Northern Indiana Public Service Company LLC

Cause No. 45621

VERIFIED DIRECT TESTIMONY OF STEVEN W. SYLVESTER

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

A1. My name is Steven W. Sylvester. My business address is 801 E. 86th Avenue, Merrillville, Indiana 46410. I am currently the Vice President and General Manager of Northern Indiana Public Service Company LLC ("NIPSCO").

Q2. Please describe your employment background and relevant training.

A2. Prior to joining NIPSCO in January of 2019 as Vice President and General Manager, I served as Vice President of Safety for NiSource Inc., and in that role was responsible for coordination of safety and safety education across the NiSource footprint. My tenure in that position was interrupted in September of 2018 when I was asked to coordinate local operations in Lawrence, Massachusetts in response to the events of September 13, 2018. In that role, I had overall responsibility for all the relight resources for the restoration efforts as well as a team of mutual aid and company employees doing boiler, hot water and forced air heating unit replacement work. Prior to 2018, I served as Vice President and General Manager Field Operations for Columbia Gas of Ohio where I was responsible for all field operations activities and for the safe, reliable, and efficient operation and maintenance of distribution pipelines and other facilities providing natural gas service to approximately 1.5 million residential, commercial, and industrial customers. In 2013, I accepted the position of Vice President of Distribution Operations for the NiSource Gas Distribution companies where I was responsible for leading the central dispatching business application and support, planning and business improvement functions supporting natural gas utilities in Ohio, Kentucky, Pennsylvania, Maryland, Virginia and Massachusetts. Prior to that, I was Vice President and General Manager of Field Operations for Columbia Gas of Ohio and Columbia Gas of Kentucky. I have worked for the NiSource and Columbia family of companies in a range of operations and leadership roles since 1986.

Q3. What are your responsibilities as Vice President and General Manager?

A3. As Vice President and General Manager, I am responsible for the day-to-day operation of NIPSCO's physical gas transmission, distribution, and storage systems including operations, maintenance and damage prevention. In that capacity, I manage a workforce of nearly 600 employees providing safe and reliable delivery of natural gas service to approximately

850,000 industrial, commercial and residential customers. This includes NIPSCO's gas construction segment with a labor force of approximately 125 employees, responsible for distribution line extensions, main replacements, and relocations, along with a variety of betterment projects. My responsibilities include overseeing:

- Delivery of safe and reliable natural gas distribution service to NIPSCO's customers;
- Leak detection, leak investigation, leak response and leak repair activities;
- Customer metering activities;
- Plant operations;
- Performing underground facilities locating for third-party excavators;
- All required leakage surveys and system inspections, testing and inspection of cathodic protection systems for steel facilities;
- Directing construction operations in executing the delivery of safe, reliable, efficient natural gas distribution service to NIPSCO's customers;
- The day-to-day operations of NIPSCO's physical natural gas piping

system; and

- Field customer service to NIPSCO customers including: odor complaints, meter turn-ons and turn offs, and all other customer interfacing field interactions.

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

A4. Yes. I filed testimony before the Commission in NIPSCO's request for issuance of a Certificate of Public Convenience and Necessity ("CPCN") for federally mandated projects associated with NIPSCO's proposed Pipeline Safety II Compliance Project currently pending in Cause No. 45560. I also routinely file in NIPSCO's Federally Mandated Cost Adjustment tracker filings in Cause No. 45007-FMCA-X (beginning in FMCA-2). I also filed testimony before the Commission in Cause No. 44970-S1 supporting the request for approval of civil penalties for 2017 in accordance with the Settlement Agreement approved by the Commission in Cause No. 44970.

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

A5. Yes. I sponsor a portion of the workpapers included in Petitioner's Exhibit No. 19-S2.

Q6. What is the purpose of your testimony?

A6. The purpose of my testimony is to (1) provide an overview of NIPSCO's gas operations and maintenance, storage and liquefied natural gas ("LNG"), and damage prevention organizations, (2) describe NIPSCO's pipeline safety programs and processes as well as the implementation of its Safety Management System, and (3) describe the components of NIPSCO's pipeline safety programs that are anticipated to be included in a future proceeding to seek recovery of its federally mandated costs relating to these components. I also sponsor an adjustment to NIPSCO's Forward Test Year (the period beginning January 1, 2022 and ending December 31, 2022) to reflect the addition of employees in NIPSCO's Gas Measurement and Transmission Department necessary to address increased work volume and to maintain the safe and reliable operation of NIPSCO's system.

<u>Overview of NIPSCO's Gas Operations and Maintenance, Storage and LNG, and Damage Prevention Organizations</u>

Q7. Please provide an overview of NIPSCO's gas operations and maintenance organization.

A7. NIPSCO's gas operations is organized into thirteen Local Operating Areas ("LOAs"). Crews assigned to each LOA are responsible for conducting day to day maintenance activities within a specific geographic area. Within each LOA, crews are designated as either Construction & Maintenance (known as "Street" crews) or as Construction (known as "52G" crews). Street crews are responsible for performing repair and maintenance assignments on NIPSCO's gas transmission and distribution assets while 52G crews are responsible for the construction of distribution line extensions, facility replacement or relocation, and system improvement projects.

Q8. Please provide an overview of NIPSCO's gas storage and LNG organization.

A8. As more fully described by NIPSCO Witness Campbell, NIPSCO operates the Royal Center Underground Storage facility located near Royal Center, Indiana ("Royal Center"), and the LNG facility located in LaPorte, Indiana. Together these facilities provide NIPSCO with approximately 8 billion cubic feet of on system storage capacity. The NIPSCO storage organization consists of 32 employees responsible for the operation and maintenance of these facilities to ensure their availability and performance as required to support NIPSCO's system.

Q9. Please provide an overview of NIPSCO's damage prevention organization.

A9. As more fully described by NIPSCO Witness Smith, NIPSCO's damage prevention organization is responsible for helping to manage and mitigate the risk of damage through a variety of activities including underground facility locating, excavator engagement and outreach and damage investigation. NIPSCO's damage prevention organization consists of 21 employees charged with working with NIPSCO's locate contractors and with the excavator community to reduce the risk of damage to NIPSCO's underground gas facilities.

<u>Overview of Pipeline Safety Regulations</u>

Q10. Please provide an overview of the state and federal pipeline safety regulations applicable to NIPSCO's damage prevention organization.

A10. In 1970, minimum pipeline safety standards were published in the Code of Federal Regulations – Title 49 Part 192 (the "Code"). These mandated rules, and the many amendments and additions that have occurred over 51 years, have defined the minimum standards for the safe construction, operation and maintenance of natural gas systems. Indiana specifically requires gas utilities to adhere to these requirements.[1] The Code includes detailed sections describing the requirements of things such as corrosion control, pressure testing, pressure rating, operations, and maintenance of gas facilities. As in many jurisdictions, Indiana specifically requires gas utilities to follow these requirements which are subject to audit and enforcement by the Commission's Pipeline Safety Division.[2] Included in the Code are detailed sections describing the requirements for numerous activities including, but not limited to the, design, construction, corrosion control, pressure testing, pressure rating, integrity management, and operations and maintenance of gas facilities.

The Code has been amended a number of times since its inception to create or modify mandatory programs or rules that address various aspects of pipeline and public safety. While the majority of the Code is prescriptive, portions of the Code mandate operators to establish programs that are risk-based. In 2002, Federal Department of Transportation's Pipeline and Hazardous Materials Safety Administration's ("PHMSA") enacted 49 CFR Part 192, Subpart O that mandates the creation of a Transmission Integrity

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[1] 170 IAC 5-3-1.

[2] *See generally* Ind. Code ch. 8-1-22.5.

Management Program ("TIMP") covering the higher pressure transmission pipeline and corresponding systems. In 2011, PHMSA enacted 49 CFR Part 192, Subpart P that mandates the creation of a Distribution Integrity Management Program ("DIMP") covering the lower pressure distribution system. These programs provide a mandated regulatory structure for the assessment of system risks and progressive implementation of solutions and continuous improvements based upon the severity of those risks over time.

Unlike the other prescriptive provisions of the Code, both the TIMP and DIMP plans are focused on continuous improvement through an ongoing cycle of assessment and remediation whereby risks to transmission and distribution assets must be identified, ranked, and based on risk ranking, be remediated over time (e.g., by program, the more severe risks are addressed first, the lower level risks later after the more severe risks have been addressed). As a result, the TIMP and DIMP plans do not require performance of specific activities but rather mandate that regulated companies diligently undertake a proactive process that identifies, ranks, and then implements measures to remediate the risks identified, based on their relative risk ranking.

Q11. Please explain the federal TIMP regulations.

A11. In 2002, the American Society of Mechanical Engineers ("ASME") published a standard to ensure the integrity of pipelines. PHMSA's Office of Pipeline Safety ("OPS") subsequently adopted regulations that incorporated the results of the ASME B31.8S standard. These standards define a formal gas pipeline integrity program in accordance with the Pipeline Safety Improvement Act of 2002 enacted on December 17, 2002.[3]

The intent of the TIMP regulations is to identify potential threats to the transmission system, assess the severity of those threats with a risk analysis process, rank the risks identified, complete an assessment method interrogating the threat and remediate or monitor the risks as appropriate. Operators address potential threats by either repairing defects, replacing pipeline sections, or implementing preventive and mitigating measures to preemptively identify changes in threats. The TIMP regulations also specify how pipeline operators must identify, prioritize, assess, evaluate, repair, and validate, through comprehensive analyses, the integrity of gas transmission pipelines that, in the event of a leak or failure, could affect

3 *See* 49 CFR Part 192 Subpart O (Amdt 192-95).

certain populated and occupied areas or High Consequence Areas ("HCAs").

Revisions to the Code published on October 1, 2019 with an effective date of July 1, 2020 were designed to improve the safety of onshore gas transmission pipelines and addresses several congressional mandates, National Transportation Safety Board ("NTSB") recommendations, and responds to public input. These amendments focus on expansion of TIMP requirements to areas outside of HCAs, reconfirmation of maximum allowable operation pressure ("MAOP") for certain transmission pipeline facilities, additional recordkeeping requirements for newly constructed transmission pipeline facilities, and various other safety improvements and recordkeeping provisions.

Q12. Please describe NIPSCO's TIMP.

A12. NIPSCO operates 690.11 miles of transmission-class natural gas pipelines, 122.94 miles of which are located in HCAs. The pipelines in HCAs are assessed and ranked on a seven year cycle using a relative risk model in conjunction with subject matter experts' input to identify threats, potential threats, or variability in known threats. Based on the results of the inspections and assessments, excavations are performed to directly examine the pipe and make appropriate remediation as necessary. Further, it should be noted that NIPSCO exceeds the minimum standards in that it uses In-Line-Inspection ("ILI") tools in all ILI compatible transmission lines, without regard to which of the line sections are HCAs. In addition, NIPSCO plans to continue to expand its inventory of ILI compatible transmission lines across its transmission footprint.

Q13. What is the status of NIPSCO's TIMP?

A13. NIPSCO's TIMP baseline assessments began in 2004 and were completed by 2010 with 42 assessment projects using Direct Assessment ("DA") methods in the form of External Corrosion Direct Assessment ("ECDA") and Internal Corrosion Direct Assessment ("ICDA"). There were 442 excavations, known as direct examinations, performed within the HCAs of the pipelines. These inspections identified coating deficiencies and anomalies based on the ECDA and ICDA techniques deployed, including some from mechanical damage stemming from third party damage by other excavators. The majority of corrosion related anomalies were from original coating techniques used during installation. NIPSCO discovered and corrected 25 external corrosion defects during its initial assessments.

TIMP re-assessments of the HCA pipelines began in 2010 completing another 75 assessments of HCA pipeline to date, incorporating an additional 4,175 direct examinations. The assessment methods used for the reassessments were 64 DA methods, four hydrostatically pressure tested methods, and seven ILI methods. The re-assessments discovered more material damage to the pipe wall in the form of six gouges from third party damages requiring repair; laminations within the pipe wall due to process deficiencies in the original manufacturing requiring cut out and replacement; and internal corrosion issues in transmission class pipeline requiring installation of a pipeline liner to provide further protection against corrosive constituents within the gas stream. ILI has proven to be a far superior pipeline assessment method – discovering defects with higher probabilities for future failures if not appropriately addressed. Similar to DIMP discussed below, the TIMP requirements continue to evolve based on new federal pipeline safety regulations.

Q14. Please explain the federal DIMP regulations.

A14. PHMSA's OPS adopted rules imposing integrity management requirements for gas distribution pipeline systems on December 4, 2009. *See* Pipeline Safety: Integrity Management Program for Gas Distribution

Pipelines, 74 Fed. Reg. 63906 (Dec. 4, 2009). The effective date of the rules was February 12, 2010. The DIMP regulations require operators to develop, write, and implement a program with the following elements:

- Distribution system knowledge;
- Identification of threats;
- Evaluation of risks;
- Implementation of measures to address risks;
- Measurement of performance, monitoring of results and evaluation of effectiveness;
- Periodic evaluation and improvement of program; and
- Reporting of results.

Q15. Please describe the status of NIPSCO's DIMP.

A15. The focus areas of NIPSCO's distribution integrity execution are damage prevention, leak management, public awareness, operator qualification programs and corrosion. A centerpiece of NIPSCO's DIMP has been the priority pipe replacement effort addressing cast iron pipe and corrosion threats. As NIPSCO has matured its DIMP, it has worked to continually improve its DIMP to reduce the various DIMP risks that have been identified and to create effective programs to reduce those risks.

Q16. Is NIPSCO's compliance with the provisions of the DIMP and TIMP mandatory?

A16. Yes. The Commission has previously determined that compliance with

DIMP and TIMP are federally mandated and has authorized recovery of associated costs as part of its Pipeline Safety Compliance Project in Cause No. 45007 and PHMSA Compliance Project in Cause No. 45183.[4]

Q17. Please explain the PIPES Act of 2020 (the "PIPES Act").

A17. The PIPES Act was enacted on December 27, 2020 and emphasizes mitigating methane emissions through leak detection and repair. The PIPES Act focuses on promoting safe operations, including, appropriate identification and ranking of risk under DIMP, mitigation of and appropriate response to over pressurization events, ensuring qualified personnel review construction plans, improved communications during emergencies, facility upgrades, and complete and accessible records.

Q18. Has NIPSCO implemented any additional safety initiatives to address pipeline safety needs and protection of the environment, as emphasized by the PIPES Act?

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4 *Verified Petition of N. Ind. Pub. Serv. Co.*, Cause No. 45007 (IURC Sept. 19, 2018) and *Verified Petition of N. Ind. Pub. Serv. Co.*, Cause No. 45183 (IURC Sept. 4, 2019). . NIPSCO also has a request for recovery of associated costs as part of its Pipeline Safety II Compliance Project currently pending in Cause No. 45560.

A18. Yes. In response to the PIPES Act requirements related to use of advanced technologies to mitigate methane emissions, NIPSCO has begun the use of the Picarro platform system to enhance its process for leak detection and to refine the prioritization of repairs and replacements for its natural gas distribution system. The use of the Picarro Leak Detection System will serve to advance NIPSCO's leak detection capabilities, as well as estimate leak density and reduce methane emissions across its service territory. Additionally the Picarro Leak Detection System will support NIPSCO's Operations and Construction departments by aiding in the prioritization of system risk for its ongoing infrastructure replacement program, and by providing quality assurance checks following the installation of new infrastructure.

Q19. Is NIPSCO in compliance with state and federal pipeline safety standards applicable to its distribution system?

A19. Yes. NIPSCO complies with applicable pipeline safety standards promulgated by the Indiana Utility Regulatory Commission's Pipeline Safety Division and the Federal Department of Transportation's Pipeline and Hazardous Materials Safety Administration's ("PHMSA") Office of Pipeline Safety ("OPS").

Q20. Have state and federal pipeline safety regulators advocated adoption of additional initiatives to improve pipeline safety?

A20. Yes. A safety management system ("SMS") is a highly recommended practice endorsed by many federal and state regulatory bodies.[5] And, given the regulations support continuous improvement initiatives, a SMS approach to safety is very responsive to the intent of the regulations. PHMSA's OPS and the NTSB have actively encouraged operators at public workshops and industry conferences to voluntarily implement a SMS. In addition, the Commission's Pipeline Safety Division has also discussed the benefits of adopting a SMS at state safety meetings, encouraging Indiana operators to implement a SMS.

Q21. Please describe a SMS?

A21. A SMS is a systematic approach to managing safety, including structures, policies, and procedures used to direct and control activities. SMS has been defined and in place in other industries, especially ones with high risk and low tolerance for failures. In 2015, natural gas operators, industry

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[5] It is worth noting that in May 2019, the American Gas Association (AGA) Board of Directors approved a resolution recommending that all members implement SMS through its endorsement of AmerRP.

representatives and state and federal stakeholders collaborated to develop a comprehensive safety management system (SMS) known throughout the natural gas industry as API Recommended Practice 1173 ("RP 1173"). RP 1173 establishes a set of standards and best practices for the oil and natural gas industries based on the successful implementation of similar SMS in the transportation, airline, and nuclear industries. RP 1173 provides guidance to pipeline operators for developing and maintaining a pipeline SMS intended to augment and integrate existing practices while not duplicating any other requirements.

Q22. Has NIPSCO implemented a SMS?

A22. Yes. NIPSCO implemented its pipeline SMS program in 2017. The purpose for implementing SMS was to provide an objective framework to pursue a goal of zero incidents. Specifically, NIPSCO's SMS is intended to:

- Promote safety leadership and individual accountability for all employees, including front line, leadership, as well as for executives;
- Build on NIPSCO's strong foundation of safety with a culture of transparency and mutual trust, promoting an inclusive workplace, with a focus on continuous learning and improvement; and

- Add rigor to work practices resulting in the identification and mitigation of risks to protect employees, contractors, customers, and communities. Every NIPSCO employee and contractor is encouraged to report any safety issues to the SMS organization so that risk can be assessed in a consistent manner and the creation of workplans to address identified issues.

NIPSCO's SMS provides a framework for reporting on identified risks and mitigation activities. As NIPSCO's SMS matures, risks, including system reliability and public safety, will be considered in a consistent manner across all asset classes to identify and prioritize projects.

Q23. Why did NIPSCO create a SMS?

A23. NIPSCO reviewed the results of other industries that had implemented a safety management system as a standard process. In particular, the airline industry in the United States has seen an 83% decline in its fatal accident rate between 1997 and 2007 after implementing a SMS. The pipeline industry has not seen a significant and sustained reduction in reportable incidents, and following some very high profile incidents in the energy industry in 2010, the NTSB issued a recommendation that the pipeline industry develop standards for a safety management system. NIPSCO sees the benefit of a strong, systemic approach to improving pipeline safety. NIPSCO Witness Smith describes how NIPSCO's SMS has improved its damage prevention program.

Q24. Are there components of NIPSCO's pipeline safety programs that are being developed and are anticipated to be included in a future proceeding to seek recovery of incremental federally mandated costs?

A24. Yes. On an ongoing basis, NIPSCO must comply with pipeline safety regulations which continue to evolve. The recently enacted PIPES Act is the latest addition to these federally mandated requirements. Moreover, NIPSCO's TIMP and DIMP plans require ongoing risk modeling based on the latest information related to its facilities that also drive continuing programs dedicated to achieving compliance with the safety regulations. NIPSCO is engaged in the development of necessary programs that will ensure it complies with all applicable regulatory requirements. For example, NIPSCO is completing its plans for increased use of the advanced Picarro Leak Detection System described above. Compliance with the pipeline safety regulations will increase the reliability and safety of NIPSCO's system.

<u>Adjustments to Forward Test Year</u>

Q25. Are you sponsoring any adjustments to the Forward Test Year?

A25. Yes. I am sponsoring the addition of seven new staff in the Gas Measurement & Transmission ("GM&T") Department.

Q26. What are the responsibilities of the GM&T Department?

A26. The GM&T Department's responsibilities focus on the safety and reliability of NIPSCO-operated pipeline facilities. The GM&T Department conducts operations, compliance inspections, and maintenance activities on pipeline facilities as stated by NIPSCO Standards, 49 CFR Part 102 Subpart L – Operations, and Subpart M – Maintenance. GM&T operates, inspects, and maintains more than 30,000 assets, and more than 1,600 miles of pipelines annually. These asset types include pressure regulators, emergency valves, transmission and high pressure distribution pipelines, odorization systems, pipeline heaters, fixed factor customer meters, instrument customer meters, orifice plate meters, gas conditioning equipment, gas chromatography equipment, above-ground pipelines, and pipeline markers. GM&T is also responsible for all transmission and high-pressure 'Watch and Protect' activities associated with 811 calls.

Q27. Please explain NIPSCO's proposal to add additional staff to its GM&T

Department.

A27. Based on the increased level of work being performed by the GM&T Department, NIPSCO needs to add additional staff. Specifically, increased work volume has been driven by increased PHMSA compliance related work, as well as risk reduction activities identified by NIPSCO's SMS process. The increased level of GM&T staff are and will continue to be necessary for NIPSCO to effectively implement risk reduction and compliance activities that support the safe and reliable operation of the gas transmission and distribution system.

Q28. Please explain NIPSCO's need to add four additional Transmission Maintenance Technicians ("TMTs").

A28. TMTs perform a number of tasks that have seen significant increases in work requirements, including the following:

(1) NIPSCO has added 1,446 critical valves to its system since 2016, and additional critical valves will continue to be added through new installations and reclassifying non-critical valves to a critical status. These valves are required to be inspected and maintained each calendar year under 49 CFR Part 192.745 and 192.747. If a valve becomes inoperable,

additional work is required for remediation to return it to operation;

(2) As excavation activity has increased in NIPSCO's service territory, the corresponding number of locate tickets has increased over time at a rate of 7% annually. The TMTs are responsible to perform 'Watch and Protect' work when excavations are done adjacent to NIPSCO's gas transmission pipelines to ensure the safe operation of its underground facilities.[6]

(3) NIPSCO has enhanced its operating procedures to include a clearance coordination process to reduce the risk of over and under pressure situations while work is being performed at any transmission and distribution regulator station. This safety requirement has increased the time involved for TMTs to perform work on these stations.

(4) Under 49 CFR Part 192.557, NIPSCO must establish the MAOP for certain facilities that do not have adequate documentation. TMTs provide support of this activity which is significantly increasing to meet compliance

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[6] The Watch and Protect work by the GMT Department is performed on all excavations around transmission pipelines given the high pressure nature of these facilities. As discussed in the testimony of NIPSCO Witness Smith, the Watch and Protect work by the Damage Prevention Organization is performed on identified high risk excavations in proximity to distribution pipelines.

requirements.

(5) TMTs are providing support for other code mandated compliance activities such as in-line inspections of transmission mains (49 CFR Part 192.493) and integrity digs to proactively identify any pipeline coating anomalies (49 CFR Part 192.937).

(6) NIPSCO has added preventative inspection measures to ensure reliable operation of odorization systems (used in compliance under 49 CFR Part 192.625) and to gas pipeline heaters to prevent freeze-up of gas regulating and control equipment which also now require inspection and maintenance.

Q29. Please explain NIPSCO's need for two additional Transmission Regulator Technicians ("TRTs").

A29. TRTs perform a number of tasks that have seen significant increases in work requirements, including the following:

(1) As NIPSCO continues to implement a project to move currently below grade regulator stations above ground for safety and reliability reasons, this will increase the number of regulator stations that will be inspected annually per 49 CFR Part 192.739. TRTs complete this inspection work and

also perform maintenance and repair work to the extent required.

(2) As stated above, NIPSCO recently enacted an internal clearance coordination process to reduce the risk of over and under pressure situations while work is being performed at any transmission and distribution regulator station. Additional time in the field is required to complete this process.

(3) Similar to TMTs, TRTs will also be required to provide field support to establish MAOP on systems with limited documentation.

(4) TRTs support other code mandated activities such as in-line inspections of transmission mains (49 CFR Part 192.493) and integrity digs to proactively identify any pipeline coating anomalies (49 CFR Part 192.937), and this compliance work is increasing.

(5) NIPSCO recently established a practice requiring TRTs to compare on-site isometric drawings of the regulator stations to the actual field conditions during its annual regulator inspections. Field technicians are required to submit a change order for NIPSCO's GIS if the drawing does not match the on-site print. This practice was created to ensure records accurately reflect field equipment installed.

(6) TRTs perform inspection, maintenance, and repair work that is required on automatic shut-off valves and remote control valves (49 CFR Part 192.935), and there has been an increase in the amount of this compliance work.

Q30. Please explain NIPSCO's need for one additional Measurement Technician.

A30. Measurement Technicians perform a number of tasks that have seen significant increases in work requirements, including the following:

(1) As stated above, NIPSCO has enacted an internal clearance coordination process to reduce the risk of over and under pressure situations while work is being performed at any transmission and distribution regulator station. Additional time in the field is required to implement this process;

(2) NIPSCO recently added a requirement to add design standards to regulator stations, which have increased the amount of overpressure protection devices at all future stations with an inlet pressure greater than 125 pounds per square inch ("PSI"). This plan is already in place, and will require additional instrument and control Supervisory Control and Data Acquisition (SCADA) equipment in the field on all future installations;

(3) NIPSCO plans to increase the number of distribution systems with real time monitoring equipment that will continuously track distribution pressures and alert a 24/7 staffed control center should pressures fall outside acceptable limits (49 CFR Part 192.741). This plan requires additional resources to install, inspect, operate, maintain each additional monitoring point, and make any necessary repairs.

(4) Additional inspection, maintenance and repair work is required on automatic shut-off valves and remote control valves (49 CFR Part 192.935).

Q31. Please describe <u>Petitioner's Exhibit No. 3</u>, Attachment 3-C-S2, Adjustment OM-2B and the amounts included in the Forward Test Year for additional GM&T staff.

A31. Adjustment OM 2B-22R increases the Forward Test Year operating expenses in the amount of $869,468 for additional GM&T staff, including four TMTs, two TRTs, and one Field Measurement Technician. This proforma adjustment increases the Forward Test Year O&M expense to reflect certain incremental expenses that NIPSCO is seeking to recover in base rates. If this adjustment is not included, the cost to add additional GM&T staff will not be funded in the Forward Test Year gas operating expenses. If this is not included, the Forward Test Year gas operating expenses would be understated.

Q32. Does this conclude your prefiled direct testimony?

A32. Yes.

VERIFICATION

I, Steven W. Sylvester, Vice President and General Manager of Northern Indiana Public Service Company LLC, affirm under penalties of perjury that the foregoing representations are true and correct to the best of my knowledge, information and belief.

Steven W. Sylvester

Dated: September 29, 2021