exceeding 25% of the approved estimate because those costs need specific
7 approval by the Indiana Utility Regulatory Commission ("Commission") for
8 recovery. My analysis includes recommendations for future information the OUCC
9 requests from the Petitioner for Compliance Plan projects.

10 **Q: Please summarize your recommendations for the Pipeline Safety and the**
11 **PHMSA projects included in Cause No. 45007 FMCA-4.**

12 **A:** I recommend approval of Petitioner's Fourth Progress Report on the status of the
13 Pipeline Safety Compliance Project and the Second Progress Report on the status
14 of the PHMSA Compliance Project, as filed for FMCA-4. My analysis indicates
15 Petitioner has justified all 2019 and 2020 costs for the reconciliation period of
16 FMCA-4, which consists of O&M costs for September 1, 2019 through March 31,
17 2020, and capital costs for October 1, 2019 through March 31, 2020. I also
18 recommend Petitioner supply additional information so the status of the PHMSA
19 projects is presented more clearly in Petitioner's case-in-chief. There were no
20 Pipeline Safety projects or PHMSA projects that exceeded the total estimated cost
21 of the individual projects; therefore, deferral of costs exceeding approved estimates
22 is not necessary for any costs through FMCA-4.

II. OVERVIEW OF NIPSCO'S COMPLIANCE PLAN

1 **Q: Please provide an overview of NIPSCO's Compliance Plan.**

2 A: NIPSCO's Compliance Plan consists of projects classified into three categories:
3 transmission system investment, distribution system investment, and underground
4 storage investment intended to enable compliance with federally mandated pipeline
5 safety standards ("PHMSA Rules"). The twenty-six projects consist of twenty-four
6 projects from Cause No. 45007 (Order, September 19, 2018) and two projects from
7 Cause No. 45183 (Order, September 4, 2019) combined into Cause No. 45007.
8 Petitioner's filing consists of the Fourth Progress Report, as required by the Cause
9 No. 45007 Order, for the status of the twenty-four Pipeline Safety projects, and
10 Petitioner's Second Progress Report, as required by the Cause No. 45183 Order,
11 for the status of the two PHMSA projects.

12 Of the twenty-six specific projects, ten projects have been proposed with
13 capital cost estimates; thirteen projects have been proposed with O&M cost
14 estimates; and three projects have been proposed including both capital and O&M
15 cost estimates. The Gary Bare Steel and the Kokomo Low Pressure projects, two
16 of the twenty-six projects mentioned above, are the two PHMSA Compliance
17 Projects and are capital expenditure only projects.

18 **Q: What cost support did NIPSCO provide in Cause No. 45007 FMCA-4 to**
19 **support its Compliance Plan?**

20 A: NIPSCO provided an Audit Package that contained O&M and capital costs incurred
21 through the end of the reconciliation period. NIPSCO provided its Audit Package
22 which included summary costs for each project such as: costs to date, annual costs,
23 FMCA-4 costs, and a listing of all workorders. The OUCC can request contractor

1 invoices from the listing of workorders, which NIPSCO then provides. NIPSCO's
2 case-in-chief contained high level project descriptions with brief explanations of
3 project status and expenditures during the FMCA-4 period.

III. ANALYSIS CRITERIA

4 **Q: Please provide an overview of the Settlement Agreement terms relevant to the**
5 **twenty-four Pipeline Safety projects originally included in Cause No. 45007.**

6 A: The Commission approved the Cause No. 45007 Stipulation and Settlement
7 Agreement on September 19, 2018. On pages 25-26 of the Stipulation and
8 Settlement Agreement, recovery and deferral of federally mandated costs of those
9 24 projects contained within Petitioner's Compliance Plan were addressed:

10 (4). Treatment of Actual Costs that Exceed Projected Federally
11 Mandated Cost of Projects within the Compliance Plan.

12 The Settling Parties agree that, for each of the 24 projects listed in
13 Confidential Joint Exhibit G, actual costs that exceed the projected
14 federally mandated costs by project as set forth in Confidential Joint
15 Exhibit G by up to fifteen percent (15%) may be recovered within
16 the FMCA. For actual costs that exceed the specific amount listed
17 in Confidential Joint Exhibit G by more than fifteen percent (15%)
18 but less than twenty-five percent (25%) of the specified amount shall
19 be deferred, along with the appropriate regulatory asset and/or
20 accounting treatment for recovery in NIPSCO's next general rate
21 case filed with the Commission.

22 For NIPSCO's Pipeline Safety projects, the OUCC specifically looks for projects
23 having actual capital costs or O&M cost increases of 15% or more of the approved
24 project estimate. Pipeline Safety project costs exceeding 25% of the approved
25 estimate need explicit justification to the Commission prior to recovery in the next
26 general rate case, which is the same requirement for the PHMSA projects. See Ind.
27 Code § 8-1-8.4-7(c)(3).

1 **Q: Is the recovery of PHMSA project costs that exceed the estimate treated**
2 **differently than Pipeline Safety projects?**

3 A: Yes. The PHMSA projects are not part of the Settlement Agreement of Cause No.
4 45007. The two PHMSA projects are approved federally mandated projects eligible
5 for the rate making treatment pursuant to Ind. Code §8-1-8.4-7.

6 **Q: Are the Pipeline Safety projects and the PHMSA projects both subject to 20%**
7 **deferral for recovery of costs to be collected in the next rate case pursuant to**
8 **Ind. Code § 8-1-8.4-7(c)(2)?**

9 A: Yes.

10 **Q: How does Petitioner update estimates in its FMCA filing?**

11 A: Petitioner updates forward-looking annual estimates, the Revised Plan, by taking
12 the difference between the prior year's actual expenditure and that same year's
13 estimate. The difference (positive or negative) between the estimate and actual is
14 carried forward to the next year. For example, the project-by-project Revised Plan
15 estimate of FMCA-4 for the present year - 2020, of which three-month expenditures
16 have already been booked, is the 2020 approved estimate from FMCA-3 plus the
17 difference between a project's 2019 actual spend and that project's 2019 estimate.
18 See Petitioner's Attachments PSC-PR-4 and PHMSA-PR-2.

19 **Q: Did you analyze individual projects to determine deferral of Pipeline Safety or**
20 **PHMSA projects' actual costs greater than the approved estimate?**

21 A: Yes. I compared to-date costs of each of the twenty-six projects to the total
22 approved project estimate. I calculated what percentage of the approved estimate
23 has been spent. I used Petitioner's provided actual spend data per project from the
24 Audit Package, Confidential Attachment A. Additionally, I used Attachments PSC-
25 PR-4 and PHMSA-PR-2 to compare the Approved Plan and Revised Plan for

Pipeline Safety projects and PHMSA projects, respectively. No Pipeline Safety project or PHMSA project exceeds the total project approved estimate at this time.

Q: What additional criteria and information do you utilize for analysis of Pipeline Safety or PHMSA projects?

A: For a better understanding of project status I analyze the “to-date cost” to the total annual estimates in comparison with project descriptions. The to-date comparisons give me insight into what expenditures to expect in the remainder of 2020, project status, and a basis for further inquiry.

The OUCC and Petitioner discussed projects and project costs on July 1, 2020. Petitioner responded to written, informal questions on July 2, 2020 through email. Petitioner provided further clarity into project status, capital costs, and O&M costs. I am satisfied with our discussion and Petitioner’s willingness to discuss these projects. I found no projects of concern at this time.

IV. ANALYSIS OF PIPELINE SAFETY COMPLIANCE PLAN PROJECTS’ CAPITAL AND O&M COSTS

Q: Please provide an overview of Pipeline Safety capital projects in NIPSCO’s Compliance Plan.

A: Project Nos. PS12 through PS19 are Transmission and Distribution Projects and are capital projects only. Project Nos. PS8, PS10 and PS11 are Gas Operations projects and have both O&M and capital cost components. Project No. PS12, the In-Line Inspection (“ILI”) project, represents 60% of the total estimated cost for the Pipeline Safety capital projects.

Three Pipeline Safety 2019 actual capital costs are more than double the 2019 estimated project costs: Project Nos. PS10 Underground Storage Integrity,

1 PS13 Transmission Inspect & Mitigate, and PS17 Emergency Valve. In
2 discussions, Petitioner pointed out some capital projects are ahead of schedule,
3 some projects are inspection-based, and planning for other projects continues in
4 advance of capital improvements.

5 Petitioner has no project scope changes in FMCA-4 and no Pipeline Safety
6 capital projects have exceeded the approved estimate. I have no concerns with the
7 Pipeline Safety capital projects as presented in FMCA-4.

8 **Q: Please provide an overview of Pipeline Safety projects in NIPSCO's**
9 **Compliance Plan that include O&M cost estimates and discuss any changes to**
10 **project scopes or costs.**

11 A: Petitioner has sixteen Pipeline Safety projects with annual O&M cost estimates.
12 These are Project Nos. PS1-PS11 and PS20-PS24. The updated annual estimates
13 are in Petitioner's Fourth Progress Report, Attachment PSC-PR-4. The O&M
14 expenses are for projects such as transmission and distribution inspection and
15 mitigation, service card enhancements, and emergency outreach programs.

16 Project No. PS8, Fiberglass Riser Replacements, exceeded NIPSCO's
17 annual O&M estimate for 2019 by 33%, but has not exceeded the total project
18 estimate. Project Nos. PS10 and PS21 exceeded the 2019 annual estimates by
19 approximately 12%, but have not exceeded the total approved estimate. The other
20 O&M project costs are close to the 2019 estimates. No Pipeline Safety O&M
21 expenses have exceeded the approved total project estimates.

22 **Q: Please discuss the O&M expenses for Project No. PS8, Fiberglass Riser**
23 **Replacement.**

24 A: Petitioner estimated 19,000 fiberglass risers needed replacement. See Cause No.
25 45007, Petitioner's Exhibit No. 3, page 19, lines 16-17. Petitioner has completed

1 4,732 units as of March 31, 2020. See Petitioner's Exhibit No. 3, page 16, line 17
2 to page 17, line 1.

3 The Fiberglass Riser Replacement project had actual O&M expenditures in
4 2019 of \$3,173,201 which is 33% over the 2019 estimate. Audit Package 1-009,
5 Confidential Summary of Actual O&M Expenses, Project No. PS8. The Fiberglass
6 Riser Replacement project has spent \$4,454,469 of O&M expenses to date. *Id.*
7 Project No. PS8 has spent approximately 76% of the approved total estimate. I
8 calculate the present average O&M cost per riser replacement is \$941/riser for the
9 risers completed.

10 **Q: What are your conclusions for the Fiberglass Riser Replacement project**
11 **(Project No. PS8) and the other Pipeline Safety projects?**

12 A: The original cost estimate for the Fiberglass Riser Replacement projects is based
13 upon NIPSCO's average cost of a riser replacement in NIPSCO's annual filing with
14 the Commission in accordance with 170 IAC § 5-1-27-(d). See Cause No. 45007,
15 Petitioner's Confidential Exhibit No. 3, page 20, lines 10-11. I calculate Petitioner's
16 O&M replacement expense for the risers through FMCA-4 is \$941/riser.

17 I calculate twenty-five percent (25%) of the known fiberglass risers have
18 been replaced as of FMCA-4 at approximately half-way through the Plan's
19 timeline. Petitioner's Compliance Plan ends in 2021. For Petitioner to replace all
20 known fiberglass risers on its system it will need to complete approximately 14,000
21 additional riser replacements in the remaining 21 months. This is well above the

1 present rate of completing 4,732 replacements in 18 months since the approval date
2 of the Plan, September 2018.

3 On July 1, Petitioner discussed Project No. PS8 with the OUCC indicating
4 it is finding efficiencies for the project. Additionally, the relight process is being
5 performed by NIPSCO personnel, thus adding some cost as compared to original
6 estimates having contractors performing the relights. Petitioner is now completing
7 approximately 25 riser replacements per day.

8 I asked NIPSCO to provide the \$/riser costs as submitted to the Commission
9 in accordance with 170 IAC § 5-1-27-(d). Petitioner provided the following
10 Fiberglass Riser Replacement Project O&M average cost to date: \$962.73/riser. I
11 have no concerns presently for the Fiberglass Riser Replacement project and the
12 other Pipeline Safety projects based upon my analysis of Petitioner's case-in-chief
13 and discussions with Petitioner. Petitioner anticipates it will be able to drive the
14 average cost lower going forward, as 2020 expenditures have been largely related
15 to more expensive non-customer-facing (back office) tasks. In addition, some
16 completed O&M work will be used in future years to further reduce the average
17 cost.

18 **Q: Are there any Pipeline Safety projects that exceed their total project estimate**
19 **in FMCA-4?**

20 **A:** No. There are no Pipeline Safety projects that exceed their capital or O&M total
21 project estimates in FMCA-4.

V. ANALYSIS OF PHMSA COMPLIANCE PROJECT COSTS

1 **Q: Please provide an overview of PHMSA projects in NIPSCO's Compliance**
2 **Plan.**

3 A: There are two PHMSA projects and both projects were brought into Cause No.
4 45007 from Cause No. 45183. NIPSCO plans to replace 34 miles of bare steel pipe
5 with plastic pipe in the Gary Bare Steel Compliance project and replace 75 miles
6 of older lower pressure pipe with a new medium pressure system as the Kokomo
7 Low Pressure project. See Cause No. 45183, Order September 4, 2019, page 3,
8 Summary of Evidence, section 4.A., Petitioner's Direct Testimony.

9 **Q: Please summarize Petitioner's information provided for the PHMSA projects.**

10 A: The Gary Bare Steel project has spent 36% of its total approved estimate and the
11 Kokomo Low Pressure project has spent 21% of its total approved estimate as I
12 calculated using Petitioner's PHMSA Audit Package 1-012 and PHMSA-PR-2.
13 Petitioner states the Gary Bare Steel project had 2,569 ft. of medium pressure
14 plastic main and 170 additional services installed during the FMCA-4 period.
15 Petitioner's Exhibit No. 2, page 16, lines 3-4. The Kokomo Low Pressure project
16 had 25,784 ft. of new medium pressure main and 2,053 services installed in FMCA-
17 4. *Id.*, page 16, lines 10-11.

18 On July 1, 2020, Petitioner discussed with the OUCC how it has gained
19 efficiencies in the planning and scheduling of work, have accelerated work in the
20 field, and are taking advantage of available crews and materials to improve these
21 systems as soon as possible.

1 **Q: Did either PHMSA project exceed its total project approved estimate during**
2 **the FMCA-4 period.**

3 A: No.

4 **Q: What are your conclusions of your analysis of Petitioner's case-in-chief and**
5 **any other supporting information for the PHMSA projects?**

6 A: The actual expenditures and Petitioner's discussion indicate both projects are in the
7 early construction phase with field installation work accelerating. Petitioner has no
8 scope changes or new estimates for either of these projects. Petitioner's Exhibit No.
9 2, page 19, lines 4-14. Neither of the two PHMSA projects have exceeded the
10 approved total project estimates. Therefore, no specific justification of actual costs
11 is necessary.

12 Petitioner discussed these projects openly and the projects are moving
13 forward. I was not able to ascertain from Petitioner's case-in-chief the total miles
14 of mains replaced for either PHMSA project as compared to the miles anticipated
15 for each individual project, so it is difficult to compare the status of expenditures to
16 the status of mains replaced. I recommend Petitioner provide the total mileage of
17 mains replaced to-date and the number of miles of main replaced within the
18 reporting time frame in future Progress Reports of the FMCA filings for each
19 individual PHMSA project, Gary Bare Steel and Kokomo Low Pressure.

VI. RECOMMENDATIONS

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

21 A: After analyzing NIPSCO's Fourth Progress Report on the status of the Pipeline
22 Safety projects and Second Progress Report on the status of PHMSA projects, I
23 recommend the Commission:

- 1 • Approve NIPSCO's Fourth Progress Report for Pipeline Safety projects.
- 2 • Approve NIPSCO's Second Progress Report for PHMSA projects.
- 3 • Require NIPSCO to provide improved individual project status reporting
- 4 for the Gary Bare Steel project and the Kokomo Low Pressure project by
- 5 including total miles of mains replaced to-date for each project and the
- 6 miles replaced for the project within the FMCA period in future FMCA
- 7 filings.

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

9 **A: Yes.**

APPENDIX BRK-1 TO THE TESTIMONY OF
OUC WITNESS BRIEN R. KRIEGER

I. PROFESSIONAL EXPERIENCE

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

2 **A:** I graduated from Purdue University in West Lafayette, Indiana with a Bachelor of Science
3 Degree in Mechanical Engineering in May 1986, and a Master of Science Degree in
4 Mechanical Engineering in August 2001 from Purdue University at the IUPUI campus.

5 From 1986 through mid-1997, I worked for PSI Energy and Cinergy progressing to
6 a Senior Engineer. After the initial four years as a field engineer and industrial
7 representative in Terre Haute, Indiana, I accepted a transfer to corporate offices in
8 Plainfield, Indiana where my focus changed to industrial energy efficiency implementation
9 and power quality. Early Demand Side Management (“DSM”) projects included ice storage
10 for Indiana State University, Time of Use rates for industrials, and DSM Verification and
11 Validation reporting to the IURC. I was an Electric Power Research Institute committee
12 member on forums concerning electric vehicle batteries/charging, municipal
13 water/wastewater, and adjustable speed drives. I left Cinergy and worked approximately
14 two years for the energy consultant, ESG, and then worked for the OUC from mid-1999
15 to mid-2001.

16 I completed my Master’s in Engineering in 2001, with a focus on power generation,
17 including aerospace turbines, and left the OUC to gain experience and practice in
18 turbines. I was employed by Rolls-Royce (2001-2008) in Indianapolis working in an
19 engineering capacity for military engines. This work included: fuel-flight regime

1 performance, component failure mode analysis, and military program control account
2 management.

3 From 2008 to 2016 my employment included substitute teaching in the Plainfield,
4 Indiana school district, grades 3 through 12. I passed the math Praxis exam requirement for
5 teaching secondary school. During this period, I also performed contract engineering work
6 for Duke Energy and Air Analysis.

7 Over my career I have attended various continuing education workshops at the
8 University of Wisconsin and written technical papers. While previously employed at the
9 OUCC, I completed Week 1 of NARUC's Utility Rate School hosted by the Institute of
10 Public Utilities at Michigan State University. In 2016, I attended two cost of service/rate-
11 making courses: Ratemaking Workshop (ISBA Utility Law Section) and Financial
12 Management: Cost of Service Ratemaking (AWWA). In 2017, I attended the AGA Rate
13 School sponsored by the Center for Business and Regulation in the College of Business &
14 Management at the University of Illinois Springfield and attended Camp NARUC Week 2,
15 Intermediate Course held at Michigan State University. I completed the Fundamentals of
16 Gas Distribution on-line course developed and administered by Gas Technology Institute
17 in 2018. In October 2019, I attended Camp NARUC Week 3, Advanced Regulatory Studies
18 Program held at Michigan State University by the Institute of Public Utilities.

19 My current responsibilities include reviewing and analyzing Cost of Service
20 Studies ("COSS") relating to cases filed with the Commission by natural gas, electric and
21 water utilities. Additionally, I have taken on engineering responsibilities within the

1 OUCC's Natural Gas Division, including participation in "Call Before You Dig-811"
2 incident review and natural gas emergency response training.

3 **Q: Have you previously filed testimony with the Commission?**

4 A: Yes. I have provided written testimony concerning COSS in Cause Nos. 44731, 44768,
5 44880, 44988, 45027, 45072, 45116, 45117, 45214, and 45215. Additionally, I have
6 provided written testimony for Targeted Economic Development ("TED") projects in
7 2017/2018/2020 and various Federal Mandate Cost Adjustment ("FMCA") and
8 Transmission, Distribution, and Storage System Improvement Charges ("TDSIC")
9 petitions. I filed testimony or provided analysis in the following FMCA or TDSIC 7-Year
10 Plan or Tracker petitions: Cause Nos. 44403, 44429, 44430, 44942, 45007, 45131, 45264,
11 and 45330.

12 While previously employed by the OUCC, I wrote testimony concerning the
13 Commission's investigation into merchant power plants, power quality, Midwest
14 Independent System Operator, and other procedures. Additionally, I prepared testimony
15 and position papers supporting the OUCC's position on various electric and water rate
16 cases during those same years.

II. BACKGROUND OF TESTIMONY ANALYSIS

17 **Q: Please describe the review you conducted to prepare this testimony.**

18 A: I reviewed NIPSCO's ("Petitioner") Petition, Testimony, and Attachments for this Cause.
19 I also reviewed Petitioner's prior Cause No. 45007 FMCA-3 filing and the Commission's
20 Orders for Cause Nos. 45007 and 45183. I participated in OUCC case team meetings
21 concerning Petitioner's case. I reviewed Petitioner's direct testimony of Ryan T. Carr,

Benjamin C. Kanoy, and Steven W. Sylvester focusing on project status, costs, and estimates.

Q: What Pipeline and Hazardous Materials Safety Administration (“PHMSA”) requirement establishes some of the criteria for a natural gas distribution utility?

A: PHMSA establishes standards and policies to improve the safety and integrity of the natural gas system to prevent incidents. Natural gas utilities are required by PHMSA to improve the integrity of natural gas systems in part, as prescribed in 49 CFR 192 Subpart P.

Q: What are some of the Indiana Code sections that apply to FMCA projects?

A: An FMCA project is established in accordance with Indiana Code § 8-1-8.4-5 - “Federally mandated requirements”, which states:

As used in this chapter, "federally mandated requirement" means a requirement that the commission determines is imposed on an energy utility by the federal government in connection with any of the following:

- (1) The federal Clean Air Act (42 U.S.C. 7401 et seq.).
- (2) The federal Water Pollution Control Act (33 U.S.C. 1251 et seq.).
- (3) The federal Resource Conservation and Recovery Act (42 U.S.C. 6901 et seq.).
- (4) The federal Toxic Substances Control Act (15 U.S.C. 2601 et seq.).
- (5) Standards or regulations concerning the integrity, safety, or reliable operation of: (A) transmission; or (B) distribution; pipeline facilities.

and § 8-1-8.4-6(b)(1)(B), which provides:

A description of the projected federally mandated costs associated with the proposed compliance project, including costs that are allocated to the energy utility: (i) in connection with regional transmission expansion planning and construction; or (ii) under a Federal Energy Regulatory Commission approved tariff, rate schedule, or agreement.

Additionally, new FMCA Projects can be proposed if the new project meets the criteria outlined in the governing PHMSA rule and is a valid federally mandated project in accordance with Indiana Code § 8-1-8.4-2.

1 **Q: Please describe your analysis of the support provided by NIPSCO for project**
2 **estimates and cost updates in this Cause.**

3 A: I reviewed the testimonial and evidentiary support provided by NIPSCO. I reviewed all
4 projects discussed in Petitioner's testimony and the data contained in Petitioner's
5 attachments looking for new projects, new estimates, or scope changes.

6 I analyzed Petitioner's testimony and exhibits, and asked Petitioner specific
7 questions through the OUCC informal discovery process on July 1, 2020. My analysis
8 focuses on whether Petitioner should have reasonably foreseen actual cost increases greater
9 than the estimates last approved.

10 **Q: Have you reviewed NIPSCO's Compliance Plan on a project basis?**

11 A: Yes. I reviewed NIPSCO's entire Petition, testimony, workpapers and the confidential
12 audit package submitted to the OUCC as part of Petitioner's complete filing. I asked
13 questions of the Petitioner to better understand Petitioner's project preparation, the
14 variables that may increase costs, and to specifically discuss project status. Petitioner was
15 responsive to the OUCC's questions on July 1, 2020 and provided additional detail for
16 projects through these informal discussions.

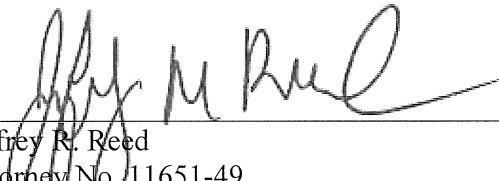
CERTIFICATE OF SERVICE

This is to certify that a copy of the foregoing ***OUCC'S PUBLIC REDACTED TESTIMONY OF BRIEN R. KRIEGER*** has been served upon the following parties of record in the captioned proceeding by electronic service on August 7, 2020.

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