

Northern Indiana Public Service Company LLC

Cause No. 45621

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**INDIANA UTILITY
REGULATORY COMMISSION**

VERIFIED DIRECT TESTIMONY OF JEFFREY D. NEWCOMB

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

2 A1. My name is Jeffrey D. Newcomb. My business address is 801 East 86th
3 Avenue, Merrillville, Indiana 46410. I am employed by NiSource
4 Corporate Services Company ("NCSC"), and my title is Manager,
5 Regulatory – Rate Case Optimization.

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

7 A2. I am submitting this testimony on behalf of Northern Indiana Public Service
8 Company LLC ("NIPSCO" or "the Company").

9 **Q3. Please briefly describe your educational and professional background.**

10 A3. I graduated from the Kelley School of Business, Indiana University,
11 Bloomington, Indiana, in 2007 as a Bachelor of Science in Business
12 Administration, and in 2008 as a Master of Business Administration, both
13 with a major in Accounting. My professional career started with Ernst &
14 Young, LLP, as an Intern during the summers of 2006 and 2007 before
15 working full-time as an Associate from 2008-2010 and Senior Associate
16 from 2010-2011 with the firm's tax practice in Chicago, Illinois. My career
17 at NiSource Inc. ("NiSource") began in June 2011 as a Senior Financial
18 Analyst in Accounting. Other roles I have held at NiSource include Lead

1 Financial Planning Analyst, Lead Regulatory Strategy and Support
2 Analyst, and Capital Planning and Execution Manager. I accepted my
3 current position of Manager, Regulatory – Rate Case Optimization on
4 March 1, 2021.

5 **Q4. What are your responsibilities as Manager, Regulatory – Rate Case**
6 **Optimization?**

7 A4. As Manager, Regulatory – Rate Case Optimization, I am responsible for
8 providing regulatory support for NiSource and its operating companies,
9 including NIPSCO. My responsibilities include planning, preparing, and
10 oversight of the revenue requirement and cost of service for base rate
11 proceedings. My role also entails standardization and continuous
12 improvement within Regulatory.

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

15 A5. I have not previously testified before the Commission. I have previously
16 submitted testimony before the Public Service Commission of Maryland in
17 support of Columbia Gas of Maryland, Inc.’s most recent gas rate case in
18 Case No. 9644.

1 **Q6. What is the purpose of your direct testimony in this proceeding?**

2 A6. The primary purpose of my direct testimony is to present the results of
3 NIPSCO's gas operations ("NIPSCO Gas") for the period beginning January
4 1, 2020 and ending December 31, 2020 (the "Historic Base Period"), and the
5 projected results for the period beginning January 1, 2022 and ending
6 December 31, 2022 (the "Forward Test Year"), adjusted on a pro forma basis
7 for the normalization and annualization of certain amounts included in
8 these periods. I show that retail gas revenues at current rates do not and
9 will not produce a level of net operating income sufficient to provide a fair
10 return on the net original cost of NIPSCO's property, plant, and equipment
11 owned, operated, and serving jurisdictional gas customers. I also quantify
12 the amount by which retail gas revenues should be increased so that the
13 Company may have the opportunity to earn a fair and reasonable return.

14 Specifically, my testimony:

- 15 • Provides an explanation of the Company's use of a historical base
16 period and forward looking test year.
- 17 • Briefly discusses the application of General Administrative Order
18 2013-5 ("GAO 2013-5) and Minimum Standard Filing Requirements
19 ("MSFRs").
- 20 • Discusses the Company's proposed rate relief in this proceeding.
- 21 • Provides an overview of the attachments sponsored in this Cause.

- 1 • Supports normalization adjustments made to the Historic Base
2 Period and ratemaking adjustments made to the Forward Test Year
3 to support the Company's proposed basic rates and charges.

4 **Q7. Are you sponsoring any attachments to your direct testimony in this**
5 **Cause?**

6 A7. Yes. I am sponsoring Attachments 3-A-S1 through Attachment 3-C-S1 and
7 Attachments 3-A-S2 through Attachment 3-C-S2, Attachment 3-D, and
8 Attachment 3-E, all of which were prepared by me or under my direction
9 and supervision. The reference to "S1" represents the attachments for Step
10 1 rates (based on projected rate base, related depreciation and amortization
11 expense, and capital structure as of the June 30, 2022 proposed cutoff date).
12 The reference to "S2" represents the attachments for Step 2 rates (based on
13 projected rate base, related depreciation and amortization expense, and
14 capital structure as of the December 31, 2022 Forward Test Year cutoff date).
15 The attachments designated "S1" are provided for informational purposes,
16 as the Step 1 compliance filing will be derived from actual rate base as of
17 June 30, 2022 (rather than the projected). The attachments designated "S2"
18 support NIPSCO's request as of the end of the Forward Test Year in this
19 filing. As further described below, I also sponsor a portion of the
20 workpapers included in Petitioner's Confidential Exhibit No. 19-X (S1, S2).

1 I am also sponsoring Attachment A to the Verified Petition, which is the
2 form of Net Operating Income Statement at present and proposed rates that
3 I understand has been recommended by the Commissions' General
4 Administrative Order 20-05 ("GAO 20-05").

5 **Q8. Please describe Petitioner's Confidential Exhibit No. 19-X (S1, S2).**

6 A8. Petitioner's Confidential Exhibit No. 19-S2 includes an Adjustment Matrix
7 that shows each of the Company's adjustments, the witness supporting the
8 adjustment, and where in the witness testimony you can find the discussion
9 of the adjustment. The Adjustment Matrix is followed by workpapers that
10 support each of the adjustments. These workpapers are organized by and
11 are aligned with the individual adjustments included in Attachment 3-C-
12 S2. Petitioner's Confidential Exhibit No. 19-S1 provides the same
13 information, however, only for the adjustments that changed between Step
14 1 (S1) and Step 2 (S2).

15 **Test Year**

16 **Q9. Please state the test year NIPSCO is proposing for use in setting rates in**
17 **this proceeding.**

18 A9. NIPSCO's proposed rates are based on a forward looking test year
19 beginning January 1, 2022 and ending December 31, 2022. This is consistent

1 with Ind. Code § 8-1-2-42.7 which states that the Commission shall approve
2 a test period that is “(1) A forward looking test period determined on the
3 basis of projected data for the twelve (12) month period beginning not later
4 than twenty-four (24) months after the date on which the utility petitions
5 the commission for a change in its basic rates and charges.” The beginning
6 of the Forward Test Year is less than 24 months after the date on which the
7 petition in this case was filed.

8 **Q10. Has the Company provided information supporting a comparable**
9 **historic base period?**

10 A10. Yes. The Company has provided information for the Historic Base Period.
11 Additionally, the Company is providing information for the period
12 beginning January 1, 2021 and ending December 31, 2021 (the “2021 Budget
13 Period”) for comparison purposes.

14 **Q11. Has the Company made any adjustments to the Historic Base Period or**
15 **the Forward Test Year?**

16 A11. Yes. The Company has proposed both ratemaking and forward looking
17 adjustments to the Historic Base Period and Forward Test Year to support
18 the forecasted amounts for the Forward Test Year as well as the

1 normalization and annualization of these periods. Each of these
2 adjustments is sponsored by a NIPSCO witness and is supported by
3 attachments and workpapers as further described below.

4 **Q12. Please explain how the adjustments between the Historic Base Period**
5 **and the Forward Test Year are shown in the revenue requirements**
6 **schedules.**

7 A12. Each pro forma adjustment is shown as follows:

- 8 • Historic Base Period 2020
- 9 • Normalization Adjustment (Adjustment XX-20)
- 10 • Normalized Historic Base Period 2020
- 11 • Budget Adjustment (for 2021) (Adjustment XX-21)
- 12 • 2021 Budget Period
- 13 • Budget Adjustment (for 2022) (Adjustment XX-22)
- 14 • Forward Test Year 2022
- 15 • Ratemaking Adjustment (Adjustment XX-22R)
- 16 • Pro forma Forward Test Year 2022

17

18 If there is more than one adjustment, those adjustments would include an
19 “A” (first adjustment) or “B” (second adjustment) designation. For
20 example, if there are two Normalization Adjustments to the Historic Base

1 Period 2020, they would be designated as Adjustment XX-1A-20 and
2 Adjustment XX-1B-20.

3 **MSFRs and GAO 2013-5**

4 **Q13. Has NIPSCO filed the information that would be required under the**
5 **Commission's final rules on the MSFRs (170 IAC 1-5-1 through 16)?**

6 A13. Yes. In its Petition filed in this Cause, NIPSCO provided notice of its intent
7 to file information required under the MSFRs in this proceeding –
8 recognizing, of course, that the MSFRs were designed with historic test
9 years in mind, so that the MSFRs are not a perfect fit with a projected test
10 year rate case. Based on this, as recommended by GAO 2013-5, NIPSCO
11 used the MSFRs as guidance as to the categories of information to include
12 in its case in chief and supporting documentation. Also, for certain of the
13 MSFRs, NIPSCO provided a reference to where the information can be
14 found in its Case-in-Chief for the Forward Test Year.

15 **Q14. Has NIPSCO followed Appendix B to the Commission's Recommended**
16 **Best Practices for Rate Cases Submitted under Ind. Code § 8-1-2-42.7**
17 **(GAO 2013-5) as it relates to the MSFRs?**

18 A14. Yes. Appendix B, Page 2, Footnote 1, states that the “[h]istoric base period
19 is the most recent twelve-month period of available data with an ending

1 date that mirrors the . . . future test year ending date.” In preparing the data
2 responsive to the MSFRs for this proceeding, NIPSCO has provided all data
3 for the Historic Base Period (calendar year 2020). In accordance with 170
4 IAC 1-5-14(1), NIPSCO has provided historic information by month for the
5 months of January 2020 through July 2021, the latest date for which such
6 historic information is available at the time of the petition filing. As
7 additional information becomes available, NIPSCO will supplement its
8 response through the date of the final hearing. Additionally, NIPSCO has
9 provided supporting models and calculations supporting amounts
10 included in the Forward Test Year. As further described above, this
11 information can be found in Petitioner's Confidential Exhibit No. 19-X (S1
12 and S2).

13 **Q15. Has NIPSCO followed Appendix B to the Commission's Recommended**
14 **Best Practices for Rate Cases Submitted under Ind. Code § 8-1-2-42.7**
15 **(GAO 2013-5) as it relates to the supporting documentation for changes**
16 **between the Historic Base Period and the Forward Test Year?**

17 A15. Yes. NIPSCO witnesses have provided various attachments and
18 workpapers to support and document the Forward Test Year. Specifically,
19 each change between the Historic Base Period and the Forward Test Year is

1 reflected as an individual adjustment in the revenue requirement
2 attachments and explained in testimony. These attachments are explained
3 in further detail below.

4 **Rate Relief Requested**

5 **Q16. What relief is NIPSCO requesting in this proceeding?**

6 A16. As shown in Attachment 3-A-S2, the Company is requesting that retail gas
7 rates be designed to recover through base rates the gross retail gas revenue
8 amount of \$929,576,850 (Page 1, Line 2, Column H). This amount is an
9 increase of \$115,323,504 (Page 1, Line 2, Column F) over the forecasted test
10 year pro forma results based on current rates. All else being equal, rates
11 based upon this level of annual retail gas revenue requirement will provide
12 NIPSCO with an opportunity to earn annual jurisdictional net operating
13 income of \$166,010,637 (Page 2, Line 50, Column H). NIPSCO's proposed
14 rates have been calculated using NIPSCO's requested return on the
15 Forward Test Year original cost rate base and capital structure.
16 Calculations supporting this request are presented in Attachment 3-A-S2
17 through Attachment 3-C-S2.

18 **Q17. Please describe how NIPSCO will ensure that the basic rates and charges**
19 **that are implemented in this proceeding will reflect rate base that is used**

1 **and useful.**

2 A17. NIPSCO's proposed base rates in this proceeding are calculated based on
3 the forecasted rate base and capital structure for the Forward Test Year.
4 NIPSCO is proposing to implement the requested rate relief in this
5 proceeding in a two-step process to reasonably reflect the utility property
6 that is used and useful at the time rates are placed into effect. As such,
7 NIPSCO proposes to adjust the basic rates and charges in two distinct steps.
8 As part of "Step 1," in anticipation of receiving an order within the 300-day
9 rate case standard procedural schedule as described in GAO 2013-5 (July
10 26, 2022), NIPSCO is proposing to update its requested relief to be effective
11 subsequent to the receipt of the Commission's Final Order (the "Order")
12 based upon an actual rate base and capital structure cutoff date of June 30,
13 2022. As part of its compliance filing, in addition to any other changes
14 identified in the Order, NIPSCO will update its basic rates and charges to
15 reflect actual rate base, related annualized depreciation and amortization
16 expense, and actual capital structure based on the June 30, 2022 cutoff date.
17 NIPSCO is anticipating that these rates will become effective on September
18 1, 2022 and remain in effect until replaced by Commission-approved rates

1 resulting from NIPSCO's proposed second compliance filing as part of
2 "Step 2."

3 As part of "Step 2," NIPSCO is proposing to file a second compliance filing
4 subsequent to the end of the Forward Test Year. In Step 2, NIPSCO will
5 update its basic rates and charges to reflect actual rate base, related
6 annualized depreciation and amortization expense, and actual capital
7 structure based on the December 31, 2022 Forward Test Year cutoff date.
8 NIPSCO is proposing that these rates will go into effect on March 1, 2023.
9 Consistent with the Commission's prior orders in future test year rate cases,
10 NIPSCO proposes that the Step 1 and Step 2 rates would take effect
11 immediately upon filing on an interim-subject-to-refund basis, with other
12 parties being offered a period of sixty (60) days to review and present any
13 objections. If needed to resolve any objections, NIPSCO would propose the
14 Commission conduct a hearing and rates would be trued up retroactive to
15 the date such rates were put into place.

16 **Q18. Has NIPSCO presented a revenue requirement for both "Step 1" and**
17 **"Step 2" in this filing?**

1 A18. Yes. Attachment 3-A-S1 through Attachment 3-C-S1 detail the "Step 1"
2 revenue requirement. Attachment 3-A-S2 through Attachment 3-C-S2
3 detail the "Step 2" revenue requirement. As noted above, the attachments
4 denoted "S1" are being provided for informational purposes.

5 **Revenue Requirement**

6 **Q19. Please describe the attachments that support NIPSCO's revenue**
7 **requirement.**

8 A19. Attachment 3-A-S2 (pages 1 and 2) is NIPSCO's Statement of Operating
9 Income for the Forward Test Year shown on a forecasted basis, with pro
10 forma adjustments, to arrive at operating income at current and proposed
11 rates. Attachment 3-A-S2 (page 3) shows the calculation of the required net
12 operating income. NIPSCO is requesting that rates be calculated to afford
13 the opportunity to earn a return equal to the weighted average cost of
14 capital as applied to the Forward Test Year original cost rate base. NIPSCO
15 is satisfied that this will afford NIPSCO the opportunity to earn a fair return
16 on the Company's net original cost rate base. Attachment 3-A-S2 (page 4)
17 is a summary of Rate Base. Attachment 3-A-S2 (page 5) is a summary of the
18 capital structure. Attachment 3-B-S2 includes the major components of the
19 revenue requirement (e.g. Operating Revenue, Gas Costs, Operations and

1 Maintenance Expense, etc.) with detail for each major "subcomponent," as
2 well as the actual and projected rate base and capital structure as of
3 December 31, 2020, December 31, 2021, and December 31, 2022. Attachment
4 3-C-S2 shows, by subcomponent, the changes between the Historic Base
5 Period and the Forward Test Year including a listing of each individual
6 normalization, budget, and ratemaking adjustment. This reconciliation
7 from the Historic Base Period to the Forward Test Year is discussed further
8 below. Finally, Petitioner's Confidential Exhibit No. 19-S2 includes the
9 workpapers supporting each adjustment.

10 **Q20. How did you develop the revenue requirement for the Forward Test**
11 **Year?**

12 A20. At a high level, the proposed revenue requirement was based on the 2022
13 budget, as developed and described by NIPSCO Witness Camp, adjusted
14 for ratemaking adjustments. In this filing, for each revenue requirement
15 component, NIPSCO provides support and models to describe the changes
16 from the 2020 actual results to the 2022 forecasted amounts which are used
17 for ratemaking purposes. This documentation supports the proposed 2020
18 and 2022 normalization and ratemaking adjustments, and where
19 applicable, the 2021 and 2022 budget adjustments. Since this is the same

1 level of detail that was provided in NIPSCO's first gas retail base rate
2 request (Cause No. 44988) and most recent electric retail base rate request
3 (Cause No. 45159), both using a future or projected test period, the
4 Commission and stakeholders should be familiar with this approach.

5 **Q21. Please describe how your attachments are organized to walk through the**
6 **development of the future test year revenue requirement.**

7 A21. Attachment 3-A-S2 (pages 1 and 2) is NIPSCO's Statement of Operating
8 Income for the Forward Test Year shown on a forecasted basis, with pro
9 forma adjustments at current and proposed rates. This attachment serves
10 as a summary of the revenue requirement and also serves as a map with
11 references to the supporting attachments and workpapers that support the
12 budget adjustments, pro forma adjustments, and required net operating
13 income included in this filing. Specifically, Column B shows the actual
14 results for the Historic Base Period, the twelve months ended December 31,
15 2020. Column C shows the proposed pro forma, budget and ratemaking
16 adjustments. Column D shows the schedule reference to each of the line
17 items in Column C. Column E shows the pro forma Forward Test Year
18 (twelve months ended December 31, 2022) results based on current rates.
19 Column F shows the pro forma adjustments necessary to produce the

1 required net operating income. Column G shows the pro forma reference
2 to each of the line items in Column F. Column H reflects the resulting pro
3 forma results based on proposed rates.

4 **Q22. Please explain the references in Attachment 3-A-S2 (pages 1 and 2),**
5 **Columns D and G.**

6 A22. The revenue requirement as shown on Attachment 3-A-S2 is divided into a
7 number of subsections. These subsections include Operating Revenue
8 (Line 7), Gas Costs or Cost of Gas Sold ("COGS") (Line 14), Operations and
9 Maintenance Expenses (Line 22), Depreciation Expense (Line 29),
10 Amortization Expense (Line 36), Taxes Other Than Income (Line 44), and
11 Income Taxes (Line 47). These groupings are generally consistent with 170
12 IAC 1-5-8(a)(1)(C). NIPSCO has created "modules" for each of these major
13 groupings to provide additional transparency and detail which support the
14 pro forma adjustments and budget adjustments related to these groupings.
15 The reference to these modules, which are included in Attachment 3-B-S2,
16 are shown in Column D unless otherwise noted. The references in Column
17 G are to Attachment 3-C-S2, where detail support can be found for the pro
18 forma adjustments necessary to produce the required net operating income.

1 **Q23. Please explain the module concept in more detail.**

2 A23. As described above, the module for each grouping is referenced in Column
3 D of Attachment 3-A-S2. Each module represents a “drill-down” into the
4 subcomponents of the overall grouping. These modules are included in
5 Attachment 3-B-S2. For example, in the Operating Revenue subsection in
6 Attachment 3-A-S2, Column D references the REV Module, Col X. Those
7 references are found in Attachment 3-B-S2. The REV Module is the drill-
8 down detail for “Operating Revenues” consisting of multiple
9 “subcomponents” as shown in Column A. Column C of Attachment 3-A-
10 S2 provides a summary of the total value of the normalization, budget, and
11 ratemaking adjustments related to each individual subcomponent.

12 **Q24. Please explain how the documentation is organized under each**
13 **individual subcomponent in Attachment 3-B-S2.**

14 A24. There are certain “subcomponents” that are impacted by multiple pro
15 forma adjustments. Therefore, in order to summarize this information,
16 NIPSCO created a reconciliation for each subcomponent that steps through
17 the following categories:

- 18 • Column A - Historic Base Period (twelve months ended December
19 31, 2020)

- 1 • Column B - Normalization Adjustments (identified throughout as
2 Adjustment "XX-20")

- 3 • Column C - Normalized Historic Base Period (ending December 31,
4 2020)

- 5 • Column D - Budget Adjustments which represent adjustments to
6 transition from the Historic Base Period to the 2021 Budget Period
7 (identified throughout as Adjustment "XX-21")

- 8 • Column E - 2021 Budget Period (ending December 31, 2021)

- 9 • Column F - Budget Adjustments which represent adjustments to
10 transition from the 2021 Budget Period to the 2022 Forward Test Year
11 (identified throughout as Adjustment "XX-22")

- 12 • Column G - Forward Test Year (ending December 31, 2022)

- 13 • Column H - Ratemaking Adjustments (identified throughout as
14 Adjustment "XX-22R")

- 15 • Column I - Pro forma Forward Test Year (ending December 31, 2022)
16 at current rates (proposed revenue requirement for ratemaking
17 purposes in this case)

18 The reconciliation related to each of the subcomponents and individual
19 adjustments is included in Attachment 3-C-S2. For example, Retail Sales is
20 the first subcomponent of Operating Revenues shown on Attachment 3-B-
21 S2, REV Module, Line 1. The reconciliation related to this subcomponent,
22 which details the amounts listed, is found in Attachment 3-C-S2, REV 1.
23 Finally, the workpapers supporting each adjustment shown in Column B in
24 Attachment 3-C-S2 can be found in Petitioner's Confidential Exhibit No. 19-
25 S2.

1 **Q25. Are there certain pro forma adjustments that impact multiple**
2 **subcomponents?**

3 A25. Yes. For example, pro forma Adjustment REV 1A-20 impacts REV 1, REV
4 2, and REV 6. Therefore, in an effort to show how the pro forma
5 adjustments impact each subcomponent, NIPSCO has included in
6 Attachment 3-B-S2, a matrix for Revenue and Gas Costs or Cost of Gas Sold
7 (“COGS”) that summarizes the impact of each normalization and
8 ratemaking adjustment on the individual subcomponents.

9 **Q26. In the context of a future or projected test period, what standards or**
10 **decision criteria did you use in making normalization, budget, and**
11 **ratemaking adjustments?**

12 A26. Normalization, budget, and ratemaking adjustments were made as
13 necessary to reflect NIPSCO's judgment as to revenues and costs that will
14 be incurred in 2022 and will occur on an ongoing basis, including the impact
15 of ratemaking decisions coming out of this rate case proceeding.

16 **Q27. Are there some adjustments shown on Attachment 3-C-S2 that are not**
17 **discussed below?**

1 A27. Yes. None of the adjustments made to the Historic Base Period to reflect
2 the budget amounts for the 2021 Budget Period (denoted as XXX X-21, i.e.,
3 REV 7-21) and the Forward Test Year (denoted as XXX X-22, i.e., REV 7-22)
4 are discussed below. NIPSCO Witness Camp presents the budget amounts
5 for the 2021 Budget Period and Forward Test Year.

6 **Operating Revenue**

7 **Q28. Please describe how the Operating Revenue Adjustments are organized.**

8 A28. Attachment 3-A-S2 (Page 1, Lines 2 through 6) shows the total Operating
9 Revenue as of December 31, 2020, Pro forma Adjustments at December 31,
10 2020, Budget Adjustments at December 31, 2021, and December 31, 2022,
11 and Ratemaking Adjustments at December 31, 2022. Column D provides a
12 reference for each line item to Attachment 3-B-S2, REV Module, and
13 Column G shows the Attachment 3-C-S2 pro forma reference to each of the
14 line items in Column F. Attachment 3-B-S2, REV Module, shows the
15 subcomponent detail for the 2021 and 2022 budgeted Operating Revenues.
16 Attachment 3-C-S2, REV 1 through REV 12, include the detailed
17 reconciliation showing the individual adjustments for each subcomponent.
18 This attachment also shows the 2021 and 2022 budgeted Operating
19 Revenues. I discuss each normalization and ratemaking adjustment,

1 making reference to other Company witnesses where necessary. NIPSCO
2 Witness Camp presents the budget components related to Operating
3 Revenues and discusses the overall forecasting process related to these
4 amounts. Petitioner's Confidential Exhibit No. 19-S2 includes the
5 workpapers supporting each adjustment.

6 **Q29. Please provide a summary of the normalization, budget, and ratemaking**
7 **pro forma adjustments related to revenue.**

8 A29. Attachment 3-B-S2 includes a Revenue Matrix ("REV Matrix") that
9 summarizes the pro forma adjustments related to revenue. NIPSCO has
10 provided this matrix for the revenue adjustments because certain revenue
11 normalization and ratemaking adjustments impact multiple
12 subcomponents within revenue. The adjustments shown in Attachment 3-
13 B-S2, REV Module and Revenue Matrix, are included in individual
14 adjustments and reconciliations in Attachment 3-C-S2. Additionally, the
15 supporting workpapers can be found in Petitioner's Confidential Exhibit
16 No. 19-S2.

17 **Q30. Please explain Adjustment REV 1A-20 on Attachment 3-C-S2, REV 1A-20.**

1 A30. Adjustment REV 1A-20 is to increase Historic Base Period gas operating
2 revenues in the amount of \$21,973,383 to normalize weather-related sales.
3 NIPSCO Witness Siegler sponsors this adjustment. A related adjustment
4 was made to cost of gas sold in Adjustment COGS 1A-20.

5 **Q31. Please explain Adjustment REV 1B-20 on Attachment 3-C-S2, REV 1B-20.**

6 A31. Adjustment REV 1B-20 is to decrease Historic Base Period gas operating
7 revenues in the amount of \$270,857 to remove all revenue from Guaranteed
8 Minimum contracts. NIPSCO Witness Siegler sponsors this adjustment.

9 **Q32. Please explain Adjustment REV 1C-20 on Attachment 3-C-S2, REV 1C-20.**

10 A32. Adjustment REV 1C-20 is to decrease Historic Base Period gas operating
11 revenues in the amount of \$659,909 to annualize rate migrations that
12 occurred during the Historic Base Period. NIPSCO Witness Siegler
13 sponsors this adjustment. A related adjustment was made to cost of gas
14 sold in COGS 1B-20.

15 **Q33. Please explain Adjustment REV 1-22R on Attachment 3-C-S2, REV 1-22R.**

16 A33. Adjustment REV 1-22R is to increase Forward Test Year gas operating
17 revenues in the amount of \$50,893,238 to update the forecast to reflect a 20
18 year average weather normalization. NIPSCO Witness Siegler sponsors

1 this adjustment. A related adjustment was made to cost of gas sold in
2 Adjustment COGS 1-22R.

3 **Q34. Please explain Adjustment REV 2-22R on Attachment 3-C-S2, REV 2-22R.**

4 A34. Adjustment REV 2-22R is to decrease Forward Test Year operating
5 revenues in the amount of \$14,765,448 to remove Alternative Regulatory
6 Plan program (GCIM, Capacity Release, Optional Storage Service, Price
7 Protection Service and DependableBill) revenues pursuant to the
8 Commission's Order in Cause No. 44988. NIPSCO Witness Siegler
9 sponsors this adjustment. A related adjustment was made to cost of gas
10 sold in Adjustment COGS 2-22R.

11 **Q35. Please explain Adjustment REV 3-22R on Attachment 3-C-S2, REV 3.**

12 A35. Adjustment REV 3-22R is to increase Forward Test Year gas operating
13 revenues in the amount of \$1,009,328 to reflect growth in Transmission,
14 Distribution, and Storage System Improvement Charge ("TDSIC")
15 revenues to reflect filings that were made subsequent to creation of the
16 budget. If this adjustment is not included, Forward Test Year gas operating
17 revenues would be understated.

18 **Q36. Please explain Adjustment REV 5-22R on Attachment 3-C-S2, REV 5.**

1 A36. Adjustment REV 5-22R is to decrease Forward Test Year gas operating
2 revenues in the amount of \$378,880 for demand-side management (“DSM”)
3 lost revenues that will continue to be recovered through NIPSCO’s Demand
4 Side Management Adjustment (“DSMA”) tracker filing after “Step 1” base
5 rates are implemented. If this adjustment is not included, Forward Test
6 Year gas operating revenues would be overstated.

7 **Q37. Please explain Adjustment REV 7-22R on Attachment 3-C-S2, REV 7.**

8 A37. Adjustment REV 7-22R is to decrease Forward Test Year operating revenue
9 in the amount of \$152,506 to reflect an historical 5-year average and remove
10 off-system displacement revenue. NIPSCO Witness Campbell sponsors
11 this adjustment. If this adjustment is not included, Forward Test Year gas
12 operating revenues would be overstated.

13 **Q38. Please explain Adjustment REV 8-22R on Attachment 3-C-S2, REV 8.**

14 A38. Adjustment REV 8-22R is to increase the Forward Test Year operating
15 revenue in the amount of \$144,405 associated with revenues for commercial
16 and industrial balancing, as this activity is budgeted at margin. NIPSCO
17 Witness Siegler sponsors this adjustment. A related adjustment was made
18 to cost of gas sold in Adjustment COGS 5-22R.

1 **Expense Adjustments**

Cost of Gas Sold ("COGS") Expense Adjustments

2 **Q39. Please describe how the COGS Adjustments are organized?**

3 A39. Attachment 3-A-S2 (Page 1, Lines 9 through 13) shows the total Gas Costs
4 as of December 31, 2020, Pro forma Adjustments at December 31, 2020,
5 Budget Adjustments at December 31, 2021, and December 31, 2022, and
6 Ratemaking Adjustments at December 31, 2022. Column D provides a
7 reference for each line item to Attachment 3-B-S2, COGS Module, and
8 Column G shows the Attachment 3-C-S2 pro forma reference to each of the
9 line items in Column F. Attachment 3-B-S2, COGS Module, shows the
10 subcomponent detail for the 2021 and 2022 budgeted Gas Costs.
11 Attachment 3-C-S2, COGS 1 through COGS 5, include the detailed
12 reconciliation showing the individual adjustments for each subcomponent.
13 This attachment also shows the 2021 and 2022 budgeted Gas Costs. I
14 discuss each normalization and ratemaking adjustment, making reference
15 to other Company witnesses where necessary. NIPSCO Witness Camp
16 discusses each of the budget components related to Cost of Gas Sold and
17 the overall forecasting process related to these amounts. Petitioner's

1 Confidential Exhibit No. 19-S2 includes the workpapers supporting each
2 adjustment.

3 **Q40. Please provide a summary of the normalization, and ratemaking pro**
4 **forma adjustments related to cost of gas sold.**

5 A40. Attachment 3-B-S2 includes a COGS Matrix that summarizes the pro forma
6 adjustments related to cost of gas sold. NIPSCO has provided this matrix
7 for the COGS adjustments as certain cost of gas sold normalization and
8 ratemaking adjustments impact multiple subcomponents within cost of gas
9 sold. The adjustments shown in the COGS Matrix are included in
10 individual adjustments and reconciliations in Attachment 3-C-S2.
11 Additionally, the supporting workpapers can be found in Petitioner's
12 Confidential Exhibit No. 19-S2.

13 **Q41. Please explain Adjustment COGS 1A-20 on Attachment 3-C-S2, COGS**
14 **1A-20.**

15 A41. Adjustment COGS 1A-20 is to increase Historic Base Period cost of gas sold
16 in the amount of \$13,684,851 to normalize weather-related sales. NIPSCO
17 Witness Siegler sponsors this adjustment. A related adjustment was made
18 to operating revenues in Adjustment REV 1A-20.

1 **Q42. Please explain Adjustment COGS 1B-20 on Attachment 3-C-S2, COGS**
2 **1B-20.**

3 A42. Adjustment COGS 1B-20 is to decrease Historic Base Period cost of gas sold
4 in the amount of \$646,815 to annualize rate migrations that occurred during
5 the Historic Base Period. NIPSCO Witness Siegler sponsors this
6 adjustment. A related adjustment was made to operating revenues in
7 Adjustment REV 1C-20.

8 **Q43. Please explain Adjustment COGS 1-22R on Attachment 3-C-S2, COGS 1-**
9 **22R.**

10 A43. Adjustment COGS 1-22R is to increase Forward Test Year cost of gas sold
11 in the amount of \$54,141,333 to update the forecast to reflect a 20 year
12 average weather normalization. NIPSCO Witness Siegler sponsors this
13 adjustment. A related adjustment was made to operating revenues in
14 Adjustment REV 1-22R.

15 **Q44. Please explain Adjustment COGS 2-22R on Attachment 3-C-S2, COGS 2-**
16 **22R.**

17 A44. Adjustment COGS 2-22R is to decrease Forward Test Year operating
18 revenues in the amount of \$9,565,448 to remove Alternative Regulatory

1 Plan program (GCIM, Capacity Release, Optional Storage Service, Price
2 Protection Service and Dependable Bill) cost of gas sold pursuant to the
3 Commission's Order in Cause No. 44988. NIPSCO Witness Siegler
4 sponsors this adjustment. A related adjustment was made to operating
5 revenues in Adjustment REV 2-22R.

6 **Q45. Please explain Adjustment COGS 5-22R on Attachment 3-C-S2, COGS 5-**
7 **22R.**

8 A45. Adjustment COGS 5-22R is to increase the Forward Test Year cost of gas
9 sold in the amount of \$1,768,978 to include gas costs associated with
10 commercial and industrial balancing as this activity is budgeted at margin.
11 NIPSCO Witness Siegler sponsors this adjustment. A related adjustment
12 was made to operating revenues in Adjustment REV 8-22R.

Operating Expense Adjustments

13 **Q46. Please describe how the Operations and Maintenance Expense ("O&M"**
14 **or "OM") adjustments are organized.**

15 A46. Attachment 3-A-S2 (Page 1, Lines 17 through 21) shows the total O&M
16 Expenses as of December 31, 2020, Pro forma Adjustments at December 31,
17 2020, Budget Adjustments at December 31, 2021 and December 31, 2022,
18 and Ratemaking Adjustments at December 31, 2022. Unless noted

1 otherwise, Column D provides a reference for each line item to Attachment
2 3-B-S2, O&M Module, and Column G shows the Attachment 3-C-S2 pro
3 forma reference to each of the line items in Column F. Attachment 3-B-S2,
4 O&M Module, shows the subcomponent detail for the 2021 and 2022
5 budgeted O&M Expenses. Attachment 3-C-S2, OM 1 through OM 22
6 include the detailed reconciliation showing the individual adjustments for
7 each subcomponent. This attachment also shows the 2021 and 2022
8 budgeted O&M Expenses. I discuss each normalization and ratemaking
9 adjustment, making reference to other Company witnesses where
10 necessary. NIPSCO Witness Camp presents the budget components related
11 to the O&M Expenses and discusses the overall forecasting process relating
12 to these amounts. Petitioner's Confidential Exhibit No. 19-S2 shows the
13 witness supporting each of the O&M Adjustments and includes the
14 workpapers supporting each adjustment.

15 **Q47. Please provide a summary of the Gas Operations normalization, budget,**
16 **and ratemaking adjustments shown on Attachment 3-B-S2, O&M**
17 **Module, Line 2.**

18 A47. The Gas Operations adjustments shown on Attachment 3-B-S2, O&M
19 Module, Line 2, reflect the total of four Gas Operations adjustments

1 (Adjustments OM 2A through OM 2D). NIPSCO has provided a matrix for
2 the Gas Operations adjustments to show each of the individual Gas
3 Operations normalization, budget, and ratemaking adjustments in
4 Attachment 3-C-S2, OM 2 Matrix, Page [.1]. NIPSCO Witness Smith
5 sponsors Adjustments OM 2A and OM 2D. NIPSCO Witness Sylvester
6 sponsors Adjustment OM 2B. NIPSCO Witness Campbell sponsors
7 Adjustment OM 2C.

8 **Q48. Please explain Adjustment OM 3-22R on Attachment 3-C-S2, OM 3.**

9 A48. Adjustment OM 3-22R is to decrease Forward Test Year operating expenses
10 in the amount of \$607,451 for Other Department operations. This
11 adjustment was made to update the budgeted gas/electric allocation based
12 upon the 2020 actual split and to remove cloud computing amortization out
13 of O&M. Cloud computing amortization is reflected in AMTZ 2, Gas
14 Common Amortization. Inclusion of cloud computing costs in rate base
15 was approved in NIPSCO's most recent electric rate case, Cause No. 45159
16 and, therefore, the cost of the asset will be amortized over the life of the
17 contract. The net effect of this adjustment is for NIPSCO to recover the gas
18 allocation through amortization expense. If this adjustment is not included,
19 the Forward Test Year gas operating expenses would be overstated.

1 **Q49. Please explain Adjustment OM 4-22R on Attachment 3-C-S2, OM 4.**

2 A49. Adjustment OM 4-22R is to increase Forward Test Year operating expenses
3 in the amount of \$348,000 to reflect the ongoing and expanded levels of
4 federally mandated operations and maintenance expenses associated with
5 NIPSCO's Enhanced Emergency Responder Program currently being
6 recovered through NIPSCO's FMCA mechanism. NIPSCO Witness Smith
7 sponsors this adjustment.

8 **Q50. Please explain Adjustment OM 5-20 on Attachment 3-C-S2, OM 5.**

9 A50. Adjustment OM 5-20 is to decrease Historic Base Period operating expenses
10 in the amount of \$70,610 related to TDSIC operations and maintenance
11 expenses previously recovered through NIPSCO's TDSIC mechanism.
12 Subsequent to Cause No. 44988, NIPSCO no longer tracks TDSIC
13 operations and maintenance expenses for recovery in NIPSCO's TDSIC
14 mechanism, and any ongoing O&M is included as part of OM 2, Gas
15 Operations. If this adjustment is not included, the Historic Base Period gas
16 operating expenses would be overstated.

17 **Q51. Please explain Adjustments OM 6A-22R through OM 6D-22R on**
18 **Attachment 3-C-S2, OM 6.**

1 A51. These adjustments are to decrease Forward Test Year operating expenses in
2 the amount of \$978,484 to remove the following expenses:

Adjustment	Amount	Cost Type
6A-22R	\$369,698	Lobbying expenses
6B-22R	\$183,291	Non-recoverable advertising expenses
6C-22R	\$212,515	Certain expenses that NIPSCO is not seeking recovery
6D-22R	\$213,038	ARP (GCIM, Capacity Release, Optional Storage Service, Price Protection Service and Depend-a-Bill) expenses pursuant to the Commission's Order in Cause No. 44988

3
4 A summary of these adjustments can also be found on Attachment 3-C-S2,
5 OM 6. If these adjustments are not included, the Forward Test Year gas
6 operating expenses would be overstated.

7 **Q52. Please explain Adjustment OM 7-20 on Attachment 3-C-S2, OM 7.**

8 A52. Adjustment OM 7-20 is to increase Historic Base Period operating expenses
9 in the amount of \$4,872,570 to normalize NCSC Corporate Service Bill
10 expenses. If these adjustments are not included, the Historic Base Year gas
11 operating expenses would be understated. NIPSCO Witness Gode
12 sponsors this adjustment.

13 **Q53. Please explain Adjustment OM 7-22R on Attachment 3-C-S2, OM 7.**

1 A53. Adjustment OM 7-22R is to decrease Forward Test Year operating expenses
2 in the amount of \$702,723 to normalize NCSC Corporate Service Bill
3 expenses for the Forward Test Year to reflect various adjustments and the
4 removal of profit sharing. If these adjustments are not included, the
5 Forward Test Year gas operating expenses would be overstated. NIPSCO
6 Witness Bly sponsors this adjustment.

7 **Q54. Please explain Adjustment OM 8-22R on Attachment 3-C-S2, OM 8.**

8 A54. Adjustment OM 8-22R is to increase Forward Test Year operating expenses
9 in the amount of \$1,200,243 to reflect the level of corporate insurance
10 expense based on 2020 actual gas allocation and increases in premiums for
11 policies that were renewed after the budget was finalized. NIPSCO If this
12 adjustment is not included, Forward Test Year gas operating expenses
13 would be understated.

14 **Q55. Please explain Adjustment OM 9-20 and OM 9-22R on Attachment 3-C-**
15 **S2, OM 9.**

16 A55. Adjustment OM 9-20 is to increase Historic Base Period operating expenses
17 in the amount of \$2,781,520 to normalize rents and leases to reflect an
18 annualized level of 134th Street Project minimum lease payments consistent

1 with the Forward Test Year. A full year of minimum lease payments are
2 not reflected in 2020 actuals. The 2021 Budget Period and 2022 Forward
3 Test Year reflect a full year of minimum lease payments. To make the
4 Historic Base Period comparable, a normalization adjustment is necessary
5 to increase rents and leases for the 134th street project minimum lease
6 payments. If this adjustment is not included, Historic Base Period gas
7 operating expenses would be understated. Adjustment OM 9-22R then
8 decreases Forward Test Year operating expenses in the amount of
9 \$2,014,476 to reflect the level of rents and leases based on 2020 normalized
10 gas allocation. If this adjustment is not included, Forward Test Year gas
11 operating expenses would be overstated.

12 **Q56. Please explain Adjustment OM 10-20 on Attachment 3-C-S2, OM 10.**

13 A56. Adjustment OM 10-20 is to decrease Historic Base Period operating
14 expenses in the amount of \$4,478,759 related to remove environmental
15 expenses that NIPSCO is not seeking to recover in base rates. If this
16 adjustment is not included, the Historic Base Period gas operating expenses
17 would be overstated.

18 **Q57. Please explain Adjustment OM 11-22R on Attachment 3-C-S2, OM 11.**

1 A57. Adjustment OM 11-22R is to decrease Forward Test Year operating
2 expenses in the amount of \$2,637,086 (decrease of \$1,127,646 to reflect bad
3 debt (uncollectibles) expense based on a seven year average of write-offs
4 and 2020 actual gas allocation, and decrease of \$1,509,440 to remove bad
5 debt (uncollectibles) expense allocable to gas cost because NIPSCO is
6 proposing no change to its previously authorized recovery of bad debt
7 expense associated with the cost of gas through the Gas Cost Adjustment
8 ("GCA"). As NIPSCO removes from base rates 100 percent of the gas costs
9 to be recovered entirely in the GCA, it is necessary to remove the bad debt
10 expense associated with the gas cost. The bad debt expense associated with
11 the non-gas cost portion remains in base rates. If this adjustment is not
12 included, Forward Test Year gas operating expenses would be overstated.

13 **Q58. Please explain Adjustment OM 12-20 on Attachment 3-C-S2, OM 12.**

14 A58. Adjustment OM 12-20 is to increase Historic Base Period operating
15 expenses in the amount of \$2,902,974 to normalize NIPSCO's corporate
16 incentive compensation ("CIP") expenses to reflect a payout consistent with
17 target levels. NIPSCO Witness Cartella discusses the reasonableness and
18 competitiveness of NIPSCO wages and salaries, including incentive

1 compensation. If this adjustment is not included, the Historic Base Period
2 gas operating expenses would be understated.

3 **Q59. Please explain Adjustment OM 12-22R on Attachment 3-C-S2, OM 12.**

4 A59. Adjustment OM 12-22R is to increase Forward Test Year operating
5 expenses in the amount of \$469,142 related to NIPSCO's CIP expenses to
6 reflect the level of corporate incentive compensation expenses based on
7 2020 actual gas allocation and transfers. NIPSCO Witness Cartella
8 discusses the reasonableness and competitiveness of NIPSCO wages and
9 salaries, including incentive compensation. If this adjustment is not
10 included, Forward Test Year gas operating expenses would be understated.

11 **Q60. Please explain Adjustment OM 13-22R included on Attachment 3-C-S2,**
12 **OM 13.**

13 A60. Adjustment OM 13-22R is to increase Forward Test Year operating
14 expenses in the amount of \$757,125 related to NIPSCO's pension plan to
15 reflect the 2020 actual gas allocations and transfers. If this adjustment is not
16 included, Forward Test Year gas operating expenses would be understated.

17 **Q61. Please explain Adjustment OM 14-22R included on Attachment 3-C-S2,**
18 **OM 14.**

1 A61. Adjustment OM 14-22R is to decrease Forward Test Year operating
2 expenses in the amount of \$439,622 related to NIPSCO's Other Post-
3 Employment Benefits ("OPEB") plan to reflect 2020 actual gas allocation
4 and transfers. If this adjustment is not included, Forward Test Year gas
5 operating expenses would be overstated.

6 **Q62. Please explain Adjustment OM 15-22R included on Attachment 3-C-S2,**
7 **OM 15.**

8 A62. Adjustment OM 15-22R is to decrease Forward Test Year operating
9 expenses in the amount of \$2,902,393 related to NIPSCO's employee
10 medical benefits to reflect the 2020 actual gas allocation and transfers. If
11 this adjustment is not included, Forward Test Year gas operating expenses
12 would be overstated.

13 **Q63. Please explain Adjustment OM 16-20 on Attachment 3-C-S2, OM 16.**

14 A63. Adjustment OM 16-20 is to decrease Historic Base Period operating
15 expenses in the amount of \$1,902,636 to normalize other benefits expense
16 by removing non-recurring severance payments. If this adjustment is not
17 included, Historic Base Period gas operating expenses would be overstated.

18 **Q64. Please explain Adjustment OM 16-22R on Attachment 3-C-S2, OM 16.**

1 A64. Adjustment OM 16-22R is to increase Forward Test Year operating
2 expenses in the amount of \$17,643 related to NIPSCO's other benefits
3 expenses to reflect the 2020 actual gas allocation. If this adjustment is not
4 included, Forward Test Year gas operating expenses would be understated.

5 **Q65. Please explain Adjustment OM 17-22R included on Attachment 3-C-S2,**
6 **OM 17.**

7 A65. Adjustment OM 17-22R is to increase Forward Test Year operating
8 expenses in the amount of \$164,255 related to NIPSCO's other employee
9 benefits to reflect 2020 actual gas allocation and transfers. If this adjustment
10 is not included, Forward Test Year gas operating expenses would be
11 understated.

12 **Q66. Please explain Adjustment OM 18-20 on Attachment 3-C-S2, OM 18.**

13 A66. Adjustment OM 18-20 is to increase Historical Base Period operating
14 expenses in the amount of \$126,687 related to NIPSCO's long-term
15 incentive plan ("LTIP") expense to reflect a payout consistent with target
16 levels. NIPSCO Witness Cartella discusses the reasonableness and
17 competitiveness of NIPSCO wages and salaries, including incentive

1 compensation. If this adjustment is not included, the Historic Base Period
2 gas operating expenses would be understated.

3 **Q67. Please explain Adjustment OM 18-22R on Attachment 3-C-S2, OM 18.**

4 A67. Adjustment OM 18-22R is to increase Forward Test Year operating
5 expenses in the amount of \$31,530 related to NIPSCO's long-term incentive
6 plan ("LTIP") expense to reflect 2020 actual gas allocation. NIPSCO
7 Witness Cartella discusses the reasonableness and competitiveness of
8 NIPSCO wages and salaries, including incentive compensation. If this
9 adjustment is not included, Forward Test Year gas operating expenses
10 would be understated.

11 **Q68. Please explain Adjustment OM 19-22R on Attachment 3-C-S2, OM 19.**

12 A68. Adjustment OM 19-22R is to decrease Forward Test Year operating
13 expenses in the amount of \$409,963 to remove all profit sharing expenses
14 included in the Forward Test Year budget. NIPSCO is not seeking recovery
15 of these amounts in this proceeding. If this adjustment is not included, the
16 Forward Test Year gas operating expenses would be overstated.

17 **Q69. Please explain Adjustment OM 20-22R on Attachment 3-C-S2, OM 20.**

1 A69. Adjustment OM 20-22R is to increase Forward Test Year operating
2 expenses in the amount of \$99,524 related to NIPSCO's benefit
3 administration expense to reflect 2020 actual gas allocation. NIPSCO If this
4 adjustment is not included, Forward Test Year gas operating expenses
5 would be understated.

6 **Q70. Please explain Adjustment OM 21-22R included on Attachment 3-C-S2,**
7 **OM 21.**

8 A70. Adjustment OM 21-22R is to increase Forward Test Year operating
9 expenses in the amount of \$1,623,486 related to NIPSCO's fee free
10 transaction program to reflect customer payment transaction fee expenses
11 that NIPSCO is seeking to recover in base rates. This program is further
12 discussed by NIPSCO Witness Whitehead. The adjustment is based upon
13 the actual number of transactions occurring over a twelve month period. If
14 this adjustment is not included, the Forward Test Year gas operating
15 expenses would be understated.

16 **Q71. Please explain Adjustment OM 22-20 on Attachment 3-C-S2, OM 22.**

17 A71. Adjustment OM 22-20 is to decrease Historic Base Period operating
18 expenses in the amount of \$453,249 to reclassify the O&M expense related

1 to the 44988 regulatory asset amortization to amortization expense for
2 ratemaking, which is included in AMTZ 5. A related adjustment was made
3 to amortization expense in Adjustment AMTZ 5-20. If this adjustment is
4 not included, Historic Base Period gas operating expenses would be
5 overstated.

6 **Depreciation and Amortization Adjustments**

7 **Q72. Please describe how the Depreciation ("DEPR") and Amortization**
8 **("AMTZ") adjustments are organized.**

9 A72. Attachment 3-A-S2 (Pages 1 and 2, Lines 24 through 28 and Lines 31
10 through 35) shows the total Depreciation and Amortization Expense as of
11 December 31, 2020, Pro forma Adjustments at December 31, 2020, Budget
12 Adjustments at December 31, 2021, and December 31, 2022, and
13 Ratemaking Adjustments at December 31, 2022. Unless noted otherwise,
14 Column D provides a reference for each line item to Attachment 3-B-S2,
15 DEPR Module and AMTZ Module, and Column G shows the Attachment
16 3-C-S2 pro forma reference to each of the line items in Column F.
17 Attachment 3-B-S2, DEPR Module and AMTZ Module, shows the
18 subcomponent detail for the 2021 and 2022 forecasted Depreciation and
19 Amortization. Attachment 3-C-S2, DEPR 1 and 2 and AMTZ 1 through 7

1 includes the detailed reconciliations showing the individual adjustments
2 for each subcomponent. This attachment also shows the 2021 and 2022
3 projected Depreciation and Amortization. I discuss each normalization and
4 ratemaking adjustment, making reference to other Company witnesses
5 where necessary. NIPSCO Witness Dousias sponsors each of the projected
6 utility plant in service components related to Depreciation and
7 Amortization Expenses, as well as the overall forecasting process relating
8 to these amounts. Petitioner's Confidential Exhibit No. 19-S2 includes the
9 workpapers supporting each adjustment.

10 **Q73. Are the depreciation amounts included in Attachment 3-B-S2, DEPR**
11 **Module and Attachment 3-C-S2, DEPR 1 and DEPR 2, obtained from**
12 **NIPSCO's 2021 and 2022 budget?**

13 A73. No. These projected balances as of December 31, 2021 and December 31,
14 2022, were calculated by multiplying NIPSCO's projected utility plant in
15 service, as calculated and included in Attachment 3-B-S2, RB Module, by
16 NIPSCO's currently approved depreciation rates. NIPSCO Witness
17 Dousias sponsors the projected utility plant in service on which currently
18 approved depreciation rates are being applied.

1 **Q74. Please explain Adjustment DEPR 1-20 related to depreciation expense as**
2 **shown on Attachment 3-C-S2, DEPR 1.**

3 A74. Adjustment DEPR 1-20 is to decrease Historic Base Period depreciation
4 expense in the amount of \$314,778 to reclassify the depreciation expense
5 related to 44988 regulatory asset amortization to amortization expense for
6 ratemaking, which is included in AMTZ 5. A related adjustment was made
7 to amortization expense in Adjustment AMTZ 5-20. If this adjustment is
8 not included, Historic Base Period gas depreciation expenses would be
9 overstated.

10 **Q75. Please explain Adjustment DEPR 1-21 related to depreciation expense as**
11 **shown on Attachment 3-C-S2, DEPR 1.**

12 A75. Adjustment DEPR 1-21 is to increase depreciation expense in the amount of
13 \$9,877,996 for the 2021 Budget Period. This adjustment is calculated by
14 applying NIPSCO's currently approved depreciation accrual rates to the
15 projected rate base at the end of the 2021 Budget Period. NIPSCO Witness
16 Dousias sponsors the projected utility plant in service on which NIPSCO's
17 currently approved depreciation rates are being applied. If this adjustment
18 is not included, the 2021 Budget Period gas depreciation expenses would
19 be understated.

1 **Q76. Please explain Adjustment DEPR 1-22 related to depreciation expense as**
2 **shown on Attachment 3-C-S2, DEPR 1.**

3 A76. Adjustment DEPR 1-22 is to increase depreciation expense in the amount of
4 \$6,149,923 for the Forward Test Year. This adjustment is calculated by
5 applying NIPSCO's currently approved depreciation accrual rates to the
6 projected rate base at the end of the Forward Test Year. NIPSCO Witness
7 Dousias sponsors the projected utility plant in service on which NIPSCO's
8 currently approved depreciation rates are being applied. If this adjustment
9 is not included, the Forward Test Year gas depreciation expenses would be
10 understated.

11 **Q77. Please explain Adjustment DEPR 1-22R related to depreciation expense**
12 **as shown on Attachment 3-C-S2, DEPR 1.**

13 A77. Adjustment DEPR 1-22R is to increase depreciation expense in the amount
14 of \$13,741,136 for the Forward Test Year to reflect the implementation of
15 the new depreciation accrual rates in accordance with the depreciation
16 study sponsored by NIPSCO Witness Spanos. NIPSCO Witness Dousias
17 sponsors the projected utility plant in service on which NIPSCO's accrual
18 rates are being applied. If this adjustment is not included, the Forward Test
19 Year gas depreciation expenses would be understated.

1 **Q78. Please explain Adjustment DEPR 2-21 related to common depreciation**
2 **expense as shown on Attachment 2-C-S2, DEPR 2.**

3 A78. Adjustment DEPR 2-21 is to increase common depreciation expense in the
4 amount of \$134,818 for the 2021 Budget Period. This adjustment is
5 calculated by applying NIPSCO's currently approved depreciation accrual
6 rates to the projected rate base at the end of the 2021 Budget Period.
7 NIPSCO Witness Dousias sponsors the projected utility plant in service on
8 which NIPSCO's currently approved depreciation rates are being applied.
9 If this adjustment is not included, the 2021 Budget Period gas depreciation
10 expenses would be understated.

11 **Q79. Please explain Adjustment DEPR 2-22 related to common depreciation**
12 **expense as shown on Attachment 3-C-S2, DEPR 2.**

13 A79. Adjustment DEPR 2-22 is to increase common depreciation expense in the
14 amount of \$79,077 for the Forward Test Year. This adjustment is calculated
15 by applying NIPSCO's currently approved depreciation accrual rates to the
16 projected rate base at the end of the Forward Test Year. NIPSCO Witness
17 Dousias sponsors the projected utility plant in service on which NIPSCO's
18 currently approved depreciation rates are being applied. If this adjustment

1 is not included, the Forward Test Year gas depreciation expenses would be
2 understated.

3 **Q80. Please explain Adjustment AMTZ 1-21 related to gas amortization**
4 **expense as shown on Attachment 3-C-S2, AMTZ 1.**

5 A80. Adjustment AMTZ 1-21 is to decrease amortization expense in the amount
6 of \$82,024 for the 2021 Budget Period. This adjustment is calculated by
7 applying NIPSCO's amortization rates to the projected rate base
8 throughout the 2021 Budget Period. NIPSCO Witness Dousias sponsors the
9 projected utility plant in service on which NIPSCO's amortization table is
10 being applied. If this adjustment is not included, the 2021 Budget Period
11 gas amortization expenses would be overstated.

12 **Q81. Please explain Adjustment AMTZ 1-22 related to gas amortization**
13 **expense as shown on Attachment 3-C-S2, AMTZ 1.**

14 A81. Adjustment AMTZ 1-22 is to decrease amortization expense in the amount
15 of \$1,196,198 for the Forward Test Year. This adjustment is calculated by
16 applying NIPSCO's amortization rates to the projected rate base
17 throughout the Forward Test Year. NIPSCO Witness Dousias sponsors the
18 projected utility plant in service on which NIPSCO's amortization table is

1 being applied. If this adjustment is not included, the Forward Test Year gas
2 amortization expenses would be overstated.

3 **Q82. Please explain Adjustment AMTZ 2-21 related to gas common**
4 **amortization expense as shown on Attachment 3-C-S2, AMTZ 2.**

5 A82. Adjustment AMTZ 2-21 is to increase amortization expense in the amount
6 of \$1,688,852 for the 2021 Budget Period. This adjustment is calculated by
7 applying NIPSCO's amortization rates to the projected rate base
8 throughout the 2021 Budget Period. NIPSCO Witness Dousias sponsors the
9 projected utility plant in service on which NIPSCO's amortization table is
10 being applied. If this adjustment is not included, the 2021 Budget Period
11 gas common amortization expenses would be understated.

12 **Q83. Please explain Adjustment AMTZ 2-22 related to gas common**
13 **amortization expense as shown on Attachment 3-C-S2, AMTZ 2.**

14 A83. Adjustment AMTZ 2-22 is to increase amortization expense in the amount
15 of \$3,909,733 for the Forward Test Year. This adjustment is calculated by
16 applying NIPSCO's amortization rates to the projected rate base
17 throughout the Forward Test Year. NIPSCO Witness Dousias sponsors the
18 projected utility plant in service on which NIPSCO's amortization table is

1 being applied. If this adjustment is not included, the Forward Test Year gas
2 common amortization expenses would be understated.

3 **Q84. Please explain Adjustment AMTZ 2-22R related to gas common**
4 **amortization expense as shown on Attachment 3-C-S2, AMTZ 2.**

5 A84. Adjustment AMTZ 2-22R is to increase amortization expense in the amount
6 of \$1,782,420 for the Forward Test Year to annualize amortization expense.
7 This adjustment is calculated by multiplying NIPSCO's projected
8 December 2022 amortization expense by twelve to forecast annualized
9 expense at the end of the Forward Test Year. If this adjustment is not
10 included, the Forward Test Year gas common amortization expenses would
11 be understated.

12 **Q85. Please explain Adjustment AMTZ 3-22R related to the TDSIC Regulatory**
13 **Asset amortization adjustment on Attachment 3-C-S2, AMTZ 3.**

14 A85. Adjustment AMTZ 3-22R is to increase amortization expense in the amount
15 of \$3,513,780 to recover the 20 percent deferred TDSIC Regulatory Asset
16 balance for the Forward Test Year. NIPSCO is proposing to amortize this
17 asset over a 4-year period consistent with the period of time over which

1 these amounts were deferred. If this adjustment is not included, the
2 Forward Test Year gas amortization expenses would be understated.

3 **Q86. Please explain Adjustment AMTZ 4-22R related to the FMCA Regulatory**
4 **Asset amortization adjustment on Attachment 3-C-S2, AMTZ 4.**

5 A86. Adjustment AMTZ 4-22R is to increase amortization expense in the amount
6 of \$4,102,438 to recover the 20 percent deferred FMCA Regulatory Asset
7 balance for the Forward Test Year. NIPSCO is proposing to amortize this
8 asset over a 4-year period consistent with the period of time over which
9 these amounts were deferred. If this adjustment is not included, the
10 Forward Test Year gas amortization expenses would be understated.

11 **Q87. Please explain Adjustment AMTZ 5-20 related to Cause No. 44988**
12 **Amortization adjustment as shown on Attachment 3-C-S2, AMTZ 5.**

13 A87. Adjustment AMTZ 5-20 is to increase amortization expense by \$2,420,052
14 for the Historic Base Period. This level of amortization expense reflects the
15 current amortization schedule. Cause No. 44988 Amortization was
16 approved with a 7-year amortization period, and NIPSCO is proposing to
17 continue amortizing over the remaining 33 months of that period as of
18 December 31, 2022. Portions of this amount were reclassified from O&M

1 expense in Adjustment OM 22-20, depreciation expense in Adjustment
2 DEPR 1-20 and property tax expense in OTX 1-20, to amortization expense
3 for ratemaking purposes. The other portions were reclassified from Other
4 Interest Expense, FERC Account 431, and Miscellaneous Non-Operating
5 Income, FERC Account 421, for ratemaking purposes. If this adjustment is
6 not included, the Historic Base Period gas amortization expenses would be
7 understated.

8 **Q88. Please explain Adjustment AMTZ 5-22R related to Cause No. 44988**
9 **Amortization Expense adjustment on Attachment 3-C-S2, AMTZ 5.**

10 A88. Adjustment AMTZ 5-22R is to increase amortization expense by \$414,433
11 for equity gross-up amortization related to Cause No. 44988 Regulatory
12 Assets with a 7-year amortization period, bringing the total Cause No.
13 44988 amortization expense to \$2,834,485 for the Forward Test Year. If this
14 adjustment is not included, the Forward Test Year gas amortization
15 expenses would be understated.

16 **Q89. Please explain Adjustment AMTZ 6-22R related to the COVID**
17 **Regulatory Asset amortization adjustment on Attachment 3-C-S2, AMTZ**
18 **6.**

1 A89. Adjustment AMTZ 6-22R is to increase amortization expense in the amount
2 of \$1,368,690 to recover the COVID Regulatory Asset balance for the
3 Forward Test Year. The COVID Regulatory Asset includes deferred
4 COVID-19 related impacts of waived convenience fees, waived late fees,
5 and COVID-19 related incremental bad debt expense as of May 31, 2021.
6 The Commission's June 29, 2020 Order in Cause No. 45380 authorized the
7 use of regulatory accounting for these COVID-19 related impacts. NIPSCO
8 is proposing to amortize this asset over a 2-year period consistent with the
9 period of time over which these amounts were deferred. If this adjustment
10 is not included, the Forward Test Year gas amortization expenses would be
11 understated.

12 **Q90. Please explain Adjustment AMTZ 7-22R related to the Gas Rate Case**
13 **Expense amortization adjustment on Attachment 3-C-S2, AMTZ 7.**

14 A90. Adjustment AMTZ 7-22R is to increase amortization expense in the amount
15 of \$807,549 to recover gas rate case expense for the Forward Test Year.
16 NIPSCO is proposing to amortize this asset over a 2-year period consistent
17 with the period of time over which these amounts will have been deferred.
18 If this adjustment is not included, the Forward Test Year gas amortization
19 expenses would be understated.

1 Tax Adjustments

2 **Q91. Please describe how the Taxes Other than Income ("OTX") Adjustments**
3 **are organized.**

4 A91. Attachment 3-A-S2 (Page 2, Lines 39 through 43) shows the total Taxes
5 Other than Income as of December 31, 2020, Pro forma Adjustments at
6 December 31, 2020, Budget Adjustments at December 31, 2021, and
7 December 31, 2022, and Ratemaking Adjustments at December 31, 2022.
8 Unless noted otherwise, Column D provides a reference for each line item
9 to Attachment 3-B-S2, OTX Module, and Column G shows the Attachment
10 3-C-S2 pro forma reference to each of the line items in Column F.
11 Attachment 3-B-S2, OTX Module, shows the "subcomponent" detail for the
12 2021 and 2022 budgeted OTX. Attachment 3-C-S2, OTX 1 through OTX 5,
13 includes the detailed reconciliation showing the individual adjustments for
14 each subcomponent. This attachment also shows the 2021 and 2022
15 budgeted OTX. I discuss each normalization or ratemaking adjustment,
16 making reference to other Company witnesses where necessary. NIPSCO
17 Witnesses Camp and Trapp discuss each of the budget components related
18 to OTX, the budget adjustments, as well as the overall forecasting process

1 related to these amounts. Petitioner's Confidential Exhibit No. 19-S2
2 includes the workpapers supporting each adjustment.

3 **Q92. Please explain Adjustment OTX 1-20 on Attachment 3-C-S2, OTX 1.**

4 A92. Adjustment OTX 1-20 is to decrease Historic Base Period property tax
5 expenses in the amount of \$110,793 to reclassify the property tax expense
6 related to 44988 regulatory asset amortization to amortization expense for
7 ratemaking, which is included in AMTZ 5. A related adjustment was made
8 to amortization expense in Adjustment AMTZ 5-20. If this adjustment is
9 not included, Historic Base Period gas property tax expenses would be
10 overstated.

11 **Q93. Please explain Adjustment OTX 1-22R on Attachment 3-C-S2, OTX 1.**

12 A93. Adjustment OTX 1-22R is to decrease Forward Test Year property tax
13 expenses in the amount of \$480,519 for the Forward Test Year. NIPSCO
14 Witness Trapp sponsors this adjustment. If this adjustment is not included,
15 the Forward Test Year gas property tax expenses would be overstated.

16 **Q94. Please explain Adjustment OTX 2-20 on Attachment 3-C-S2, OTX 2.**

17 A94. Adjustment OTX 2-20 is to increase Historic Base Period payroll tax
18 expenses in the amount of \$222,077 to reflect a corporate incentive

1 compensation payout consistent with target levels included in the Forward
2 Test Year as described above in Adjustment OM 12-20. NIPSCO Witness
3 Cartella discusses the reasonableness and competitiveness of NIPSCO
4 wages and salaries, including incentive compensation. If this adjustment is
5 not included, the Historic Base Period gas payroll tax expenses would be
6 understated.

7 **Q95. Please explain Adjustment OTX 2A-22R on Attachment 3-C-S2, OTX 2.**

8 A95. Adjustment OTX 2A-22R is to increase Forward Test Year payroll expenses
9 in the amount of \$355,054 to reflect the 2020 actual gas allocation. If this
10 adjustment is not included, the Forward Test Year gas payroll tax expenses
11 would be understated.

12 **Q96. Please explain Adjustment OTX 2B-22R Attachment 3-C-S2, OTX 2.**

13 A96. Adjustment OTX 2B-22R is to decrease Forward Test Year expenses in the
14 amount of \$12,196 to remove ARP related payroll tax expense pursuant to
15 the Commission's Order in Cause No. 44988. If this adjustment is not
16 included, the Forward Test Year gas payroll tax expenses would be
17 overstated.

18 **Q97. Please explain Adjustment OTX 3-20 on Attachment 3-C-S2, OTX 3.**

1 A97. Adjustment OTX 3-20 is to increase Historic Base Period taxes other than
2 income expenses in the amount of \$8,717 to remove nonrecurring sales tax
3 credits from sales tax expense. If this adjustment is not included, the
4 Historic Base Period gas sales tax expenses would understated.

5 **Q98. Please explain Adjustment OTX 4-22R on Attachment 3-C-S2, OTX 4.**

6 A98. Adjustment OTX 4-22R is to increase Forward Test Year Utility Receipts Tax
7 ("URT") expenses in the amount of \$1,751,712 to reflect the appropriate
8 level of URT expense based on the pro forma results based on current rates
9 (Attachment 3-A-S2, Column E). NIPSCO Witness Trapp further discusses
10 this adjustment. If this adjustment is not included, the Forward Test Year
11 gas URT expenses would be overstated.

12 **Q99. Please explain Adjustment OTX 5-22R on Attachment 3-C-S2, OTX 5.**

13 A99. Adjustment OTX 5-22R is to increase Forward Test Year Public Utility Fee
14 ("PUF") expenses in the amount of \$55,784 to reflect the appropriate level
15 of PUF expense based on the pro forma results based on current rates
16 (Attachment 3-A-S2, Column E). If this adjustment is not included, the
17 Forward Test Year gas PUF expenses would be understated.

18 **Q100. Please explain Adjustment ITX 1-22R on Attachment 3-C-S2, ITX 1.**

1 A100. Adjustment ITX 1-22R is to increase Forward Test Year federal and state
2 income taxes in the amount of \$10,268,347. NIPSCO Witness Trapp
3 sponsors this adjustment. If this adjustment is not included, the Forward
4 Test Year gas income taxes would be understated.

5 **Proposed Revenue Increase**

6 **Q101. Please explain Adjustment PF-1 through PF-5 on Attachment 3-C-S2, PF**
7 **Adjustments.**

8 A101. Adjustment PF-1 shows the calculation of the increased gross revenue from
9 base rates in the amount of \$115,323,504 (PF-1), which is calculated to
10 provide the opportunity to earn a return of 6.87 percent on net original cost
11 rate base of \$2,416,457,600 (as shown on Attachment 3-C-S2, PF
12 Adjustments). The revenue requirement is calculated by determining the
13 requested increase in operating income. I have shown that the requested
14 level of operating income is equal to the proposed rate of return applied to
15 the net original cost rate base (as shown on page 3 of Attachment 3-A-S2).
16 As shown on page 3, the requested increase in net operating income is
17 \$84,948,071. This amount is then adjusted for the following increases to
18 calculate the increase in revenue requirement of \$115,323,504: (a) \$336,250
19 of uncollectible accounts expense (PF-2), (b) \$1,683,723 of URT expense (PF-

1 3), (c) \$147,162 of PUF (PF-4), and (d) \$28,208,297 of federal and state
2 income taxes (PF-5). See below for a summary of the adjustments
3 mentioned above:

<u>Line No.</u>	<u>Description</u>	<u>Revenue Deficiency</u>
1	Increase in Net Operating Income (NOI Shortfall)	\$ 84,948,071
2	Uncollectible Accounts Expense	336,250
3	Utility Receipts Tax	1,683,723
4	Public Utility Fee	147,162
5	Federal and State Income Taxes	<u>28,208,297</u>
6	Increase in Revenue Requirement	<u>\$ 115,323,504</u>

4

5 **Net Original Cost Rate Base**

6 **Q102. Please explain the Rate Base amounts included in Attachment 3-B-S2, RB**
7 **Module.**

8 A102. Attachment 3-B-S2, RB Module, quantifies NIPSCO's December 31, 2022,
9 forecasted net original cost rate base. Column A shows the actual rate base
10 as of December 31, 2020. Since there are no normalization adjustments, the
11 amounts from Column A are the same amounts shown as the normalized
12 rate base value as of December 31, 2020 (Column C). Column D and
13 Column F represent the 2021 and 2022 forecast adjustments to arrive at a
14 forecasted rate base value as of December 31, 2022 (Column G). Since there
15 are no ratemaking adjustments these same amounts are shown in Column

1 I, representing pro forma rate base as of December 31, 2022. RB 1 through
2 RB 10 represent the details for each adjustment included in Column D and
3 Column F of the RB Module. Petitioner's Confidential Exhibit No. 19-S2
4 includes the workpapers supporting each adjustment. NIPSCO Witness
5 Camp discuss the overall capital and financial planning processes.

6 **Q103. How are amounts included in Attachment 3-C-S2, RB 1 through RB 2**
7 **calculated?**

8 A103. The amounts in RB 1 represent the projected gas utility plant balances. The
9 amounts in RB 2 represent the projected gas utility plant balances for
10 common assets. NIPSCO Witness Dousias sponsors RB 1 and RB 2.

11 **Q104. How are amounts included in Attachment 3-C-S2, RB 3 and RB 4**
12 **calculated?**

13 A104. The amounts in RB 3 represent the projected accumulated depreciation and
14 amortization on forecasted gas utility plant balances. The amounts in RB 4
15 represent the projected accumulated depreciation and amortization on
16 forecasted gas utility plant balances for common assets. NIPSCO Witness
17 Dousias sponsors RB 3 and RB 4.

18 **Q105. Are any regulatory assets included in rate base?**

1 A105. Yes. The regulatory assets are shown in Attachment 3-B-S2, RB Module, as
2 RB 5, RB 6, and RB 7. These amounts reflect amounts projected to be
3 deferred as of December 31, 2022. Each individual regulatory asset is
4 sponsored by NIPSCO Witness Dousias.

5 **Q106. Please explain the Material and Supplies amount which is being**
6 **included in rate base as shown on Attachment 3-C-S2, RB 8.**

7 A106. The \$13,684,877 Materials and Supplies amount in the Forward Test Year
8 Rate Base is sponsored by NIPSCO Witness Dousias.

9 **Q107. Please explain the Gas Stored Underground – Current A/C 164 (13-mo**
10 **avg) amount which is being included in rate base as shown on**
11 **Attachment 3-C-S2, RB 9.**

12 A107. The \$66,691,249 Gas Stored Underground – Current A/C 164 (13-mo avg)
13 amount in the Forward Test Year Rate Base is sponsored by Witness
14 Dousias. Witness Campbell also discusses the 2021 and 2022 budget
15 amounts.

16 **Q108. Please explain the Gas Stored Underground – Non-Current A/C 117**
17 **amount which is being included in rate base as shown on Attachment 3-**
18 **C-S2, RB 10.**

1 A108. The \$4,949,422 Gas Stored Underground – Non-Current A/C 117 amount in
2 the Forward Test Year Rate Base is sponsored by Witness Dousias.

3 **Weighted Average Cost of Capital**

4 **Q109. What capital structure is NIPSCO projecting for ratemaking purposes in**
5 **this proceeding?**

6 A109. The Company is projecting the capital structure as of December 31, 2022,
7 which is reflected in Attachment 3-A-S2 (page 5). Attachment 3-B-S2, CS
8 Module, provides each major “subcomponent,” as well as the actual and
9 estimated capital structure as of December 31, 2020, December 31, 2021, and
10 December 31, 2022. Attachment 3-C-S2 shows, by subcomponent, the
11 changes between the Historic Base Period and the Forward Test Year,
12 including a listing of each individual normalization, budget, and
13 ratemaking adjustment. Finally, Petitioner's Confidential Exhibit No. 19-S2
14 includes the workpapers supporting each adjustment.

15 **Q110. Can you please elaborate further on Attachment 3-A-S2 (page 5)?**

16 A110. Yes. Attachment 3-A-S2 (page 5) shows the computation of the weighted
17 average cost of capital for NIPSCO as of December 31, 2022. Column A lists
18 the components of capital, including common equity, long-term debt,
19 customer deposits, deferred income taxes, post-retirement liability, prepaid

1 pension asset, and Post-1970 ITC. Column B shows the projected
2 outstanding balance for each component as of December 31, 2022. The
3 components of capital in Column A and projected December 31, 2022,
4 outstanding balances in Column B were obtained from Attachment 3-B-S2,
5 CS_Module. Column C shows the percent each component represents of
6 the total capitalization. Column D shows the cost rate for each component.
7 Column E shows the weighted average cost for each component. The cost
8 of Post-1970 ITC represents the weighted average cost of investor-supplied
9 capital, which is computed on Lines 9 through 11. The total of Column E,
10 on Line 8, of 6.87 percent, is the Company's weighted average cost of capital
11 for the Forward Test Year.

12 **Q111. Has NIPSCO presented a calculation of the 2021 and 2022 capital**
13 **structure?**

14 A111. Yes. The 2021 and 2022 capital structure is shown on Attachment 3-B-S2,
15 CS Module. Column A shows the actual capital structure balances as of
16 December 31, 2020. The activity in Column B, representing normalization
17 adjustments, is added to Column A to calculate normalized capital
18 structure balances as of December 31, 2020 (Column C). Column D and
19 Column F represent the 2021 and 2022 forecast adjustments added to

1 Column C to arrive at the December 31, 2022, capital structure balances
2 (Column G). Column H represents NIPSCO's proposed ratemaking
3 adjustments which are added to Column G to arrive at the December 31,
4 2022, pro forma capital structure balances (Column I). Attachment 3-C-S2,
5 CS 1 through CS 7, represent the details for each adjustment included in
6 Column B, Column D, Column F, and Column H of Attachment 3-B-S2, CS
7 Module. Petitioner's Confidential Exhibit No. 19-S2 includes the
8 workpapers supporting each adjustment.

9 **Q112. What cost rate has been utilized for Common Equity on Attachment 3-A-**
10 **S2 (page 5)?**

11 A112. The cost rate for Common Equity found on Attachment 3-A-S2 (page 5) is
12 10.50 percent. NIPSCO Witness Rea recommends and supports the cost of
13 equity in the instant proceeding.

14 **Q113. What cost rate has been utilized for Long-Term Debt on Attachment 3-A-**
15 **S2 (page 5)?**

16 A113. The cost rate for Long-Term Debt found on Attachment 3-A-S2 (page 5) is
17 4.52 percent. Petitioner's Confidential Exhibit No. 19-S2, CS 2, Page [.3B],

1 supports the cost rate based on the Company's projected long-term debt
2 outstanding at December 31, 2022.

3 **Q114. Can you please elaborate further on Petitioner's Confidential Exhibit No.**
4 **19-S2, CS 2, Page [.3B]?**

5 A114. Yes. Petitioner's Confidential Exhibit No. 19-S2, CS 2, Page [.3B], shows a
6 detailed schedule of long-term debt, reflecting the Company's projected
7 debt outstanding as of December 31, 2022. Column A reflects the interest
8 rate associated with each debt issue. A description of the individual debt
9 issues are listed in Column B. Columns C and D reflect the dates of issuance
10 and dates of maturity, respectively. The principal amount of long-term
11 debt projected to be outstanding at December 31, 2022, is shown in Column
12 K. Column L reflects the amount of the annual interest requirement, which
13 is the interest rate (Column A) multiplied by the principal amount (Column
14 K). Column M reflects the effective overall cost of debt, which is also
15 reflected on Attachment 3-A-S2 (page 5). Included in lines 23-25 are three
16 expected debt issuances which reflect NIPSCO's current financing plan
17 information and will be updated for actuals and/or revised plan
18 assumptions as new information becomes available during the course of the
19 instant proceeding.

1 **Q115. How were debt discounts, debt expenses, and call premiums on early**
2 **redemption of long-term debt considered in the determination of**
3 **NIPSCO's weighted cost of long-term debt?**

4 A115. The annual amortization amounts are included as a debt cost. The
5 unamortized balances are subtracted from the principal amount of
6 outstanding debt, leaving a balance of \$2,793,901,786. (Attachment 3-A-S2,
7 Page 5, Column B, Line 2). These amounts represent debt costs that need
8 to be considered in the determination of NIPSCO's cost of capital.

9 **Q116. Are NIPSCO's debt financings subject to review by the Commission?**

10 A116. Yes. All of the debt identified on Attachment 3-C-S2, CS 2, has been, or will
11 be, issued pursuant to orders of the Commission. Most recently, the
12 Commission's October 28, 2020 Order in Cause No. 45399 approved a
13 Financing Plan for NIPSCO to issue bonds, notes, or other evidence of
14 indebtedness during the period January 1, 2021 through December 31, 2022,
15 in an amount not to exceed \$850,000,000. Any debt issued by NIPSCO
16 pursuant to that Financing Plan will be subject to the review of the
17 Commission in that Cause.

18 **Q117. What cost rate has been utilized for Customer Deposits on Attachment 3-**

1 **A-S2 (page 5)?**

2 A117. The cost rate for Customer Deposits found on Attachment 3-A-S2 (page 5)
3 is 4.64 percent, which is a blended rate reflecting the different rates
4 applicable to the deposits of gas and electric customers. The rate is blended
5 because the capital structure relates to the NIPSCO legal entity, and
6 therefore, deposit balances reflect deposits related to both the gas and
7 electric businesses. In accordance with General Administrative Order 2020-
8 06, the rate to be paid on gas deposits effective January 1, 2021, is 0.50
9 percent. In accordance with 170 IAC 4-1-15(f)(1), the rate to be paid on
10 electric deposits is 6.00 percent. For combination customers, the deposits
11 are not distinguishable, and therefore, NIPSCO pays the higher rate of 6.00
12 percent. The gas rate of 0.50 percent is paid only to gas-only customers
13 (those who do not receive electric service from NIPSCO). Petitioner's
14 Confidential Exhibit No. 19-S2, CS 3, Page [.2], shows the calculation of the
15 cost rate based on the Company's actual customer deposits at December 31,
16 2020, and the currently approved rates.

17 **Q118. Please explain the Post-Retirement Liability reflected on Attachment 3-**
18 **A-S2 (page 5)?**

1 A118. The Post-Retirement Liability reflects the Accounting Standards
2 Codification 715, Compensation - Retirement Benefits ("ASC 715") OPEB
3 accrual expense (previously referred to as Statement of Financial
4 Accounting Standard No. 106 ("SFAS 106")) in excess of the cash basis or
5 Pay-As-You-Go Method ("PAYGO"). NIPSCO was authorized to include
6 Statement of Financial Accounting Standard No. 106 expense (now
7 incorporated into ASC 715-60) in its cost of service for ratemaking purposes.
8 Additionally, the Commission authorized NIPSCO to commence the
9 amortization of the expense that had been deferred as a regulatory asset
10 pursuant to the Commission's December 30, 1992, Order in Cause No.
11 39348. The Commission also found that the cumulative difference between
12 the ASC 715-60 (SFAS 106) expense and the cash outlay for post-retirement
13 benefits other than pensions should be treated as zero cost capital. NIPSCO
14 computed this adjustment by starting with the ASC 715-60 (SFAS 106) gross
15 accrual amounts (which includes all of the expenses deferred in the
16 regulatory asset prior to February 1, 1997), then reducing for amounts paid
17 as calculated under the PAYGO, then finally reducing by the capitalized
18 portion. In this fashion, the amount reflected as zero cost capital is
19 essentially equivalent to the amount that would have been recorded as ASC

1 715-60 (SFAS 106) expense in excess of the PAYGO since February 1, 1997,
2 together with the amount of the original regulatory asset that has been
3 amortized, all as provided for in the Commission's June 11, 1997 Order in
4 Cause No. 40688.

5 **Q119. Please explain the forecasted Prepaid Pension Asset shown on**
6 **Attachment 3-B-S2, CS Module.**

7 A119. The forecasted Prepaid Pension Asset on Attachment 3-B-S2, CS Module,
8 Line 6, represents the difference between the forecasted cumulative amount
9 of cash contributions to NIPSCO's pension trust fund and the forecasted
10 cumulative amount of pension expense that will be recorded on NIPSCO's
11 books and records in accordance with GAAP. The pension trust fund
12 contributions in excess of historical amounts charged to operating expense,
13 which were included in the determination of revenue requirements in past
14 rate cases and therefore recovered from NIPSCO's gas utility customers,
15 represents investor capital contributions. As I explain later, NIPSCO's retail
16 gas customers benefit from investor capital contributions because earnings
17 on excess pension trust fund cash contributions (Prepaid Pension Asset)
18 serve to reduce pension expense. I also explain that the Company's pension
19 funding strategy (1) is in part mandated by Federal regulations, (2) is an

1 ordinary cost of doing business, and (3) results in costs prudently incurred
2 on behalf of customers. For these reasons, and in order to not understate
3 the cost of service, costs incurred associated with the Company's pension
4 funding strategy should be included in the determination of the
5 jurisdictional revenue requirement in this proceeding. In order to capture
6 the costs associated with this program, as shown in Attachment 3-B-S2, CS
7 Module, the Company has included the balance of the Prepaid Pension
8 Asset as a component of NIPSCO's overall weighted average cost of capital.
9 Reflecting the Prepaid Pension Asset in this fashion operates as the mirror
10 image of the Post-Retirement Liability. It is also how both the Prepaid
11 Pension Asset and Post-Retirement Liability have been reflected in several
12 recent gas and electric rate cases for NIPSCO.

13 **Q120. How is the Prepaid Pension Asset reflected on NIPSCO's books?**

14 A120. NIPSCO recognizes a pension liability on its balance sheet equal to the
15 difference between the pension plan assets and accumulated benefit
16 obligations, as required under GAAP. Additionally, NIPSCO recognizes a
17 regulatory asset on its balance sheet equal to accumulative actuarial
18 gains/losses and prior service costs that have not yet been amortized

1 through expense. The Prepaid Pension Asset represents the net amount of
2 the funded status and the regulatory asset.

3 **Q121. What is the difference between the Accounting Standards Codification**
4 **715, *Compensation – Retirement Benefits*, net periodic benefit cost (“ASC**
5 **715”) and the Prepaid Pension Asset?**

6 A121. Net periodic pension cost is an income statement concept that measures the
7 attribution of the pension benefit obligation on a pro rata, accrual basis to
8 the period being measured. The ASC 715 calculation of net periodic benefit
9 cost is used to derive the amount of pension expense included in the O&M
10 portion of the revenue requirement. The Prepaid Pension Asset is derived
11 from balance sheet values. The Prepaid Pension Asset can be compared to
12 other zero-cost capital items in the capital structure such as deferred taxes
13 or the post-retirement liability. These items should be considered when
14 setting rates in order to appropriately calculate NIPSCO's overall weighted
15 average cost of capital.

16 **Q122. Please identify some of the reasons why cash contributed to the pension**
17 **trust fund exceeds amounts recovered from customers.**

1 A122. There are several reasons why pension funding exceeds amounts recovered
2 from customers. For example, amounts calculated under pension funding
3 rules are completely different than those calculated for pension accounting.
4 Pension funding is governed by laws established by the Internal Revenue
5 Service and the Employee Retirement Security Act (ERISA) rules that
6 establish minimum and maximum funding levels. The effects of often-
7 erratic market conditions are treated differently for accounting versus
8 ERISA rules. Accounting rules tend to smooth out market fluctuations,
9 while ERISA rules do not necessarily do so. ERISA rules also have been
10 recently amended by legislation (MAP21-Moving Ahead for Progress in the
11 21st Century and HATFA-Highway and Transportation Funding Act of
12 2014), which continues to increase the differences in pension funding versus
13 accounting rules. Finally, pension funding strategies and decisions are
14 made by management taking into consideration a number of variables,
15 including, among other things, cost of market capital, internal cash position,
16 and future new capital requirements.

17 **Q123. Have you projected the amount of Prepaid Pension Asset to be added to**
18 **NIPSCO's weighted average cost of capital?**

1 A123. Yes. As of December 31, 2022, projected contributions exceeded the
2 projected cumulative amount of pension cost determined in accordance
3 with ASC 715 by \$433,959,232. (Attachment 3-A-S2, Column B, Line 6.)

4 **Q124. How do the additional pension contributions benefit customers?**

5 A124. The additional pension contributions to the trust fund result in additional
6 trust fund investment income that directly reduces annual ASC 715 pension
7 expense. Additionally, the Pension Benefit Guaranty Corporation
8 ("PBGC") requires qualified pension plans under the U.S. tax code to pay
9 yearly insurance premiums equal to a flat rate times the number of
10 participants in the plan and a variable rate times the unfunded vested
11 benefits. As such, pension funding directly reduces the PBGC premiums
12 charged to the qualified plan and serves to reduce expense. The current
13 forecasted pension expense of approximately (\$1,358,153) reflected in
14 Attachment 3-C-S2, OM 13, is inclusive of this savings.

15 **Q125. Did NIPSCO include any pension contributions in the 2021 and 2022**
16 **budgets used in this proceeding?**

17 A125. No. NIPSCO did not include any planned pension contributions in its 2021
18 and 2022 budget, however, NIPSCO is continuously evaluating the overall

1 benefits of additional pension contributions. NIPSCO has made no pension
2 fund contributions since the close of the test year in NIPSCO's last gas rate
3 case.

4 **Q126. Has the Commission previously approved the inclusion of a utility's**
5 **prepaid pension assets in the capital structure and overall weighted**
6 **average cost of capital?**

7 A126. Yes. In its December 4, 2019 Order in Cause No. 45159, in its September 19,
8 2018, Order in Cause No. 44988, and in its July 18, 2016, Order in Cause No.
9 44688, the Commission approved NIPSCO's request to include a prepaid
10 pension asset in its Capital Structure and Overall Weighted Average Cost
11 of Capital. Additionally, in its January 28, 2015 Order in Cause No. 44450,
12 the Commission approved Indiana American Water Company's request to
13 include a prepaid pension asset in its Capital Structure and Overall
14 Weighted Average Cost of Capital, which was consistent with the OUCC's
15 recommendation in that proceeding.

16 **Q127. Does NIPSCO also have a prepaid asset related to OPEB?**

17 A127. No. NIPSCO has an OPEB liability which reflects NIPSCO's OPEB accrual
18 expense in excess of the cash basis or Pay-As-You-Go Method ("PAYGO").

1 As previously discussed, in accordance with the Commission's June 11,
2 1997, Order in Cause No. 40688, NIPSCO has included the cumulative
3 difference between this expense and the cash outlay for these benefits as
4 zero cost capital in NIPSCO's Capital Structure and calculation of the
5 Weighted Average Cost of Capital. NIPSCO's proposed treatment of the
6 Prepaid Pension Asset is consistent with NIPSCO's historical treatment of
7 NIPSCO's OPEB liability.

8 **Q128. Please explain Adjustment CS 1-22R on Attachment 3-C-S2, CS 1.**

9 A128. Adjustment CS 1-22R is to increase Forward Test Year Common Equity in
10 the amount of \$111,623,819 (increase of \$36,623,819 to account for GAAP to
11 FERC reporting differences and increase of \$75,000,000 for cancellation of
12 dividend in 2022 budget based on NIPSCO's most current financing plan
13 information that will be updated for actuals and/or revised plan
14 assumptions as new information becomes available during the course of the
15 instant proceeding). If this adjustment is not included, Forward Test Year
16 Common Equity would be understated.

17 **Q129. Please explain Adjustment CS 2-22R on Attachment 3-C-S2, CS 2.**

1 A129. Adjustment CS 2-22R is to increase Forward Test Year Long-Term Debt in
2 the amount of \$85,000,000 to reflect a total issuance of \$185,000,000 of long-
3 term debt based on NIPSCO's most current financing plan information that
4 will be updated for actuals and/or revised plan assumptions as new
5 information becomes available during the course of the instant proceeding.
6 As noted above, the Commission's October 28, 2020 Order in Cause No.
7 45399 approved a Financing Plan for NIPSCO to issue bonds, notes, or other
8 evidence of indebtedness during the period January 1, 2021 through
9 December 31, 2022 in an amount not to exceed \$850,000,000. If this
10 adjustment is not included, Forward Test Year Long-Term Debt would be
11 understated.

12 **Q130. Please explain Adjustment CS 4-20 on Attachment 3-C-S2, CS 4.**

13 A130. Adjustment CS 4-20 is to decrease Historical Base Period Accumulated
14 Deferred Income Taxes in the amount of \$16,951,361. NIPSCO Witness
15 Trapp sponsors this adjustment to the Deferred Income Taxes. If this
16 adjustment is not included, Historical Base Period Accumulated Deferred
17 Income Taxes would be overstated.

18 **Q131. Please explain Adjustment CS 4-22R on Attachment 3-C-S2, CS 4.**

1 A131. Adjustment CS 4-22R is to decrease Forward Test Year Accumulated
2 Deferred Income Taxes in the amount of \$7,666,845 (decrease of \$16,951,361
3 to adjust Deferred Income Taxes component in the 2022 budget and
4 increase of \$9,284,516 to account for GAAP to FERC reporting differences).
5 NIPSCO Witness Trapp sponsors the adjustment to the Deferred Income
6 Taxes component in the 2022 budget. If this adjustment is not included,
7 Forward Test Year Accumulated Deferred Income Taxes would be
8 overstated.

9 **Required Net Operating Income**

10 **Q132. Please explain the calculation of NIPSCO's proposed "Required Net**
11 **Operating Income" on Attachment 3-A-S2, Page 3.**

12 A132. As discussed above, NIPSCO's proposed "Required Net Operating
13 Income" for purposes of designing rates is calculated by multiplying
14 NIPSCO's proposed net original cost "Total Rate Base" in the amount of
15 \$2,416,457,600 by NIPSCO's proposed "Rate of Return" in the amount of
16 6.87 percent. This calculation results in a total "Required Net Operating
17 Income" of \$166,010,637 for purpose of designing rates.

18 **Approval of Account-By-Account Depreciation Rates**

19 **Q133. Is NIPSCO seeking approval of depreciation rates on an account-by-**

1 **account basis?**

2 A133. Yes. The depreciation study sponsored by NIPSCO Witness Spanos
3 proposes specific depreciation rates by FERC account. I have confirmed
4 that NIPSCO's accounting software is compatible with rates established on
5 an account-by-account basis, and NIPSCO is requesting that the
6 Commission approve the use of the rates proposed by NIPSCO Witness
7 Spanos on that basis.

8 **Rider Changes**

9 **Q134. Does NIPSCO anticipate updating its current Riders upon the**
10 **implementation of new rates?**

11 A134. Yes. Upon the receipt of a Commission order in this proceeding, NIPSCO
12 anticipates submitting a compliance filing to reflect the impact of new basic
13 rates and charges on the individually impacted Riders. The table below is
14 a summary of Rider updates NIPSCO anticipates reflecting in the
15 compliance filing upon the implementation of new rates. As described
16 above, this will include a two-step compliance filing process. Specifically,
17 NIPSCO will continue to include capital expenditures in the TDSIC and
18 FCMA Riders until such amounts are included in base rates (e.g., will

1 continue to include in rider if not in service at June 30, 2022 (Step 1) or
2 December 31, 2022 (Step 2)).

3

Rider	Rider Name	Description of Adjustment
170	Gas Cost Adjustment (GCA) Rider	Update rates shown on Appendix B to reflect changes to the Demand Allocation Factors for Residential and General Service Customers and the change to the bad debt percentage. One hundred percent of gas costs will continue to be recovered through the GCA.
188	Adjustment of Charges for Transmission, Distribution and Storage System Improvement Charge	Update factors to remove projects included in base rates
190	Adjustment of Charges for Federally Mandated Costs	Update factors to remove projects included in base rates

4

5 **Q135. How is NIPSCO proposing to treat the recovery of bad debt expense in**
6 **this proceeding?**

7 A135. As discussed above, NIPSCO is proposing no changes to its previously
8 authorized recovery of bad debt expense allocable to the cost of gas through
9 the GCA. NIPSCO will continue to recover the non-gas portion of bad debt
10 expense in base rates.

1 **Q136. How will NIPSCO determine the amount of bad debt expense associated**
2 **with gas costs that will be recovered through the GCA?**

3 A136. NIPSCO will continue to recover the gas cost component of its bad debt
4 expense through its quarterly GCA proceedings based on the most recent
5 seven years' experience of bad debt write-offs as a percentage of revenues.
6 This amount, which is 0.42 percent, is calculated in the workpapers
7 supporting the adjustment on Attachment 3-C-S2, OM 11, as shown in
8 Petitioner's Confidential Exhibit No. 19-S2.

9 **Books and Records**

NIPSCO's Accounting Practices

10 **Q137. Please provide an overview of the Corporate Accounting department.**

11 A137. The Corporate Accounting department performs internal accounting
12 functions for all of the NiSource regulated utilities, including NIPSCO's gas
13 and electric operations. Two of the primary functions provided for
14 NIPSCO are General Accounting and Asset Accounting. First, in
15 performing its general accounting duties, the department maintains the
16 accounting books and records for NIPSCO's electric and gas operations.
17 Corporate Accounting also prepares financial statements and reports for
18 internal use and external distribution. Second, in fulfilling its asset

1 accounting duties, the department manages the books and records related
2 to NIPSCO's fixed assets.

3 **Q138. What is the basis for NIPSCO's accounting and financial reporting?**

4 A138. NIPSCO's accounting and financial reporting policies and practices are in
5 conformance with GAAP. The Financial Accounting Standards Board
6 ("FASB") is recognized by the accounting profession as the primary body
7 for establishing the standards embodied in GAAP.

8 **Q139. Are there other accounting standards and rules NIPSCO must follow?**

9 A139. Yes. As a company whose securities are traded in interstate commerce,
10 NiSource and its subsidiaries are subject to the accounting principles
11 established by the Securities and Exchange Commission ("SEC"). While the
12 SEC recognizes FASB as the primary authority for the establishment of
13 GAAP accounting standards, it also promulgates its own rules that govern
14 financial statements to be included in SEC filings, and interprets GAAP as
15 part of its review of those filings. The SEC's rulings and interpretations of
16 GAAP in the context of the numerous and often complex transactions
17 involving publicly held companies are considered to be of equal authority
18 as FASB pronouncements within the accounting profession. Financial

1 statements filed with the SEC must be accompanied by the opinion of an
2 independent auditor that the statements have been prepared in accordance
3 with GAAP.

4 **Q140. Is GAAP the same as the FERC Uniform System of Accounts?**

5 A140. No. The Uniform System of Accounts ("USofA") is an accounting standard
6 prescribed by FERC for most major utilities, including NIPSCO. The
7 Commission adopted the USofA as the standard for Indiana utilities in its
8 administrative rules at 170 IAC 5-2-3. While there are some differences
9 between GAAP and the USofA, they are generally consistent with one
10 another. The GAAP financial statements differ from the FERC USofA
11 primarily in the classification of accumulated deferred income taxes,
12 regulatory assets and liabilities, cost of removal obligations, maturities of
13 long-term debt, and equity treatment of post-in-service carrying charges.

14 **Q141. Are NIPSCO's books and records kept in accordance with the USofA?**

15 A141. Yes.

16 **Q142. How are audits of NIPSCO's financial books and records performed and**
17 **by whom?**

1 A142. Formal audits of the financial books and records of NiSource and all of its
2 affiliates, including NIPSCO, are performed annually by Deloitte and
3 Touche USA, LLP. In addition, the internal audit department of NiSource
4 supplements the audits performed by Deloitte & Touche on some
5 transactional matters.

6 **Q143. What other controls does NIPSCO utilize to ensure the accuracy of its**
7 **accounting books and records and financial statements?**

8 A143. NIPSCO follows the directives of the FERC USofA, the FASB, GAAP, and
9 Sarbanes-Oxley regulations, as well as various internally-established
10 control procedures. Examples of internally-established control procedures
11 include: authority limits and approvals required for expenditures and
12 general ledger transactions; bank and general ledger account
13 reconciliations; and access limitations to the general ledger accounting
14 system. The books and records of NIPSCO are also subject to audit by the
15 Indiana Office of the Utility Consumer Counselor ("OUCC"), the
16 Commission, and FERC.

17 **Q144. Is NIPSCO providing financial statements for the Historic Base Period?**

1 A144. Yes. Attachment 3-D includes NIPSCO's (1) Consolidated Balance Sheet,
2 as of the last day of the Historic Base Period (2020) and of the twelve (12)
3 month period preceding the Historic Base Period (2019); (2) Consolidated
4 Statement of Cash Flow, as of the last day of the Historic Base Period (2020);
5 and (3) Statement of Consolidated Income, as of the last day of the Historic
6 Base Period (2020) and of the twelve (12) month period preceding the
7 Historic Base Period (2019). These financial statements are also provided
8 in NIPSCO's Submission of Minimum Standard Filing Requirements in 170
9 IAC 1-5-6(1)(A), 170 IAC 1-5-6(1)(B), and 170 IAC 1-5-6(1)(C).

10 **Allocation of NIPSCO Common Costs**

11 **Q145. What are common costs and how are they allocated between NIPSCO's**
12 **gas and electric operations?**

13 A145. Common costs represent costs that must be incurred by both the gas and
14 electric functions in performing their regular business activities, but which
15 can also be shared or pooled between both functions. A typical example of
16 a common cost is the cost to bill customers. Both gas customers and electric
17 customers must be billed, but combination utilities like NIPSCO can pool
18 billing activities in a single common department to avoid duplicating costs
19 and resources. Because common costs represent pooled costs of both the

1 gas and electric functions, these costs must be allocated between gas and
2 electric using common allocation ratios that measure the cost causation
3 relationship between the gas and electric functions for these costs.

4 **Q146. Please explain how common cost allocation ratios are applied by**
5 **NIPSCO.**

6 A146. Common cost allocation ratios are updated twice each year to reflect the
7 most current information. The most current calculation of each ratio is
8 applied to all common costs when they are booked to allocate the cost
9 between gas and electric. The most recent calculation of these allocators is
10 shown on Attachment 3-E.

11 **NCSC Charges**

12 **Q147. What is NCSC and what is its relationship to NIPSCO?**

13 A147. NCSC is a subsidiary of NiSource and an affiliate of NIPSCO within the
14 NiSource corporate organization. NCSC provides a range of services to
15 NiSource's operating companies, which include NIPSCO. These services
16 include the allocation and billing of charges to the NiSource operating
17 companies for services provided by both NCSC and third-party vendors,
18 which is further described by NIPSCO Witness Gode.

1 **Q148. Please explain how NCSC charges are booked by NIPSCO.**

2 A148. Monthly billing information is made available to the affiliates, including
3 NIPSCO, that reflects all information necessary to identify the costs charged
4 and the services rendered for that month. The information includes
5 detailed line item charges including the coding structure that NCSC uses to
6 distribute those costs to affiliates like NIPSCO. These codes include the
7 NiSource chart of accounts which consists of the FERC account, Cost
8 Element, the NiSource internal department responsible for the charge, the
9 Activity and Billing Pool codes which categorize the nature of the service
10 provided, the allocation basis or direct Billing Pool used to distribute the
11 cost to NIPSCO, and other descriptive information.

12 NIPSCO maps each line item charge to the same FERC account used by
13 NCSC with the exception of a few items that are reflected elsewhere as
14 noted in FERC Form 1 page 429 – Transactions with Associated (Affiliated)
15 Companies.

16 The ratios used to allocate NCSC charges include certain allocators that
17 have been developed specifically for allocating charges received from
18 NCSC between electric and gas. These ratios replicate the allocation

1 methodology for electric and gas that NCSC used to allocate these costs to
2 NIPSCO. In contrast to common costs, NCSC charges are expenses charged
3 to NCSC and then billed to NIPSCO. Many of the NCSC charges billed to
4 NIPSCO have been allocated among multiple operating companies.
5 NIPSCO apportions those expenses between gas and electric following the
6 same allocations methodologies used within NCSC so that the
7 methodology is consistent from beginning to end.

8 **Q149. Are NCSC charges split between gas and electric operations in the same**
9 **way as common costs are allocated between gas and electric operation?**

10 A149. Not completely. The common costs described earlier in my testimony are
11 expenses billed directly to NIPSCO as an operating company or generated
12 internally by common departments at NIPSCO. Those NIPSCO common
13 costs are allocated between gas and electric using the allocation ratios
14 described above. The ratios used to allocate NCSC charges include certain
15 allocators that have been developed specifically for allocating charges
16 received from NCSC between electric and gas. These additional ratios
17 replicate the allocation methodology for electric and gas that NCSC used to
18 allocate these costs to NIPSCO.

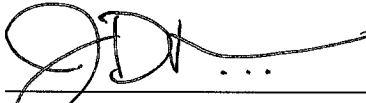
1 In contrast to common costs, NCSC charges are expenses charged to NCSC
2 and then billed to NIPSCO. Many of the NCSC charges billed to NIPSCO
3 have been allocated among multiple operating companies as described by
4 NIPSCO Witness Gode. NIPSCO apportions those expenses between gas
5 and electric following the same allocations methodologies used within
6 NCSC so that the methodology is consistent from beginning to end.

7 **Q150. Does this conclude your prefiled direct testimony?**

8 A150. Yes.

VERIFICATION

I, Jeffrey D. Newcomb, Manager, Regulatory – Rate Case Optimization, for NiSource Corporate Services Company, affirm under penalties of perjury that the foregoing representations are true and correct to the best of my knowledge, information and belief.



Jeffrey D. Newcomb

Date: September 29, 2021

Northern Indiana Public Service Company LLC
Statement of Operating Income
Actual, Pro forma, and Proposed
For the Twelve Month Period Ending June 30, 2022

Line No.	Description	Actual	Pro forma Adjustments Increases (Decreases)	Attachment 3-B Reference ¹	Pro forma Results Based on Current Rates	Pro forma Adjustments Increases (Decreases)	Attachment 3-C Reference	Pro forma Results Based on Proposed Rates
	A	B	C	D	E	F	G	H
1	Operating Revenue							
2	Revenue (Actual / Pro Forma)	\$ 711,775,365		REV, Col A	\$ 814,253,346	85,452,576	PF - 1 - S1	\$ 899,705,922
3	Pro forma Adjustments December 31, 2020		21,042,617	REV, Col B				
4	Budget Adjustments December 31, 2021		39,304,153	REV, Col D				
5	Budget Adjustments December 31, 2022		5,381,073	REV, Col F				
6	Ratemaking Adjustments December 31, 2022		36,750,138	REV, Col H				
7	Total Operating Revenue	\$ 711,775,365	\$ 102,477,981		\$ 814,253,346	\$ 85,452,576		\$ 899,705,922
8	Gas Costs (Trackable)							
9	Gas Cost (Actual / Pro Forma)	\$ 272,995,605		COGS, Col A	\$ 348,721,758	-		\$ 348,721,758
10	Pro forma Adjustments December 31, 2020		13,038,036	COGS, Col B				
11	Budget Adjustments December 31, 2021		28,170,131	COGS, Col D				
12	Budget Adjustments December 31, 2022		(11,826,877)	COGS, Col F				
13	Ratemaking Adjustments December 31, 2022		46,344,863	COGS, Col H				
14	Total Gas Costs	\$ 272,995,605	\$ 75,726,153		\$ 348,721,758	\$ -		\$ 348,721,758
15	Gross Margin	\$ 438,779,760	\$ 26,751,828		\$ 465,531,588	\$ 85,452,576		\$ 550,984,164
16	Operations and Maintenance Expenses							
17	Operations and Maintenance Expenses (Actual / Pro Forma)	\$ 226,187,401		O&M, Col A	\$ 223,421,804	249,155	PF - 2 - S1	\$ 223,670,959
18	Pro forma Adjustments December 31, 2020		3,840,998	O&M, Col B				
19	Budget Adjustments December 31, 2021		(3,522,408)	O&M, Col D				
20	Budget Adjustments December 31, 2022		(4,040,584)	O&M, Col F				
21	Ratemaking Adjustments December 31, 2022		956,397	O&M, Col H				
22	Total Operations and Maintenance Expense	\$ 226,187,401	\$ (2,765,597)		\$ 223,421,804	\$ 249,155		\$ 223,670,959
23	Depreciation Expense							
24	Depreciation Expense (Actual / Pro Forma)	\$ 67,838,244		DEPR, Col A	\$ 92,243,626			\$ 92,243,626
25	Pro forma Adjustments December 31, 2020		(314,778)	DEPR, Col B				
26	Budget Adjustments December 31, 2021		10,012,814	DEPR, Col D				
27	Budget Adjustments June 30, 2022		1,549,470	DEPR, Col F				
28	Ratemaking Adjustments June 30, 2022		13,157,876	DEPR, Col H				
29	Total Depreciation Expense	\$ 67,838,244	\$ 24,405,382		\$ 92,243,626	\$ -		\$ 92,243,626

Northern Indiana Public Service Company LLC
Statement of Operating Income
Actual, Pro forma, and Proposed
For the Twelve Month Period Ending June 30, 2022

Line No.	Description	Actual	Pro forma Adjustments Increases (Decreases)	Attachment 3-B Reference ¹	Pro forma Results Based on Current Rates	Pro forma Adjustments Increases (Decreases)	Attachment 3-C Reference	Pro forma Results Based on Proposed Rates
	A	B	C	D	E	F	G	H
30	Amortization Expense							
31	Amortization Expense (Actual / Pro Forma)	\$ 5,832,272		AMTZ, Col A	\$ 20,951,960			\$ 20,951,960
32	Pro forma Adjustments December 31, 2020		2,420,052	AMTZ, Col B				
33	Budget Adjustments December 31, 2021		1,606,828	AMTZ, Col D				
34	Budget Adjustments June 30, 2022		1,341,250	AMTZ, Col F				
35	Ratemaking Adjustments June 30, 2022		9,751,558	AMTZ, Col H				
36	Total Amortization Expense	\$ 5,832,272	\$ 15,119,688		\$ 20,951,960	\$ -		\$ 20,951,960
37	Taxes							
38	Taxes Other than Income							
39	Taxes Other than Income (Actual / Pro Forma)	\$ 31,241,852		OTX, Col A	\$ 34,955,761			\$ 34,955,761
40	Pro forma Adjustments December 31, 2020		120,001	OTX, Col B				
41	Budget Adjustments December 31, 2021		(285,860)	OTX, Col D				
42	Budget Adjustments December 31, 2022		2,209,933	OTX, Col F		\$ 1,247,608	PF - 3 - S1	\$ 1,247,608
43	Ratemaking Adjustments December 31, 2022		1,669,835	OTX, Col H		\$ 109,044	PF - 4 - S1	\$ 109,044
44	Total Taxes Other Than Income	\$ 31,241,852	\$ 3,713,909		\$ 34,955,761	\$ 1,356,652		\$ 36,312,413
45	Operating Income Before Income Taxes	107,679,991	\$ (13,721,554)		93,958,437	\$ 83,846,769		\$ 177,805,206
46	Income Taxes							
47	Federal and State Taxes (Actual / Pro Forma)	\$ (6,245,304)	13,642,689	Attachment 3-C, ITX 1	\$ 7,397,385	20,901,826	PF - 5 - S1	\$ 28,299,211
48	Total Taxes	\$ 24,996,548	17,356,598		\$ 42,353,146	\$ 22,258,478		\$ 64,611,624
49	Total Operating Expenses including Income Taxes	\$ 324,854,465	\$ 54,116,071		\$ 378,970,536	\$ 22,507,633		\$ 401,478,169
50	Required Net Operating Income	\$ 113,925,295	\$ (27,364,243)		\$ 86,561,052	\$ 62,944,944		\$ 149,505,995

Footnote 1 - Unless otherwise noted

Northern Indiana Public Service Company LLC
Calculation of Proposed Revenue Increase
Based on Pro forma Operating Results
Original Cost Rate Base Estimated at June 30, 2022

Line No.	Description	Revenue Deficiency
1	Net Original Cost Rate Base	\$ 2,169,898,342
2	Rate of Return	6.89%
3	Net Operating Income	149,505,996
4	Pro forma Net Operating Income	86,561,052
5	Increase in Net Operating Income (NOI Shortfall)	62,944,944
6	Effective Incremental Revenue / NOI Conversion Factor	73.661%
7	Increase in Revenue Requirement (Based on Net Original Cost Rate Base) (Line 5 / Line 6)	\$ 85,452,576
8	One	1.000000
9	Less: Public Utility Fee	0.001276
10	Less: Bad Debt	0.002916
11	State Taxable Income	0.995808
12	One	1.000000
13	Less: IN Utilities Receipts Tax	0.014600
14	Taxable Adjusted Gross Income Tax	0.995808
15	Adjusted Gross Income Tax Rate	0.049000
16	Adjusted Gross Income Tax	0.048795
17	Line 11 less line 13 less line 16	0.932413
18	One	1.000000
19	Less: Federal Income Tax Rate	0.210000
20	One Less Federal Income Tax Rate	0.790000
21	Effective Incremental Revenue / NOI Conversion Factor	73.661%

Northern Indiana Public Service Company LLC
Summary of Rate Base
As Of June 30, 2022

<u>Line No.</u>	<u>Description</u>	<u>Pro forma As Of June 30, 2022</u>	<u>Attachment 3-B Reference</u>
<u>Rate Base</u>			
1	Utility Plant	\$ 3,577,447,125	RB, Col I
2	Common Allocated	176,078,438	RB, Col I
	Total Utility Plant	\$ 3,753,525,563	RB, Col I
3	Accumulated Depreciation and Amortization	\$ (1,575,039,449)	RB, Col I
4	Common Allocated	(120,361,929)	RB, Col I
	Total Accumulated Depreciation and Amortization	\$ (1,695,401,378)	RB, Col I
	Net Utility Plant	\$ 2,058,124,185	RB, Col I
5	Cause No. 44988 Regulatory Assets	\$ 7,321,644	RB, Col I
6	TDSIC Regulatory Asset	8,257,662	RB, Col I
7	FMCA Regulatory Asset	12,596,945	RB, Col I
8	Materials & Supplies	13,684,877	RB, Col I
9	Gas Stored Underground - Current A/C 164 (13-mo avg)	64,963,607	RB, Col I
10	Gas Stored Underground - Non-Current A/C 117	4,949,422	RB, Col I
	Total Rate Base	\$ 2,169,898,342	RB, Col I

Northern Indiana Public Service Company LLC
Capital Structure
As Of June 30, 2022

Line No.	Description	Total Company Capitalization	Percent of Total	Cost	Weighted Average Cost
	A	B	C	D	E
1	Common Equity	\$ 3,659,687,973	49.90%	10.50%	5.24%
2	Long-Term Debt	2,608,901,786	35.57%	4.54%	1.61%
3	Customer Deposits	64,944,910	0.89%	4.64%	0.04%
4	Deferred Income Taxes	1,400,373,187	19.09%	0.00%	0.00%
5	Post-Retirement Liability	32,775,665	0.45%	0.00%	0.00%
6	Prepaid Pension Asset	(433,729,232)	-5.91%	0.00%	0.00%
7	Post-1970 ITC	1,067,894	<u>0.01%</u>	8.02%	<u>0.00%</u>
8	Totals	\$ 7,334,022,183	100.00%		<u>6.89%</u>

Cost of Investor Supplied Capital

	Description	Total Company Capitalization	Percent of Total	Cost	Weighted Average Cost
	A	B	C	D	E
9	Common Equity	\$ 3,659,687,973	58.38%	10.50%	6.13%
10	Long-Term Debt	2,608,901,786	41.62%	4.54%	1.89%
11	Totals	\$ 6,268,589,759	100.00%		<u>8.02%</u>

Northern Indiana Public Service Company LLC
Summary Statement of Depreciation Expense
Twelve Months Ended December 31, 2020, thru Pro forma Twelve Months Ending June 30, 2022

Line No.	Subcomponent	Twelve Months Ended December 31, 2020 A	Normalization Adjustments B DEPR<X>-20	Normalized Twelve Months Ended December 31, 2020 C = A + B	Projected Adjustments D DEPR<X>-21	Projected Twelve Months Ending December 31, 2021 E = C + D	Projected Adjustments F DEPR<X>-22-S1	Projected Twelve Months Ending June 30, 2022 G = E + F	Rate-making Adjustments H DEPR<X>-22R-S1	Projected Twelve Months Ending June 30, 2022 I = G + H
1	Gas Plant Asset Depreciation	\$ 66,941,429	\$ (314,778)	\$ 66,626,651	\$ 9,877,996	\$ 76,504,647	\$ 1,519,795	\$ 78,024,441	\$ 13,157,876	\$ 91,182,317
2	Gas Common Depreciation Expense	896,815	-	896,815	134,818	1,031,633	29,675	1,061,308	-	1,061,308
3	Total Depreciation Expense	<u>\$ 67,838,244</u>	<u>\$ (314,778)</u>	<u>\$ 67,523,466</u>	<u>\$ 10,012,814</u>	<u>\$ 77,536,280</u>	<u>\$ 1,549,470</u>	<u>\$ 79,085,749</u>	<u>\$ 13,157,876</u>	<u>\$ 92,243,625</u>

Petitioner's Exhibit No. 3
Attachment 3-B-S1
AMTZ Module S1

Northern Indiana Public Service Company LLC
Summary Statement of Amortization Expense
Twelve Months Ended December 31, 2020, thru Pro forma Twelve Months Ending June 30, 2022

Line No.	Subcomponent	Twelve Months Ended December 31, 2020 A	Normalization Adjustments B AMTZ<X>-20	Normalized Twelve Months Ended December 31, 2020 C = A + B	Projected Adjustments D AMTZ<X>-21	Projected Twelve Months Ending December 31, 2021 E = C + D	Projected Adjustments F AMTZ<X>-22-S1	Projected Twelve Months Ending June 30, 2022 G = E + F	Ratemaking Adjustments H AMTZ<X>-22R-S1	Pro forma Twelve Months Ending June, 2022 I = G + H
1	Gas Plant Asset Amortization	\$ 1,284,387	\$ -	\$ 1,284,387	\$ (82,024)	\$ 1,202,363	\$ (692,112)	\$ 510,251	\$ (504,086)	\$ 6,165
2	Gas Common Amortization	4,547,885	-	4,547,885	1,688,852	6,236,737	2,033,362	8,270,099	1,685,481	9,955,580
3	TDSIC Regulatory Asset	-	-	-	-	-	-	-	2,482,749	2,482,749
4	FMCA Regulatory Asset	-	-	-	-	-	-	-	3,496,742	3,496,742
5	Cause No. 44988 Amortization	-	2,420,052	2,420,052	-	2,420,052	-	2,420,052	414,433	2,834,485
6	COVID Regulatory Asset	-	-	-	-	-	-	-	1,368,690	1,368,690
7	Gas Rate Case Expense	-	-	-	-	-	-	-	807,549	807,549
8	Total Amortization Expense	<u>\$ 5,832,272</u>	<u>\$ 2,420,052</u>	<u>\$ 8,252,324</u>	<u>\$ 1,606,828</u>	<u>\$ 9,859,152</u>	<u>\$ 1,341,250</u>	<u>\$ 11,200,402</u>	<u>\$ 9,751,558</u>	<u>\$ 20,951,960</u>

Northern Indiana Public Service Company LLC
Summary Statement of Rate Base
Actuals as of December 31, 2020, thru Projected as of June 30, 2022

Line No.	Subcomponent	Actuals As of December 31, 2020 A	Normalization Adjustments B RB<X>-20	Normalized As of December 31, 2020 C = A + B	Projected Adjustments D RB<X>-21	Projected As of December 31, 2021 E = C + D	Projected Adjustments F RB<X>-22-S1	Projected As of June 30, 2022 G = E + F	Ratemaking Adjustments H RB<X>-22R-S1	Pro Forma As of June 30, 2022 I = G + H
Rate Base										
1	Gas Utility Plant	\$ 3,211,281,589	\$ -	\$ 3,211,281,589	\$ 304,167,877	\$ 3,515,449,467	\$ 61,997,658	\$ 3,577,447,125	\$ -	\$ 3,577,447,125
2	Common Allocated	144,602,458	-	144,602,458	23,495,949	168,098,408	7,980,030	176,078,438	-	176,078,438
Total Utility Plant		\$ 3,355,884,048	\$ -	\$ 3,355,884,048	\$ 327,663,826	\$ 3,683,547,874	\$ 69,977,689	\$ 3,753,525,563	\$ -	\$ 3,753,525,563
3	Gas Accumulated Depreciation and Amortization	\$ (1,511,446,440)	\$ -	\$ (1,511,446,440)	\$ (34,557,789)	\$ (1,546,004,229)	\$ (29,035,220)	\$ (1,575,039,449)	\$ -	\$ (1,575,039,449)
4	Common Allocated	(111,114,351)	-	(111,114,351)	(4,781,315)	(115,895,666)	(4,466,263)	(120,361,929)	-	(120,361,929)
Total Accumulated Depreciation and Amortization		\$ (1,622,560,791)	\$ -	\$ (1,622,560,791)	\$ (39,339,104)	\$ (1,661,899,895)	\$ (33,501,483)	\$ (1,695,401,378)	\$ -	\$ (1,695,401,378)
Net Utility Plant		\$ 1,733,323,257	\$ -	\$ 1,733,323,257	\$ 288,324,722	\$ 2,021,647,979	\$ 36,476,205	\$ 2,058,124,185	\$ -	\$ 2,058,124,185
5	Cause No. 44988 Regulatory Assets	\$ 10,701,055	\$ -	\$ 10,701,055	\$ (2,252,941)	\$ 8,448,114	\$ (1,126,470)	\$ 7,321,644	\$ -	\$ 7,321,644
6	TDSIC Regulatory Asset	2,145,680	-	2,145,680	3,235,962	5,381,642	2,876,020	8,257,662	-	8,257,662
7	FMCA Regulatory Asset	6,386,299	-	6,386,299	4,280,587	10,666,886	1,930,059	12,596,945	-	12,596,945
8	Materials & Supplies	15,384,306	-	15,384,306	(1,699,429)	13,684,877	-	13,684,877	-	13,684,877
9	Gas Stored Underground - Current A/C 164 (13-mo avg)	41,456,707	-	41,456,707	21,857,355	63,314,062	1,649,545	64,963,607	-	64,963,607
10	Gas Stored Underground - Non-Current A/C 117	4,949,422	-	4,949,422	-	4,949,422	-	4,949,422	-	4,949,422
Total Rate Base		\$ 1,814,346,725	\$ -	\$ 1,814,346,725	\$ 313,746,258	\$ 2,128,092,983	\$ 41,805,359	\$ 2,169,898,342	\$ -	\$ 2,169,898,342

Northern Indiana Public Service Company LLC
Summary of Capital Structure
Twelve Months Ended December 31, 2020, thru Pro forma Twelve Months Ending June 30, 2022

Line No.	Subcomponent	Twelve Months Ended	Normalization	Normalized	Budget	Budget	Budget	Pro forma		
		December 31, 2020	Adjustments	December 31, 2020	Adjustments	Twelve Months Ending December 31, 2021	Adjustments	Twelve Months Ending June 30, 2022		
	Adjustment Reference	A	B	C = A + B	D	E = C + D	F	G = E + F	H	I = G + H
			CS<X>-20		CS<X>-21		CS<X>-22-S1		CS<X>-22R-S1	
1	Common Equity	\$ 3,170,642,258	\$ -	\$ 3,170,642,258	\$ 235,454,051	\$ 3,406,096,309	\$ 143,875,872	\$ 3,549,972,181	\$ 109,715,792	\$ 3,659,687,973
2	Long-Term Debt	2,323,901,786	-	2,323,901,786	165,000,000	2,488,901,786	120,000,000	2,608,901,786	-	2,608,901,786
3	Customer Deposits	64,944,910	-	64,944,910	-	64,944,910	-	64,944,910	-	64,944,910
4	Deferred Income Taxes	1,357,606,761	(16,951,361)	1,340,655,400	59,116,560	1,399,771,960	8,899,712	1,408,671,672	(8,298,485)	1,400,373,187
5	Post-Retirement Liability	53,258,365	-	53,258,365	(14,040,977)	39,217,387	(6,441,722)	32,775,665	-	32,775,665
6	Prepaid Pension Asset	(420,025,857)	-	(420,025,857)	(13,467,375)	(433,493,232)	(236,000)	(433,729,232)	-	(433,729,232)
7	Post-1970 ITC	1,595,132	-	1,595,132	(368,712)	1,226,420	(158,526)	1,067,894	-	1,067,894
8	Total Capital Structure	\$ 6,551,923,355	\$ (16,951,361)	\$ 6,534,971,994	\$ 431,693,547	\$ 6,966,665,540	\$ 265,939,336	\$ 7,232,604,876	\$ 101,417,307	\$ 7,334,022,183

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Depreciation and Amortization Expense
Twelve Months Ending June 30, 2022

This pro forma adjusts the twelve months ended December 31, 2020, gas depreciation expenses for gas plant assets to reflect normalization adjustment(s), projected changes for the twelve months ending December 31, 2021, and June 30, 2022, and ratemaking adjustment(s) for the twelve months ending June 30, 2022, as described below.

Line No.	Description	Adjustment	Amount	Page Reference
	A	B	C	D
1	Actual Expense - December 31, 2020		\$ 66,941,429	[.3]
2	Normalization adjustment to Increase / (Decrease) expense to reclassify depreciation expense related to 44988 regulatory asset amortization expense - AMTZ 5	DEPR 1-20	(314,778)	[.3]
3	Normalized expense for the twelve months ended December 31, 2020		<u>\$ 66,626,651</u>	
4	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2021	DEPR 1-21	<u>9,877,996</u>	
5	Projected expense for the twelve months ending December 31, 2021		<u>\$ 76,504,647</u>	[.2]
6	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending June 30, 2022	DEPR 1-22-S1	<u>1,519,795</u>	
7	Projected expense for the twelve months ending June 30, 2022		<u>\$ 78,024,441</u>	[.2]
8	Pro Forma adjustment to Increase / (Decrease) depreciation expense for Ratemaking to reflect the implementation of the new depreciation accrual rates	DEPR 1-22R-S1	13,157,876	[.2]
9	Ratemaking expense for the twelve months ending June 30, 2022		<u>\$ 91,182,317</u>	[.2]

**Northern Indiana Public Service Company LLC
Pro forma Adjustment to Depreciation and Amortization Expense
Twelve Months Ending June 30, 2022**

This pro forma adjusts the twelve months ended December 31, 2020, gas depreciation expenses for gas common depreciation to reflect normalization adjustment(s), projected changes for the twelve months ending December 31, 2021, and June 30, 2022, and ratemaking adjustment(s) for the twelve months ending June 30, 2022, as described below.

Line No.	Description A	Adjustment B	Amount C	Page Reference D
1	Actual Expense - December 31, 2020		\$ 896,815	[.3]
2	Normalization adjustment N/A		-	
3	Normalized expense for the twelve months ended December 31, 2020		<u>\$ 896,815</u>	
4	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2021	DEPR 2-21	<u>134,818</u>	
5	Projected expense for the twelve months ending December 31, 2021		<u>\$ 1,031,633</u>	[.2]
6	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending June 30, 2022	DEPR 2-22-S1	<u>29,675</u>	
7	Projected expense for the twelve months ending June 30, 2022		<u>\$ 1,061,308</u>	[.2]
8	Pro Forma adjustment N/A		-	
9	Ratemaking expense for the twelve months ending June 30, 2022		<u><u>\$ 1,061,308</u></u>	[.2]

**Northern Indiana Public Service Company LLC
Pro forma Adjustment to Depreciation and Amortization Expense
Twelve Months Ending June 30, 2022**

This pro forma adjusts the twelve months ended December 31, 2020, gas amortization expenses for gas plant assets to reflect normalization adjustment(s), projected changes for the twelve months ending December 31, 2021, and June 30, 2022, and ratemaking adjustment(s) for the twelve months ending June 30, 2022, as described below.

Line No.	Description A	Adjustment B	Amount C	Page Reference D
1	Actual Expense - December 31, 2020		\$ 1,284,387	[.2]
2	Normalization adjustment N/A		-	
3	Normalized expense for the twelve months ended December 31, 2020		<u>\$ 1,284,387</u>	
4	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2021	AMTZ 1-21	<u>(82,024)</u>	
5	Projected expense for the twelve months ending December 31, 2021		<u>\$ 1,202,363</u>	[.3]
6	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending June 30, 2022	AMTZ 1-22-S1	<u>(692,112)</u>	
7	Projected expense for the twelve months ending June 30, 2022		<u>\$ 510,251</u>	[.3]
8	Pro Forma adjustment to Increase / (Decrease) gas amortization expense for gas plant assets as of June 30, 2022	AMTZ 1-22R-S1	<u>(504,086)</u>	[.3]
9	Ratemaking expense for the twelve months ending June 30, 2022		<u>\$ 6,165</u>	

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Depreciation and Amortization Expense
Twelve Months Ending June 30, 2022

This pro forma adjusts the twelve months ended December 31, 2020, gas amortization expenses for gas common amortization to reflect normalization adjustment(s), projected changes for the twelve months ending December 31, 2021, and June 30, 2022, and ratemaking adjustment(s) for the twelve months ending June 30, 2022, as described below.

Line No.	Description	Adjustment	Amount	Page Reference
	A	B	C	D
1	Actual Expense - December 31, 2020		\$ 4,547,885	[.2]
2	Normalization adjustment N/A		-	
3	Normalized expense for the twelve months ended December 31, 2020		<u>\$ 4,547,885</u>	
4	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2021	AMTZ 2-21	<u>1,688,852</u>	
5	Projected expense for the twelve months ending December 31, 2021		<u>\$ 6,236,737</u>	[.3]
6	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending June 30, 2022	AMTZ 2-22-S1	<u>2,033,362</u>	
7	Projected expense for the twelve months ending June 30, 2022		<u>\$ 8,270,099</u>	[.3]
8	Pro Forma adjustment to Increase / (Decrease) amortization expense for Ratemaking to annualize amortization expense	AMTZ 2-22R-S1	1,685,481	[.3]
9	Ratemaking expense for the twelve months ending June 30, 2022		<u><u>\$ 9,955,580</u></u>	

**Northern Indiana Public Service Company LLC
Pro forma Adjustment to Depreciation and Amortization Expense
Twelve Months Ending June 30, 2022**

This pro forma adjusts the twelve months ended December 31, 2020, gas amortization expenses for the TDSIC Regulatory Asset to reflect normalization adjustment(s), projected changes for the twelve months ending December 31, 2021, and June 30, 2022, and ratemaking adjustment(s) for the twelve months ending June 30, 2022, as described below.

Line No.	Description	Adjustment	Amount	Page Reference
A	B	C	D	
1	Actual Expense - December 31, 2020		\$ -	
2	Normalization adjustment N/A		-	
3	Normalized expense for the twelve months ended December 31, 2020		\$ -	
4	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2021	AMTZ 3-21	-	
5	Projected expense for the twelve months ending December 31, 2021		\$ -	
6	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending June 30, 2022	AMTZ 3-22-S1	-	
7	Projected expense for the twelve months ending June 30, 2022		\$ -	
8	Pro Forma adjustment to Increase / (Decrease) amortization expense for Ratemaking to recover the 20 percent deferred TDSIC Regulatory Asset balance	AMTZ 3-22R-S1	2,482,749	[.2]
9	Ratemaking expense for the twelve months ending June 30, 2022		\$ 2,482,749	

**Northern Indiana Public Service Company LLC
Pro forma Adjustment to Depreciation and Amortization Expense
Twelve Months Ending June 30, 2022**

This pro forma adjusts the twelve months ended December 31, 2020, gas amortization expenses for the FMCA Regulatory Asset to reflect normalization adjustment(s), projected changes for the twelve months ending December 31, 2021, and June 30, 2022, and ratemaking adjustment(s) for the twelve months ending June 30, 2022, as described below.

Line No.	Description	Adjustment	Amount	Page Reference
	A	B	C	D
1	Actual Expense - December 31, 2020		\$ -	
2	Normalization adjustment N/A		-	
3	Normalized expense for the twelve months ended December 31, 2020		<u>\$ -</u>	
4	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2021	AMTZ 4-21	-	
5	Projected expense for the twelve months ending December 31, 2021		<u>\$ -</u>	
6	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending June 30, 2022	AMTZ 4-22-S1	-	
7	Projected expense for the twelve months ending June 30, 2022		<u>\$ -</u>	
8	Pro Forma adjustment to Increase / (Decrease) amortization expense for Ratemaking to recover the 20 percent deferred FMCA Regulatory Asset balance	AMTZ 4-22R-S1	3,496,742	[.2]
9	Ratemaking expense for the twelve months ending June 30, 2022		<u><u>\$ 3,496,742</u></u>	

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Income Taxes
For the Twelve Month Period Ending June 30, 2022

This pro forma adjusts the twelve months ended December 31, 2020, federal and state income tax expense to reflect income tax expense based on pro forma current revenues. Additionally, this adjustment shows the PF adjustment to reflect income tax at the proposed revenue requirement.

Line No.	Description	Adjustments	Amount
	A	B	C
1	Actual Federal and State Income Taxes - December 31, 2020		\$ (6,245,304)
2	Pro Forma adjustment to Increase / (Decrease) expense for Current Rates	ITX 1-22R-S1	13,642,689
3	Federal and State Income Taxes at Pro Forma Current Rates		\$ 7,397,385
4	Pro Forma adjustment to Increase / (Decrease) expense for Proposed Revenue	PF-5-S1	20,901,824
5	Federal and State Income Taxes at Proposed Revenue		\$ 28,299,209

Northern Indiana Public Service Company LLC
Pro forma Adjustment Based on Proposed Rates
For the Twelve Month Period Ending June 30, 2022

The proposed adjustments increase twelve months ending June 30, 2022, test year Revenue (PF-1-S1) and Expense (PF-2-S1 through PF-5-S1) to reflect uncollectible, utility receipts tax, public utility fees, and income taxes based on the proposed revenue requirement.

Line No.	Description	Amount				
		B	C	D	E	F
	A	PF-1-S1 Revenue Requirement	PF-2-S1 Uncollectible Accounts	PF-3-S1 Utility Receipts Tax	PF-4-S1 Public Utility Fee Rate	PF-5-S1 Fed/State Income Taxes
1	Revenue Requirement Deficiency	\$ 62,944,944	\$ 85,452,576	\$ 85,452,576	\$ 85,452,576	85,452,576
2	Rate	135.7576486%	0.291571%	1.4600000%	0.1276080%	19.5806860% Fed 4.8794600% State
3	Increase in Pro forma Test Year Revenue and O&M Expense Based on Proposed Rates	\$ 85,452,576	\$ 249,155	\$ 1,247,608	\$ 109,044	\$ 20,901,825

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Rate Base
As of June 30, 2022

This pro forma adjusts the December 31, 2020 Rate Base balance to reflect Gas Utility Plant as of December 31, 2021 and June 30, 2022.

Line No.	Description	Adjustment	Amount	Page Reference
	A	B	C	D
1	Actual Balance - December 31, 2020		\$ 3,211,281,589	[.5]
2	Normalization adjustment to Increase/(Decrease) balance as of December 31, 2020		-	
3	Normalized balance as of December 31, 2020		<u>\$ 3,211,281,589</u>	
4	Projected adjustment to Increase/(Decrease) balance as of December 31, 2021	RB 1-21	304,167,877	
5	Projected balance as of December 31, 2021		<u>\$ 3,515,449,467</u>	[.5]
6	Projected adjustment to Increase/(Decrease) balance as of June 30, 2022	RB 1-22-S1	61,997,658	
7	Projected balance as of June 30, 2022		<u>\$ 3,577,447,125</u>	[.6]
8	Projected adjustment to Increase / (Decrease) balance for Ratemaking		-	
9	Ratemaking balance as of June 30, 2022		<u>\$ 3,577,447,125</u>	

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Rate Base
As of June 30, 2022

This pro forma adjusts the December 31, 2020 Rate Base balance to reflect Common Allocated to gas as of December 31, 2021 and June 30, 2022.

Line No.	Description	Adjustment	Amount	Page Reference
	A	B	C	D
1	Actual Balance - December 31, 2020		\$ 144,602,458	[.7]
2	Normalization adjustment to Increase/(Decrease) balance as of December 31, 2020		-	
3	Normalized balance as of December 31, 2020		\$ 144,602,458	
4	Projected adjustment to Increase/(Decrease) balance as of December 31, 2021	RB 2-21	23,495,949	
5	Projected balance as of December 31, 2021		\$ 168,098,408	[.7]
6	Projected adjustment to Increase/(Decrease) balance as of June 30, 2022	RB 2-22-S1	7,980,030	
7	Projected balance as of June 30, 2022		\$ 176,078,438	[.7]
8	Projected adjustment to Increase / (Decrease) balance for Ratemaking		-	
9	Ratemaking balance as of June 30, 2022		\$ 176,078,438	

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Rate Base
As of June 30, 2022

This pro forma adjusts the December 31, 2020 Rate Base balance to reflect Gas Plant Accumulated Depreciation as of December 31, 2021 and June 30, 2022.

Line No.	Description	Adjustment	Amount	Page Reference
	A	B	C	D
1	Actual Balance - December 31, 2020		\$ (1,511,446,440)	[.8]
2	Normalization adjustment to Increase/(Decrease) balance as of December 31, 2020		-	
3	Normalized balance as of December 31, 2020		\$ (1,511,446,440)	
4	Projected adjustment to Increase/(Decrease) balance as of December 31, 2021	RB 3-21	(34,557,789)	
5	Projected balance as of December 31, 2021		\$ (1,546,004,229)	[.8]
6	Projected adjustment to Increase/(Decrease) balance as of June 30, 2022	RB 3-22-S1	(29,035,220)	
7	Projected balance as of June 30, 2022		\$ (1,575,039,449)	[.9]
8	Projected adjustment to Increase / (Decrease) balance for Ratemaking		-	
9	Ratemaking balance as of June 30, 2022		\$ (1,575,039,449)	

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Rate Base
As of June 30, 2022

This pro forma adjusts the December 31, 2020 Rate Base balance to reflect Gas Common Accumulated Depreciation as of December 31, 2021 and June 30, 2022.

Line No.	Description	Adjustment	Amount	Page Reference
	A	B	C	D
1	Actual Balance - December 31, 2020		\$ (111,114,351)	[.10]
2	Normalization adjustment to Increase/(Decrease) balance as of December 31, 2020		-	
3	Normalized balance as of December 31, 2020		<u>\$ (111,114,351)</u>	
4	Projected adjustment to Increase/(Decrease) balance as of December 31, 2021	RB 4-21	(4,781,315)	
5	Projected balance as of December 31, 2021		<u>\$ (115,895,666)</u>	[.10]
6	Projected adjustment to Increase/(Decrease) balance as of June 30, 2022	RB 4-22-S1	(4,466,263)	
7	Projected balance as of June 30, 2022		<u>\$ (120,361,929)</u>	[.10]
8	Projected adjustment to Increase / (Decrease) balance for Ratemaking		-	
9	Ratemaking balance as of June 30, 2022		<u><u>\$ (120,361,929)</u></u>	

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Rate Base
As of June 30, 2022

This pro forma adjusts the December 31, 2020 Rate Base balance to reflect the regulatory assets included in gas rate case Cause No. 44988 as of December 31, 2021 and June 30, 2022.

Line No.	Description	Adjustment	Amount	Page Reference
	A	B	C	D
1	Actual Balance - December 31, 2020		\$ 10,701,055	[2]
2	Normalization adjustment to Increase/(Decrease) balance as of December 31, 2020		-	
3	Normalized balance as of December 31, 2020		\$ 10,701,055	
4	Projected adjustment to Increase/(Decrease) balance as of December 31, 2021	RB 5-21	(2,252,941)	[3]
5	Projected balance as of December 31, 2021		\$ 8,448,114	
6	Projected adjustment to Increase/(Decrease) balance as of June 30, 2022	RB 5-22-S1	(1,126,470)	[3]
7	Projected balance as of June 30, 2022		\$ 7,321,644	
8	Projected adjustment to Increase / (Decrease) balance for Ratemaking		-	
9	Ratemaking balance as of June 30, 2022		\$ 7,321,644	

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Rate Base
As of June 30, 2022

This pro forma adjusts the December 31, 2020 Rate Base balance to reflect Gas TDSIC regulatory asset as of December 31, 2021 and June 30, 2022.

Line No.	Description	Adjustment	Amount	Page Reference
	A	B	C	D
1	Actual Balance - December 31, 2020		\$ 2,145,680	[2]
2	Normalization adjustment to Increase/(Decrease) balance as of December 31, 2020		-	
3	Normalized balance as of December 31, 2020		<u>\$ 2,145,680</u>	
4	Projected adjustment to Increase/(Decrease) balance as of December 31, 2021	RB 6-21	<u>3,235,962</u>	[3]
5	Projected balance as of December 31, 2021		<u>\$ 5,381,642</u>	
6	Projected adjustment to Increase/(Decrease) balance as of June 30, 2022	RB 6-22-S1	<u>2,876,020</u>	[3]
7	Projected balance as of June 30, 2022		<u>\$ 8,257,662</u>	
8	Projected adjustment to Increase / (Decrease) balance for Ratemaking		-	
9	Ratemaking balance as of June 30, 2022		<u>\$ 8,257,662</u>	

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Rate Base
As of June 30, 2022

This pro forma adjusts the December 31, 2020 Rate Base balance to reflect the FMCA regulatory asset as of December 31, 2021 and June 30, 2022.

Line No.	Description	Adjustment	Amount	Page Reference
	A	B	C	D
1	Actual Balance - December 31, 2020		\$ 6,386,299	[2]
2	Normalization adjustment to Increase/(Decrease) balance as of December 31, 2020		-	
3	Normalized balance as of December 31, 2020		\$ 6,386,299	
4	Projected adjustment to Increase/(Decrease) balance as of December 31, 2021	RB 7-21	4,280,587	[3]
5	Projected balance as of December 31, 2021		\$ 10,666,886	
6	Projected adjustment to Increase/(Decrease) balance as of June 30, 2022	RB 7-22-S1	1,930,059	[3]
7	Projected balance as of June 30, 2022		\$ 12,596,945	
8	Projected adjustment to Increase / (Decrease) balance for Ratemaking		-	
9	Ratemaking balance as of June 30, 2022		\$ 12,596,945	

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Rate Base
As of June 30, 2022

This pro forma adjusts the December 31, 2020 Rate Base balance to reflect Gas Stored Underground - Current Account 164 (13-Month Average) as of December 31, 2021 and June 30, 2022.

Line No.	Description	Adjustment	Amount	Page Reference
	A	B	C	D
1	Actual Balance - December 31, 2020		\$ 41,456,707	[.2]
2	Normalization adjustment to Increase/(Decrease) balance as of December 31, 2020		-	
3	Normalized balance as of December 31, 2020		<u>\$ 41,456,707</u>	
4	Projected adjustment to Increase/(Decrease) balance as of December 31, 2021	RB 9-21	<u>21,857,355</u>	
5	Projected balance as of December 31, 2021		<u>\$ 63,314,062</u>	[.2]
6	Projected adjustment to Increase/(Decrease) balance as of June 30, 2022	RB 9-22-S1	<u>1,649,545</u>	
7	Projected balance as of June 30, 2022		<u>\$ 64,963,607</u>	[.2]
8	Projected adjustment to Increase / (Decrease) balance for Ratemaking		-	
9	Ratemaking balance as of June 30, 2022		<u>\$ 64,963,607</u>	

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Capital Structure
As of June 30, 2022

This pro forma adjusts the balance as of December 31, 2020, capital structure for common equity to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2021, and June 30, 2022, and ratemaking adjustment(s) for the twelve months ending June 30, 2022, as described below.

Line No.	Description	Adjustment	Amount	Page Reference
	A	B	C	D
1	Actual Balance - December 31, 2020		\$ 3,170,642,258	
2	Normalization Adjustment N/A		-	
3	Normalized balance as of December 31, 2020		<u>\$ 3,170,642,258</u>	[.2]
4	Pro Forma adjustment to Increase/(Decrease) balance as of December 31, 2021	CS 1-21	<u>235,454,051</u>	
5	Budgeted balance as of December 31, 2021		<u>\$ 3,406,096,309</u>	[.2]
6	Pro Forma adjustment to Increase/(Decrease) balance as of June 30, 2022	CS 1-22-S1	<u>143,875,872</u>	
7	Budgeted balance as of June 30, 2022		<u>\$ 3,549,972,181</u>	[.2]
8	Pro Forma adjustment to Increase / (Decrease) the balance for Ratemaking to account for GAAP to FERC reporting differences and the cancellation of dividend based on NIPSCO's most current financing plan	CS 1-22R-S1	<u>109,715,792</u>	
9	Ratemaking balance as of June 30, 2022		<u><u>\$ 3,659,687,973</u></u>	[.2]

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Capital Structure
As of June 30, 2022

This pro forma adjusts the balance as of December 31, 2020, capital structure for long term debt to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2021, and June 30, 2022, and ratemaking adjustment(s) for the twelve months ending June 30, 2022, as described below.

Line No.	Description	Adjustment	Amount	Page
				Reference
	A	B	C	D
1	Actual Balance - December 31, 2020		\$ 2,323,901,786	
2	Normalization adjustmen N/A		-	
3	Normalized balance as of December 31, 2020		<u>\$ 2,323,901,786</u>	[.3]
4	Pro Forma adjustment to Increase/(Decrease) balance as of December 31, 2021	CS 2-21	165,000,000	
5	Budgeted balance as of December 31, 2021		<u>\$ 2,488,901,786</u>	[.3]
6	Pro Forma adjustment to Increase/(Decrease) balance as of June 30, 2022	CS 2-22-S1	120,000,000	
7	Budgeted balance as of June 30, 2022		<u>\$ 2,608,901,786</u>	[.3]
8	Pro Forma adjustment N/A		-	
9	Ratemaking balance as of June 30, 2022		<u>\$ 2,608,901,786</u>	

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Capital Structure
As of June 30, 2022

This pro forma adjusts the balance as of December 31, 2020, capital structure for customer deposits to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2021, and June 30, 2022, and ratemaking adjustment(s) for the twelve months ending June 30, 2022, as described below.

Line No.	Description	Adjustment	Amount	Page Reference
	A	B	C	D
1	Actual Balance - December 31, 2020		\$ 64,944,910	
2	Normalization adjustment N/A		-	
3	Normalized balance as of December 31, 2020		<u>\$ 64,944,910</u>	[.2]
4	Pro Forma adjustment to Increase/(Decrease) balance as of December 31, 2021		-	
5	Budgeted balance as of December 31, 2021	CS 3-21	<u>\$ 64,944,910</u>	[.2]
6	Pro Forma adjustment to Increase/(Decrease) balance as of June 30, 2022		-	
7	Budgeted balance as of June 30, 2022	CS 3-22-S1	<u>\$ 64,944,910</u>	[.2]
8	Pro Forma adjustment to Increase / (Decrease) balance for Ratemaking N/A		-	
9	Ratemaking balance as of June 30, 2022		<u><u>\$ 64,944,910</u></u>	

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Capital Structure
As of June 30, 2022

This pro forma adjusts the balance as of December 31, 2020, capital structure for deferred income taxes to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2021, and June 30, 2022, and ratemaking adjustment(s) for the twelve months ending June 30, 2022, as described below.

Line No.	Description	Adjustment	Amount	Page Reference
	A	B	C	D
1	Actual Balance - December 31, 2020		\$ 1,357,606,761	
2	Normalization adjustment to Increase / (Decrease) the balance for the removal of Rosewater deferred taxes	CS 4-20	(16,951,361)	[.3]
3	Normalized balance as of December 31, 2020		\$ 1,340,655,400	[.2]
4	Pro Forma adjustment to Increase/(Decrease) balance as of December 31, 2021	CS 4-21	59,116,560	
5	Budgeted balance as of December 31, 2021		\$ 1,399,771,960	[.2]
6	Pro Forma adjustment to Increase/(Decrease) balance as of June 30, 2022	CS 4-22-S1	8,899,712	
7	Budgeted balance as of June 30, 2022		\$ 1,408,671,672	[.2]
8	Pro Forma adjustment to Increase / (Decrease) the balance for Ratemaking to account for GAAP to FERC reporting differences and the removal of Rosewater deferred taxes	CS 4-22R-S1	(8,298,485)	
9	Ratemaking balance as of June 30, 2022		\$ 1,400,373,187	[.2]

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Capital Structure
As of June 30, 2022

This pro forma adjusts the balance as of December 31, 2020, capital structure for deferred income taxes to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2021, and June 30, 2022, and ratemaking adjustment(s) for the twelve months ending June 30, 2022, as described below.

Line No.	Description	Adjustment	Amount	Page Reference
	A	B	C	D
1	Actual Balance - December 31, 2020		\$ 53,258,365	
2	Normalization adjustment N/A		-	
3	Normalized balance as of December 31, 2020		\$ 53,258,365	[.2]
4	Pro Forma adjustment to Increase/(Decrease) balance as of December 31, 2021	CS 5-21	(14,040,977)	
5	Budgeted balance as of December 31, 2021		\$ 39,217,387	[.2]
6	Pro Forma adjustment to Increase/(Decrease) balance as of June 30, 2022	CS 5-22-S1	(6,441,722)	
7	Budgeted balance as of June 30, 2022		\$ 32,775,665	[.2]
8	Pro Forma adjustment N/A		-	
9	Ratemaking balance as of June 30, 2022		\$ 32,775,665	[.2]

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Capital Structure
As of June 30, 2022

This pro forma adjusts the balance as of December 31, 2020, capital structure for prepaid pension asset to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2021, and June 30, 2022, and ratemaking adjustment(s) for the twelve months ending June 30, 2022, as described below.

Line No.	Description	Adjustment	Amount	Page Reference
	A	B	C	D
1	Actual Balance - December 31, 2020		\$ (420,025,857)	
2	Normalization Adjustment <u>N/A</u>		<u>-</u>	
3	Normalized balance as of December 31, 2020		<u>\$ (420,025,857)</u>	[.2]
4	Pro Forma adjustment to Increase/(Decrease) balance as of December 31, 2021	CS 6-21	<u>(13,467,375)</u>	
5	Budgeted balance as of December 31, 2021		<u>\$ (433,493,232)</u>	[.2]
6	Pro Forma adjustment to Increase/(Decrease) balance as of June 30, 2022	CS 6-22-S1	<u>(236,000)</u>	
7	Budgeted balance as of June 30, 2022		<u>\$ (433,729,232)</u>	[.2]
8	Pro Forma adjustment <u>N/A</u>		<u>-</u>	
9	Ratemaking balance as of June 30, 2022		<u>\$ (433,729,232)</u>	[.2]

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Capital Structure
As of June 30, 2022

This pro forma adjusts the balance as of December 31, 2020, capital structure for Post-1970 ITC to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2021, and June 30, 2022, and ratemaking adjustment(s) for the twelve months ending June 30, 2022, as described below.

Line No.	Description	Adjustment	Amount	Page Reference
	A	B	C	D
1	Actual Balance - December 31, 2020		\$ 1,595,132	
2	Normalization adjustment N/A		-	
3	Normalized balance as of December 31, 2020		<u>\$ 1,595,132</u>	[.2]
5	Pro Forma adjustment to Increase/(Decrease) balance as of December 31, 2021	CS 7-21	<u>(368,712)</u>	
6	Budgeted balance as of December 31, 2021		<u>\$ 1,226,420</u>	[.2]
8	Pro Forma adjustment to Increase/(Decrease) balance as of June 30, 2022	CS 7-22-S1	<u>(158,526)</u>	
9	Budgeted balance as of June 30, 2022		<u>\$ 1,067,894</u>	[.2]
10	Pro Forma adjustment N/A		-	
11	Ratemaking balance as of June 30, 2022		<u>\$ 1,067,894</u>	[.2]

Northern Indiana Public Service Company LLC
Statement of Operating Income
Actual, Pro forma, and Proposed
For the Twelve Month Period Ending December 31, 2022

Line No.	Description	Actual	Pro forma Adjustments Increases (Decreases)	Attachment 3-B Reference ¹	Pro forma Results Based on Current Rates	Pro forma Adjustments Increases (Decreases)	Attachment 3-C Reference	Pro forma Results Based on Proposed Rates
	A	B	C	D	E	F	G	H
1	Operating Revenue							
2	Revenue (Actual / Pro Forma)	\$ 711,775,365		REV, Col A	\$ 814,253,346	115,323,504	PF - 1	\$ 929,576,850
3	Pro forma Adjustments December 31, 2020		21,042,617	REV, Col B				
4	Budget Adjustments December 31, 2021		39,304,153	REV, Col D				
5	Budget Adjustments December 31, 2022		5,381,073	REV, Col F				
6	Ratemaking Adjustments December 31, 2022		36,750,138	REV, Col H				
7	Total Operating Revenue	\$ 711,775,365	\$ 102,477,981		\$ 814,253,346	\$ 115,323,504		\$ 929,576,850
8	Gas Costs (Trackable)							
9	Gas Cost (Actual / Pro Forma)	\$ 272,995,605		COGS, Col A	\$ 348,721,758	-		\$ 348,721,758
10	Pro forma Adjustments December 31, 2020		13,038,036	COGS, Col B				
11	Budget Adjustments December 31, 2021		28,170,131	COGS, Col D				
12	Budget Adjustments December 31, 2022		(11,826,877)	COGS, Col F				
13	Ratemaking Adjustments December 31, 2022		46,344,863	COGS, Col H				
14	Total Gas Costs	\$ 272,995,605	\$ 75,726,153		\$ 348,721,758	\$ -		\$ 348,721,758
15	Gross Margin	\$ 438,779,760	\$ 26,751,828		\$ 465,531,588	\$ 115,323,504		\$ 580,855,092
16	Operations and Maintenance Expenses							
17	Operations and Maintenance Expenses (Actual / Pro Forma)	\$ 226,187,401		O&M, Col A	\$ 223,421,804	336,250	PF - 2	\$ 223,758,054
18	Pro forma Adjustments December 31, 2020		3,840,998	O&M, Col B				
19	Budget Adjustments December 31, 2021		(3,522,408)	O&M, Col D				
20	Budget Adjustments December 31, 2022		(4,040,584)	O&M, Col F				
21	Ratemaking Adjustments December 31, 2022		956,397	O&M, Col H				
22	Total Operations and Maintenance Expense	\$ 226,187,401	\$ (2,765,597)		\$ 223,421,804	\$ 336,250		\$ 223,758,054
23	Depreciation Expense							
24	Depreciation Expense (Actual / Pro Forma)	\$ 67,838,244		DEPR, Col A	\$ 97,506,416			\$ 97,506,416
25	Pro forma Adjustments December 31, 2020		(314,778)	DEPR, Col B				
26	Budget Adjustments December 31, 2021		10,012,814	DEPR, Col D				
27	Budget Adjustments December 31, 2022		6,229,000	DEPR, Col F				
28	Ratemaking Adjustments December 31, 2022		13,741,136	DEPR, Col H				
29	Total Depreciation Expense	\$ 67,838,244	\$ 29,668,172		\$ 97,506,416	\$ -		\$ 97,506,416

Northern Indiana Public Service Company LLC
Statement of Operating Income
Actual, Pro forma, and Proposed
For the Twelve Month Period Ending December 31, 2022

Line No.	Description	Actual	Pro forma Adjustments Increases (Decreases)	Attachment 3-B Reference ¹	Pro forma Results Based on Current Rates	Pro forma Adjustments Increases (Decreases)	Attachment 3-C Reference	Pro forma Results Based on Proposed Rates
	A	B	C	D	E	F	G	H
30	<u>Amortization Expense</u>							
31	Amortization Expense (Actual / Pro Forma)	\$ 5,832,272		AMTZ, Col A	\$ 24,561,998			\$ 24,561,998
32	Pro forma Adjustments December 31, 2020		2,420,052	AMTZ, Col B				
33	Budget Adjustments December 31, 2021		1,606,828	AMTZ, Col D				
34	Budget Adjustments December 31, 2022		2,713,535	AMTZ, Col F				
35	Ratemaking Adjustments December 31, 2022		11,989,311	AMTZ, Col H				
36	Total Amortization Expense	\$ 5,832,272	\$ 18,729,726		\$ 24,561,998	\$ -		\$ 24,561,998
37	<u>Taxes</u>							
38	<u>Taxes Other than Income</u>							
39	Taxes Other than Income (Actual / Pro Forma)	\$ 31,241,852		OTX, Col A	\$ 34,955,761			\$ 34,955,761
40	Pro forma Adjustments December 31, 2020		120,001	OTX, Col B				
41	Budget Adjustments December 31, 2021		(285,860)	OTX, Col D				
42	Budget Adjustments December 31, 2022		2,209,933	OTX, Col F		\$ 1,683,723	PF - 3	\$ 1,683,723
43	Ratemaking Adjustments December 31, 2022		1,669,835	OTX, Col H		\$ 147,162	PF - 4	\$ 147,162
44	Total Taxes Other Than Income	\$ 31,241,852	\$ 3,713,909		\$ 34,955,761	\$ 1,830,885		\$ 36,786,646
45	Operating Income Before Income Taxes	107,679,991	\$ (22,594,382)		85,085,609	\$ 113,156,369		\$ 198,241,978
46	<u>Income Taxes</u>							
47	Federal and State Taxes (Actual / Pro Forma)	\$ (6,245,304)	10,268,347	Attachment 3-C, ITX 1	\$ 4,023,043	28,208,298	PF - 5	\$ 32,231,341
48	Total Taxes	\$ 24,996,548	13,982,256		\$ 38,978,804	\$ 30,039,183		\$ 69,017,987
49	Total Operating Expenses including Income Taxes	\$ 324,854,465	\$ 59,614,557		\$ 384,469,022	\$ 30,375,433		\$ 414,844,455
50	Required Net Operating Income	\$ 113,925,295	\$ (32,862,729)		\$ 81,062,566	\$ 84,948,071		\$ 166,010,637

Footnote 1 - Unless otherwise noted

Northern Indiana Public Service Company LLC
Calculation of Proposed Revenue Increase
Based on Pro forma Operating Results
Original Cost Rate Base Estimated at December 31, 2022

Line No.	Description			Revenue Deficiency
1	Net Original Cost Rate Base			\$ 2,416,457,600
2	Rate of Return			6.87%
3	Net Operating Income			166,010,637
4	Pro forma Net Operating Income			81,062,566
5	Increase in Net Operating Income (NOI Shortfall)			84,948,071
6	Effective Incremental Revenue/ NOI Conversion Factor			73.661%
7	Increase in Revenue Requirement (Based on Net Original Cost Rate Base) (Line 5 / Line 6)			\$ 115,323,504
8	One	1.000000		
9	Less: Public Utility Fee	0.001276		
10	Less: Bad Debt	0.002916		
11	State Taxable Income		0.995808	
12	One	1.000000		
13	Less: IN Utilities Receipts Tax	0.014600		
14	Taxable Adjusted Gross Income Tax		0.995808	
15	Adjusted Gross Income Tax Rate		0.049000	
16	Adjusted Gross Income Tax		0.048795	
17	Line 11 less line 13 less line 16			0.932413
18	One		1.000000	
19	Less: Federal Income Tax Rate		0.210000	
20	One Less Federal Income Tax Rate			0.790000
21	Effective Incremental Revenue / NOI Conversion Factor			73.661%

Northern Indiana Public Service Company LLC
Summary of Rate Base
As Of December 31, 2022

<u>Line No.</u>	<u>Description</u>	<u>Pro forma As Of December 31, 2022</u>	<u>Attachment 3-B Reference</u>
	<u>Rate Base</u>		
1	Utility Plant	\$ 3,815,305,221	RB, Col I
2	Common Allocated	189,363,233	RB, Col I
	Total Utility Plant	\$ 4,004,668,454	RB, Col I
3	Accumulated Depreciation and Amortization	\$ (1,581,045,637)	RB, Col I
4	Common Allocated	(124,923,724)	RB, Col I
	Total Accumulated Depreciation and Amortization	\$ (1,705,969,361)	RB, Col I
	Net Utility Plant	\$ 2,298,699,093	RB, Col I
5	Cause No. 44988 Regulatory Assets	\$ 6,195,174	RB, Col I
6	TDSIC Regulatory Asset	11,652,922	RB, Col I
7	FMCA Regulatory Asset	14,584,863	RB, Col I
8	Materials & Supplies	13,684,877	RB, Col I
9	Gas Stored Underground - Current A/C 164 (13-mo avg)	66,691,249	RB, Col I
10	Gas Stored Underground - Non-Current A/C 117	4,949,422	RB, Col I
	Total Rate Base	\$ 2,416,457,600	RB, Col I

Northern Indiana Public Service Company LLC
Capital Structure
As Of December 31, 2022

Line No.	Description	Total Company Capitalization	Percent of Total	Cost	Weighted Average Cost
	A	B	C	D	E
1	Common Equity	\$ 3,807,197,234	49.47%	10.50%	5.19%
2	Long-Term Debt	2,793,901,786	36.30%	4.52%	1.64%
3	Customer Deposits	64,944,910	0.84%	4.64%	0.04%
4	Deferred Income Taxes	1,436,388,185	18.66%	0.00%	0.00%
5	Post-Retirement Liability	26,333,943	0.34%	0.00%	0.00%
6	Prepaid Pension Asset	(433,959,232)	-5.64%	0.00%	0.00%
7	Post-1970 ITC	909,368	0.01%	7.97%	0.00%
8	Totals	\$ 7,695,716,194	100.00%		6.87%

Cost of Investor Supplied Capital

	Description	Total Company Capitalization	Percent of Total	Cost	Weighted Average Cost
	A	B	C	D	E
9	Common Equity	\$ 3,807,197,234	57.68%	10.50%	6.06%
10	Long-Term Debt	2,793,901,786	42.32%	4.52%	1.91%
11	Totals	\$ 6,601,099,020	100.00%		7.97%

Northern Indiana Public Service Company LLC
Summary Statement of Revenue
Twelve Months Ended December 31, 2020, thru Pro forma Twelve Months Ending December 31, 2022

Line No.	Subcomponent	Twelve Months Ended December 31, 2020 A	Normalization Adjustments B REV <X>-20	Normalized Twelve Months Ended December 31, 2020 C = A + B	Budget Adjustments D REV <X>-21	Budget Twelve Months Ending December 31, 2021 E = C + D	Budget Adjustments F REV <X>-22	Budget Twelve Months Ending December 31, 2022 G = E + F	Rate-making Adjustments H REV <X>-22R	Pro forma Twelve Months Ending December 31, 2022 I = G + H
	Adjustment Reference									
1	Retail Sales	\$ 575,599,911	\$ 19,021,969	\$ 594,621,880	\$ 19,051,360	\$ 613,673,240	\$ (8,819,257)	\$ 604,853,983	\$ 56,169,554	\$ 661,023,537
2	ARP Revenues	20,188,388	608,153	20,796,541	2,153,225	22,949,766	(231,091)	22,718,675	(13,201,411)	9,517,265
3	TDSIC Revenues	(2,001,464)	-	(2,001,464)	9,983,235	7,981,771	12,212,156	20,193,927	1,009,328	21,203,255
4	FMCA Revenues	14,628,843	-	14,628,843	1,036,512	15,665,355	2,177,454	17,842,809	-	17,842,809
5	DSM Revenues	1,119,400	-	1,119,400	(740,520)	378,880	-	378,880	(378,880)	-
6	Transportation Revenues	92,787,197	1,412,495	94,199,692	6,387,995	100,587,687	(50,401)	100,537,286	(7,023,673)	93,513,613
7	Off-system Displacements	25,650	-	25,650	126,856	152,506	-	152,506	(152,506)	-
8	Other Gas Revenues	6,108,227	-	6,108,227	(257,032)	5,851,195	92,212	5,943,407	144,405	6,087,813
9	InterDept Sales	100,803	-	100,803	(100,803)	-	-	-	183,320	183,320
10	Forfeited Discounts	1,751,843	-	1,751,843	1,156,070	2,907,913	-	2,907,913	-	2,907,913
11	Misc Service Revenue	1,383,030	-	1,383,030	456,936	1,839,966	-	1,839,966	-	1,839,966
12	Rent from Gas Property	83,538	-	83,538	50,319	133,857	-	133,857	-	133,857
13	Total Revenue	<u>\$ 711,775,365</u>	<u>\$ 21,042,617</u>	<u>\$ 732,817,982</u>	<u>\$ 39,304,153</u>	<u>\$ 772,122,136</u>	<u>\$ 5,381,073</u>	<u>\$ 777,503,209</u>	<u>\$ 36,750,138</u>	<u>\$ 814,253,347</u>

Northern Indiana Public Service Company LLC
Revenue Normalization and Ratemaking Adjustments Summary

Petitioner's Exhibit No. 3
Attachment 3-B-S2
REV Matrix

Line No.	A	B	C	D	E	F	G	H	I	J	K	L	M
	Subcomponent	Pro forma Adj. Description	Weather Normalization	Guaranteed Minimum	Rate Migration	Total Normalization Adjustments	Refresh & Correction of Forward 2022 Test Year	ARP Removal	TDSIC Revenue Budget Adjustment	DSM Lost Revenue Staying in Tracker	Off-System Displacements	C&I Balancing	Total Ratemaking Adjustments
		Att. 3-B / Att. 3-C	REV 1A-20	REV 1B-20	REV 1C-20	REV Module Column B	REV 1-22R	REV 2-22R	REV 3-22R	REV 5-22R	REV 7-22R	REV 8-22R	REV Module Column H
1	Retail Sales	REV 1	\$ 20,188,213	\$ (291,343)	\$ (874,901)	\$ 19,021,969	\$ 56,169,554						\$ 56,169,554
2	ARP Revenues	REV 2	\$ 608,153			\$ 608,153	\$ 1,564,037	\$ (14,765,448)					\$ (13,201,411)
3	TDSIC Revenues	REV 3				\$ -			\$ 1,009,328				\$ 1,009,328
4	FMCA Revenues	REV 4				\$ -							\$ -
5	DSM Revenues	REV 5				\$ -				\$ (378,880)			\$ (378,880)
6	Transportation Revenues	REV 6	\$ 1,177,017	\$ 20,486	\$ 214,992	\$ 1,412,495	\$ (7,023,673)						\$ (7,023,673)
7	Off-system Displacements	REV 7				\$ -					\$ (152,506)		\$ (152,506)
8	Other Gas Revenues	REV 8				\$ -						\$ 144,405	\$ 144,405
9	InterDept Sales	REV 9				\$ -	\$ 183,320						\$ 183,320
10	Forfeited Discounts	REV 10				\$ -							\$ -
11	Misc Service Revenue	REV 11				\$ -							\$ -
12	Rent from Gas Property	REV 12				\$ -							\$ -
TOTAL			\$ 21,973,383	\$ (270,857)	\$ (659,909)	\$ 21,042,617	\$ 50,893,238	\$ (14,765,448)	\$ 1,009,328	\$ (378,880)	\$ (152,506)	\$ 144,405	\$ 36,750,138

Northern Indiana Public Service Company LLC
Summary Statement of Cost of Goods Sold
Twelve Months Ended December 31, 2020, thru Pro forma Twelve Months Ending December 31, 2022

Line No.	Subcomponent	Twelve Months Ended December 31, 2020 A	Normalization Adjustments B COGS <X>-20	Normalized Twelve Months Ended December 31, 2020 C = A + B	Budget Adjustments D COGS <X>-21	Budget Twelve Months Ending December 31, 2021 E = C + D	Budget Adjustments F COGS <X>-22	Budget Twelve Months Ending December 31, 2022 G = E + F	Ratemaking Adjustments H COGS <X>-22R	Pro forma Twelve Months Ending December 31, 2022 I = G + H
1	Retail Sales	\$ 264,943,015	\$ 12,673,189	\$ 277,616,204	\$ 28,164,054	\$ 305,780,258	\$ (11,512,424)	\$ 294,267,834	\$ 52,506,126	\$ 346,773,960
2	ARP Gas Cost	6,455,295	365,760	6,821,055	1,602,459	8,423,514	(314,453)	8,109,061	(8,109,061)	-
3	Transportation Gas Cost	(257,174)	(913)	(258,087)	258,087	-	-	-	-	-
4	InterDept Sales	85,490	-	85,490	(85,490)	-	-	-	178,820	178,820
5	Other	1,768,978	-	1,768,978	(1,768,978)	-	-	-	1,768,978	1,768,978
6	Total Cost of Goods Sold	<u>\$ 272,995,605</u>	<u>\$ 13,038,036</u>	<u>\$ 286,033,641</u>	<u>\$ 28,170,131</u>	<u>\$ 314,203,772</u>	<u>\$ (11,826,877)</u>	<u>\$ 302,376,895</u>	<u>\$ 46,344,863</u>	<u>\$ 348,721,758</u>

Northern Indiana Public Service Company LLC
Summary of COGS Normalization and Ratemaking Adjustments

Petitioner's Exhibit No. 3
Attachment 3-B-S2
COGS Matrix

Line No.	A	B	C	D	E	F	G	H	I
		Pro forma Adj. Description	Weather Normalization	Rate Migration	Total Normalization Adjustments	Refresh & Correction of Forward 2022 Test Year	ARP Removal	C&I Balancing Gross-up	Total Ratemaking Adjustments
	Subcomponent	Att. 3-B / Att. 3-C	COGS 1A-20	COGS 1B-20	COGS Module Column B	COGS 1-22R	COGS 2-22R	COGS 5-22R	COGS Module Column H
1									
2									
3	Retail Sales	COGS 1	\$ 13,319,091	\$ (645,902)	\$ 12,673,189	\$ 52,506,126			\$ 52,506,126
4	ARP Gas Cost	COGS 2	\$ 365,760		\$ 365,760	\$ 1,456,386	\$ (9,565,448)		\$ (8,109,061)
5	Transportation Gas Cost	COGS 3		\$ (913)	\$ (913)				\$ -
6	InterDept Sales	COGS 4			\$ -	\$ 178,820			\$ 178,820
7	Other	COGS 5			\$ -			\$ 1,768,978	\$ 1,768,978
8		TOTAL	\$ 13,684,851	\$ (646,815)	\$ 13,038,036	\$ 54,141,333	\$ (9,565,448)	\$ 1,768,978	\$ 46,344,863

Northern Indiana Public Service Company LLC
Summary Statement of Operations and Maintenance Expense
Twelve Months Ended December 31, 2020, thru Pro forma Twelve Months Ending December 31, 2022

Line No.	Subcomponent	Twelve Months Ended	Normalization	Normalized	Budget	Budget	Budget	Rate-making	Pro forma
		December 31, 2020	Adjustments	Twelve Months Ended	Adjustments	Twelve Months Ending	Adjustments	Twelve Months Ending	Adjustments
	Adjustment Reference	A	B	C = A + B	D	E = C + D	F	H	I = G + H
			OM<X>-20		OM<X>-21		OM<X>-22	OM<X>-22R	
1	Labor	\$ 65,354,160	\$ -	\$ 65,354,160	\$ (4,450,603)	\$ 60,903,557	\$ (2,084,194)	\$ -	\$ 58,819,362
2	Gas Operations	36,310,952	62,500	36,373,452	6,186,171	42,559,623	(4,405,163)	6,937,705	45,092,165
3	Other Departments	21,352,621	-	21,352,621	(529,133)	20,823,488	(29,812)	(607,451)	20,186,225
4	FMC	9,834,541	-	9,834,541	(4,856,222)	4,978,318	(4,978,318)	348,000	348,000
5	TDSIC	70,610	(70,610)	-	-	-	-	-	-
6	Nonrecoverable Expenses	-	-	-	-	-	-	(978,542)	(978,542)
7	Corporate Service Bill	55,204,741	4,872,570	60,077,311	1,239,464	61,316,775	(127,912)	(702,723)	60,486,140
8	Corporate Insurance	7,582,423	-	7,582,423	352,916	7,935,338	200,590	1,200,243	9,336,171
9	Rents & Leases	2,697,458	2,781,520	5,478,978	2,307,783	7,786,762	449	(2,014,476)	5,772,735
10	Environmental Reserve	4,478,759	(4,478,759)	-	-	-	-	-	-
11	Uncollectibles	3,801,798	-	3,801,798	86,677	3,888,475	1,122,740	(2,637,086)	2,374,129
12	CIP	3,753,005	2,902,974	6,655,979	(1,061,688)	5,594,291	167,829	469,142	6,231,261
13	Pension	(309,371)	-	(309,371)	(6,478,955)	(6,788,325)	4,673,047	757,125	(1,358,153)
14	OPEB	2,893,962	-	2,893,962	(436,443)	2,457,519	510,641	(439,622)	2,528,537
15	Medical Benefits	5,171,652	-	5,171,652	4,426,245	9,597,897	675,260	(2,902,393)	7,370,764
16	Other Benefits	2,274,000	(1,902,636)	371,364	(210,355)	161,009	243	17,643	178,895
17	Other Employee Benefits	4,235,554	-	4,235,554	(282,096)	3,953,458	115,236	164,255	4,232,949
18	LTIP	302,451	126,687	429,138	(8,866)	420,272	109,546	31,530	561,348
19	Profit Sharing	154,817	-	154,817	245,911	400,728	9,235	(409,963)	-
20	Benefits Administration	570,020	-	570,020	(53,213)	516,807	-	99,524	616,331
21	Fee Free Transaction Program	-	-	-	-	-	-	1,623,486	1,623,486
22	Cause No. 44988 Amortization	453,249	(453,249)	-	-	-	-	-	-
23	Total Operations and Maintenance Expense	\$ 226,187,401	\$ 3,840,998	\$ 230,028,399	\$ (3,522,408)	\$ 226,505,991	\$ (4,040,584)	\$ 956,397	\$ 223,421,804

Northern Indiana Public Service Company LLC
Summary Statement of Depreciation Expense
Twelve Months Ended December 31, 2020, thru Pro forma Twelve Months Ending December 31, 2022

Line No.	Subcomponent	Twelve Months Ended December 31, 2020 A	Normalization Adjustments B DEPR<X>-20	Normalized Twelve Months Ended December 31, 2020 C = A + B	Projected Adjustments D DEPR<X>-21	Projected Twelve Months Ending December 31, 2021 E = C + D	Projected Adjustments F DEPR<X>-22	Projected Twelve Months Ending December 31, 2022 G = E + F	Ratemaking Adjustments H DEPR<X>-22R	Pro forma Twelve Months Ending December 31, 2022 I = G + H
1	Gas Plant Asset Depreciation	\$ 66,941,429	\$ (314,778)	\$ 66,626,651	\$ 9,877,996	\$ 76,504,647	\$ 6,149,923	\$ 82,654,569	\$ 13,741,136	\$ 96,395,705
2	Gas Common Depreciation Expense	896,815	-	896,815	134,818	1,031,633	79,077	1,110,710	-	1,110,710
3	Total Depreciation Expense	<u>\$ 67,838,244</u>	<u>\$ (314,778)</u>	<u>\$ 67,523,466</u>	<u>\$ 10,012,814</u>	<u>\$ 77,536,280</u>	<u>\$ 6,229,000</u>	<u>\$ 83,765,279</u>	<u>\$ 13,741,136</u>	<u>\$ 97,506,415</u>

Northern Indiana Public Service Company LLC
Summary Statement of Amortization Expense
Twelve Months Ended December 31, 2020, thru Pro forma Twelve Months Ending December 31, 2022

Line No.	Subcomponent	Twelve Months Ended December 31, 2020 A	Normalization Adjustments B AMTZ<X>-20	Normalized Twelve Months Ended December 31, 2020 C = A + B	Projected Adjustments D AMTZ<X>-21	Projected Twelve Months Ending December 31, 2021 E = C + D	Projected Adjustments F AMTZ<X>-22	Projected Twelve Months Ending December 31, 2022 G = E + F	Rate-making Adjustments H AMTZ<X>-22R	Pro forma Twelve Months Ending December 31, 2022 I = G + H
1	Gas Plant Asset Amortization	\$ 1,284,387	\$ -	\$ 1,284,387	\$ (82,024)	\$ 1,202,363	\$ (1,196,198)	\$ 6,165	\$ -	\$ 6,165
2	Gas Common Amortization	4,547,885	-	4,547,885	1,688,852	6,236,737	3,909,733	10,146,470	1,782,420	11,928,890
3	TDSIC Regulatory Asset	-	-	-	-	-	-	-	3,513,780	3,513,780
4	FMCA Regulatory Asset	-	-	-	-	-	-	-	4,102,438	4,102,438
5	Cause No. 44988 Amortization	-	2,420,052	2,420,052	-	2,420,052	-	2,420,052	414,433	2,834,485
6	COVID Regulatory Asset	-	-	-	-	-	-	-	1,368,690	1,368,690
7	Gas Rate Case Expense	-	-	-	-	-	-	-	807,549	807,549
8	Total Amortization Expense	<u>\$ 5,832,272</u>	<u>\$ 2,420,052</u>	<u>\$ 8,252,324</u>	<u>\$ 1,606,828</u>	<u>\$ 9,859,152</u>	<u>\$ 2,713,535</u>	<u>\$ 12,572,687</u>	<u>\$ 11,989,311</u>	<u>\$ 24,561,998</u>

Petitioner's Exhibit No. 3
Attachment 3-B-S2
OTX Module

Northern Indiana Public Service Company LLC
Summary Statement of Taxes Other Than Income Expense
Twelve Months Ended December 31, 2020, thru Pro forma Twelve Months Ending December 31, 2022

Line No.	Subcomponent	Twelve Months Ended December 31, 2020 A	Normalization Adjustments B OTX<X>-20	Normalized Twelve Months Ended December 31, 2020 C = A + B	Budget Adjustments D OTX<X>-21	Budget Twelve Months Ending December 31, 2021 E = C + D	Budget Adjustments F OTX<X>-22	Budget Twelve Months Ending December 31, 2022 G = E + F	Ratemaking Adjustments H OTX<X>-22R	Pro forma Twelve Months Ending December 31, 2022 I = G + H
	Adjustment Reference									
1	Property Tax	\$ 14,865,435	\$ (110,793)	\$ 14,754,642	\$ 1,190,553	\$ 15,945,195	\$ 1,355,324	\$ 17,300,519	\$ (480,519)	\$ 16,820,000
2	Payroll Taxes	5,468,961	222,077	5,691,038	(762,458)	4,928,580	145,024	5,073,604	342,858	5,416,462
3	Sales Tax	(8,717)	8,717	-	-	-	-	-	-	-
4	URT Total	9,941,418	-	9,941,418	(699,101)	9,242,317	703,480	9,945,797	1,751,712	11,697,509
5	Public Utility Fee Total	974,756	-	974,756	(14,854)	959,901	6,105	966,006	55,784	1,021,791
6	Total Taxes Other than Income	<u>\$ 31,241,852</u>	<u>\$ 120,001</u>	<u>\$ 31,361,854</u>	<u>\$ (285,860)</u>	<u>\$ 31,075,993</u>	<u>\$ 2,209,933</u>	<u>\$ 33,285,926</u>	<u>\$ 1,669,835</u>	<u>\$ 34,955,762</u>

Northern Indiana Public Service Company LLC
Summary Statement of Rate Base
Actuals as of December 31, 2020, thru Projected as of December 31, 2022

Line No.	Subcomponent	Actuals as of December 31, 2020 A	Normalization Adjustments B RB<X>-20	Normalized as of December 31, 2020 C = A + B	Projected Adjustments D RB<X>-21	Projected as of December 31, 2021 E = C + D	Projected Adjustments F RB<X>-22	Projected as of December 31, 2022 G = E + F	Rate-making Adjustments H RB<X>-22R	Pro forma as of December 31, 2022 I = G + H
Rate Base										
1	Gas Utility Plant	\$ 3,211,281,589	\$ -	\$ 3,211,281,589	\$ 304,167,877	\$ 3,515,449,467	\$ 299,855,754	\$ 3,815,305,221	\$ -	\$ 3,815,305,221
2	Common Allocated	144,602,458	-	144,602,458	23,495,949	168,098,408	21,264,826	189,363,233	-	189,363,233
	Total Utility Plant	\$ 3,355,884,048	\$ -	\$ 3,355,884,048	\$ 327,663,826	\$ 3,683,547,874	\$ 321,120,580	\$ 4,004,668,454	\$ -	\$ 4,004,668,454
3	Gas Accumulated Depreciation and Amortization	\$ (1,511,446,440)	\$ -	\$ (1,511,446,440)	\$ (34,557,789)	\$ (1,546,004,229)	\$ (35,041,408)	\$ (1,581,045,637)	\$ -	\$ (1,581,045,637)
4	Common Allocated	(111,114,351)	-	(111,114,351)	(4,781,315)	(115,895,666)	(9,028,058)	(124,923,724)	-	(124,923,724)
	Total Accumulated Depreciation and Amortization	\$ (1,622,560,791)	\$ -	\$ (1,622,560,791)	\$ (39,339,104)	\$ (1,661,899,895)	\$ (44,069,466)	\$ (1,705,969,361)	\$ -	\$ (1,705,969,361)
	Net Utility Plant	\$ 1,733,323,257	\$ -	\$ 1,733,323,257	\$ 288,324,722	\$ 2,021,647,979	\$ 277,051,114	\$ 2,298,699,093	\$ -	\$ 2,298,699,093
5	Cause No. 44988 Regulatory Assets	\$ 10,701,055	\$ -	\$ 10,701,055	\$ (2,252,941)	\$ 8,448,114	\$ (2,252,940)	\$ 6,195,174	\$ -	\$ 6,195,174
6	TDSIC Regulatory Asset	2,145,680	-	2,145,680	3,235,962	5,381,642	6,271,280	11,652,922	-	11,652,922
7	FMCA Regulatory Asset	6,386,299	-	6,386,299	4,280,587	10,666,886	3,917,977	14,584,863	-	14,584,863
8	Materials & Supplies	15,384,306	-	15,384,306	(1,699,429)	13,684,877	-	13,684,877	-	13,684,877
9	Gas Stored Underground - Current A/C 164 (13-mo avg)	41,456,707	-	41,456,707	21,857,355	63,314,062	3,377,187	66,691,249	-	66,691,249
10	Gas Stored Underground - Non-Current A/C 117	4,949,422	-	4,949,422	-	4,949,422	-	4,949,422	-	4,949,422
	Total Rate Base	\$ 1,814,346,725	\$ -	\$ 1,814,346,725	\$ 313,746,258	\$ 2,128,092,983	\$ 288,364,617	\$ 2,416,457,599	\$ -	\$ 2,416,457,599

Northern Indiana Public Service Company LLC
Summary of Capital Structure
Twelve Months Ended December 31, 2020, thru Pro forma Twelve Months Ending December 31, 2022

Line No.	Subcomponent	Twelve Months Ended December 31, 2020 A	Normalization Adjustments B CS<X>-20	Normalized Twelve Months Ended December 31, 2020 C = A + B	Budget Adjustments D CS<X>-21	Budget Twelve Months Ending December 31, 2021 E = C + D	Budget Adjustments F CS<X>-22	Budget Twelve Months Ending December 31, 2022 G = E + F	Rate-making Adjustments H CS<X>-22R	Pro forma Twelve Months Ending December 31, 2022 I = G + H
1	Common Equity	\$ 3,170,642,258	\$ -	\$ 3,170,642,258	\$ 235,454,051	\$ 3,406,096,309	\$ 289,477,105	\$ 3,695,573,415	\$ 111,623,819	\$ 3,807,197,234
2	Long-Term Debt	2,323,901,786	-	2,323,901,786	165,000,000	2,488,901,786	220,000,000	2,708,901,786	85,000,000	2,793,901,786
3	Customer Deposits	64,944,910	-	64,944,910	-	64,944,910	-	64,944,910	-	64,944,910
4	Deferred Income Taxes	1,357,606,761	(16,951,361)	1,340,655,400	59,116,560	1,399,771,960	44,283,070	1,444,055,030	(7,666,845)	1,436,388,185
5	Post-Retirement Liability	53,258,365	-	53,258,365	(14,040,978)	39,217,387	(12,883,444)	26,333,943	-	26,333,943
6	Prepaid Pension Asset	(420,025,857)	-	(420,025,857)	(13,467,375)	(433,493,232)	(466,000)	(433,959,232)	-	(433,959,232)
7	Post-1970 ITC	1,595,132	-	1,595,132	(368,712)	1,226,420	(317,052)	909,368	-	909,368
8	Total Capital Structure	<u>\$ 6,551,923,355</u>	<u>\$ (16,951,361)</u>	<u>\$ 6,534,971,994</u>	<u>\$ 431,693,546</u>	<u>\$ 6,966,665,540</u>	<u>\$ 540,093,679</u>	<u>\$ 7,506,759,220</u>	<u>\$ 188,956,974</u>	<u>\$ 7,695,716,194</u>

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Operating Revenue
Twelve Months Ending December 31, 2022

This pro forma adjusts the twelve months ended December 31, 2020, revenue for retail sales to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2021, and December 31, 2022, and ratemaking adjustment(s) for the twelve months ending December 31, 2022, as described below.

Line No.	Description	Adjustments	Amount
	A	B	C
1	Actual Revenue - December 31, 2020		\$ 575,599,911
2	Normalization adjustment to Increase / (Decrease) revenue for weather normalization	REV 1A-20 ¹	\$ 20,188,213
3	Normalization adjustment to Increase / (Decrease) revenue for guaranteed minimum	REV 1B-20 ¹	(291,343)
4	Normalization adjustment to Increase / (Decrease) revenue for rate migration	REV 1C-20 ¹	(874,901)
			\$ 19,021,969
5	Normalized revenue for the twelve months ended December 31, 2020		\$ 594,621,880
6	Pro Forma adjustment to Increase / (Decrease) revenue for the twelve months ending December 31, 2021	REV 1-21	19,051,360
7	Budgeted revenue for the twelve months ending December 31, 2021		\$ 613,673,240
8	Pro Forma adjustment to Increase / (Decrease) revenue for the twelve months ending December 31, 2022	REV 1-22	(8,819,257)
9	Budgeted revenue for the twelve months ending December 31, 2022		\$ 604,853,983
10	Pro Forma adjustment to Increase / (Decrease) revenue for refresh and correction of Forward 2022 Test Year	REV 1-22R ¹	56,169,554
11	Ratemaking revenue for the twelve months ending December 31, 2022		\$ 661,023,537

Footnote 1: For further detail on 2020 normalization adjustments and 2022 ratemaking adjustments, please see specific workpapers referenced in column B.

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Operating Revenue
Twelve Months Ended December 31, 2020

This pro forma adjusts the twelve months ended December 31, 2020, revenue for weather normalization to reflect normalization adjustment(s).

Line No.	Description	Adjustments	Amount
	A	B	C
1	Normalization adjustment to Increase / (Decrease) revenue for Total Retail Sales Revenue	REV 1A-20	\$ 20,188,213
2	Normalization adjustment to Increase / (Decrease) revenue for Total PPS Capped Revenue	REV 1A-20	128,559
3	Normalization adjustment to Increase / (Decrease) revenue for Total PPS Fixed Revenue	REV 1A-20	479,594
4	Normalization adjustment to Increase / (Decrease) revenue for Total Choice Revenue	REV 1A-20	<u>1,177,017</u>
5	Normalized revenue for the twelve months ended December 31, 2020		<u><u>\$ 21,973,383</u></u>

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Operating Revenue
Twelve Months Ended December 31, 2020

This pro forma adjusts the twelve months ended December 31, 2020, revenue for guaranteed minimum revenue to reflect normalization adjustment(s).

Line No.	Description	Adjustment	Amount
	A	B	C
1	Retail Sales		
2	Normalization adjustment to Increase / (Decrease) revenue for Rate 1700 GCA		\$ (228,110)
3	Normalization adjustment to Increase / (Decrease) revenue for Rate 121 GCA		(63,233)
4	Total Retail Sales	Rev 1B-20	<u>\$ (291,343)</u>
5	Transportation Revenues		
6	Normalization adjustment to Increase / (Decrease) revenue for Rate 128		20,143
7	Normalization adjustment to Increase / (Decrease) revenue for Rate 138		343
8	Total Transportation Revenues	Rev 1B-20	<u>\$ 20,486</u>
9	Normalized revenue for the twelve months ended December 31, 2020		<u><u>\$ (270,857)</u></u>

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Operating Revenue
Twelve Months Ending December 31, 2020

This pro forma adjusts the twelve months ended December 31, 2020, revenue for rate migrations to reflect normalization adjustment(s).

Line No.	Description	Adjustment	Amount
	A	B	C
1	Retail Sales		
2	Normalization adjustment to Increase / (Decrease) revenue for Rate 121 GCA		\$ (430,022)
3	Normalization adjustment to Increase / (Decrease) revenue for Rate 125 GCA		(444,879)
4	Total Retail Sales	Rev 1C-20	<u>\$ (874,901)</u>
5	Transportation Revenues		
6	Normalization adjustment to Increase / (Decrease) revenue for Rate 125 Choice		(2,597)
7	Normalization adjustment to Increase / (Decrease) revenue for Rate 128		33,802
8	Normalization adjustment to Increase / (Decrease) revenue for Rate 138		183,787
9	Total Transportation Revenues	Rev 1C-20	<u>\$ 214,992</u>
10	Normalized revenue for the twelve months ended December 31, 2020		<u><u>\$ (659,909)</u></u>

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Operating Revenue
Twelve Months Ending December 31, 2022

This pro forma adjusts the twelve months ended December 31, 2022, revenue for updated forecast / 20 year average weather normalization to reflect ratemaking adjustment(s) for the twelve months ending December 31, 2022, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Pro Forma adjustment to Increase / (Decrease) revenue for Total Retail Sales Revenue	REV 1-22R	\$ 56,169,554
2	Pro Forma adjustment to Increase / (Decrease) revenue for Total PPS Capped Revenue	REV 1-22R	341,896
3	Pro Forma adjustment to Increase / (Decrease) revenue for Total PPS Fixed Revenue	REV 1-22R	1,102,894
4	Pro Forma adjustment to Increase / (Decrease) revenue for Total Dependabill Revenue	REV 1-22R	119,248
5	Pro Forma adjustment to Increase / (Decrease) revenue for Total Choice Revenue	REV 1-22R	3,990,952
6	Pro Forma adjustment to Increase / (Decrease) revenue for Total Transport Revenue	REV 1-22R	(11,014,625)
7	Pro Forma adjustment to Increase / (Decrease) revenue for Total Interdepartmental Revenue	REV 1-22R	183,320
8	Ratemaking revenue for the twelve months ending December 31, 2022		<u>\$ 50,893,238</u>

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Operating Revenue
Twelve Months Ending December 31, 2022

This pro forma adjusts the twelve months ended December 31, 2020, revenue for ARP revenues to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2021, and December 31, 2022, and ratemaking adjustment(s) for the twelve months ending December 31, 2022, as described below.

Line No.	Description	Adjustments	Amount
	A	B	C
1	Actual Revenue - December 31, 2020		\$ 20,188,388
2	Normalization adjustment to Increase / (Decrease) revenue for Weather Normalization	REV 1A-20 ¹	608,153
3	Normalized revenue for the twelve months ended December 31, 2020		\$ 20,796,541
4	Pro Forma adjustment to Increase / (Decrease) revenue for the twelve months ending December 31, 2021	REV 1-21	2,153,225
5	Budgeted revenue for the twelve months ending December 31, 2021		\$ 22,949,766
6	Pro Forma adjustment to Increase / (Decrease) revenue for the twelve months ending December 31, 2022	REV 1-22	(231,091)
7	Budgeted revenue for the twelve months ending December 31, 2022		\$ 22,718,675
8	Pro Forma adjustment to Increase / (Decrease) revenue for Refresh and Correction of Forward 2022 Test Year	REV 1A-22R ¹	1,564,037
9	Pro Forma adjustment to Increase / (Decrease) revenue for Removal of Incremental ARP Program Revenue	REV 2A-22R ¹	(14,765,448)
			\$ (13,201,411)
10	Ratemaking revenue for the twelve months ending December 31, 2022		\$ 9,517,265

Footnote 1: For further detail on 2020 normalization adjustments and 2022 ratemaking adjustments, please see specific workpapers referenced in column B.

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Operating Revenue
Twelve Months Ending December 31, 2022

This pro forma adjusts the twelve months ended December 31, 2022, revenue for ARP removal to reflect ratemaking adjustment(s) for the twelve months ending December 31, 2022, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Pro Forma adjustment to Increase / (Decrease) revenue for ARP Revenue - GCIM		\$ (2,000,000)
2	Pro Forma adjustment to Increase / (Decrease) revenue for ARP Revenue - Capacity Release		-
3	Pro Forma adjustment to Increase / (Decrease) revenue for ARP Revenue - Optional Storage Service		-
4	Pro Forma adjustment to Increase / (Decrease) revenue for ARP Revenue - Price Protection Service		(12,015,194)
5	Pro Forma adjustment to Increase / (Decrease) revenue for ARP Revenue - DependBill		<u>(750,254)</u>
6	Ratemaking revenue for the twelve months ending December 31, 2022	REV 2-22R	<u>\$ (14,765,448)</u>

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Operating Revenue
Twelve Months Ending December 31, 2022

This pro forma adjusts the twelve months ended December 31, 2020, revenue for TDSIC revenues to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2021, and December 31, 2022, and ratemaking adjustment(s) for the twelve months ending December 31, 2022, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual Revenue - December 31, 2020		\$ (2,001,464)
2	Normalization Adjustment N/A		\$ -
3	Normalized revenue for the twelve months ended December 31, 2020		<u>\$ (2,001,464)</u>
4	Pro Forma adjustment to Increase / (Decrease) revenue for the twelve months ending December 31, 2021	REV 3-21	<u>9,983,235</u>
5	Budgeted revenue for the twelve months ending December 31, 2021		<u>\$ 7,981,771</u>
6	Pro Forma adjustment to Increase / (Decrease) revenue for the twelve months ending December 31, 2022	REV 3-22	<u>12,212,156</u>
7	Budgeted revenue for the twelve months ending December 31, 2022		<u>\$ 20,193,927</u>
8	Pro Forma adjustment to Increase / (Decrease) TDSIC revenue for Ratemaking	REV 3-22R	\$ 1,009,328
9	Ratemaking revenue for the twelve months ending December 31, 2022		<u><u>\$ 21,203,255</u></u>

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Operating Revenue
Twelve Months Ending December 31, 2022

This pro forma adjusts the twelve months ended December 31, 2020, revenue for FMCA revenues to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2021, and December 31, 2022, and ratemaking adjustment(s) for the twelve months ending December 31, 2022, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual Revenue - December 31, 2020		\$ 14,628,843
2	Normalization Adjustment N/A		-
3	Normalized revenue for the twelve months ended December 31, 2020		\$ 14,628,843
4	Pro Forma adjustment to Increase / (Decrease) revenue for the twelve months ending December 31, 2021	REV 4-21	1,036,512
5	Budgeted revenue for the twelve months ending December 31, 2021		\$ 15,665,355
6	Pro Forma adjustment to Increase / (Decrease) revenue for the twelve months ending December 31, 2022	REV 4-22	2,177,454
7	Budgeted revenue for the twelve months ending December 31, 2022		\$ 17,842,809
8	Pro Forma adjustment N/A		-
9	Ratemaking revenue for the twelve months ending December 31, 2022		\$ 17,842,809

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Operating Revenue
Twelve Months Ending December 31, 2022

This pro forma adjusts the twelve months ended December 31, 2020, revenue for DSM revenues to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2021, and December 31, 2022, and ratemaking adjustment(s) for the twelve months ending December 31, 2022, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual Revenue - December 31, 2020		\$ 1,119,400
2	Normalization Adjustment N/A		-
3	Normalized revenue for the twelve months ended December 31, 2020		<u>\$ 1,119,400</u>
4	Pro Forma adjustment to Increase / (Decrease) revenue for the twelve months ending December 31, 2021	REV 5-21	<u>(740,520)</u>
5	Budgeted revenue for the twelve months ending December 31, 2021		<u>\$ 378,880</u>
6	Pro Forma adjustment to Increase / (Decrease) revenue for the twelve months ending December 31, 2022	REV 5-22	<u>-</u>
7	Budgeted revenue for the twelve months ending December 31, 2022		<u>\$ 378,880</u>
8	Pro Forma adjustment to Increase / (Decrease) DSM revenue for Ratemaking	REV 5-22R	<u>(378,880)</u>
9	Ratemaking revenue for the twelve months ending December 31, 2022		<u><u>\$ -</u></u>

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Operating Revenue
Twelve Months Ending December 31, 2022

This pro forma adjusts the twelve months ended December 31, 2020, revenue for transportation revenue to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2021, and December 31, 2022, and ratemaking adjustment(s) for the twelve months ending December 31, 2022, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual Revenue - December 31, 2020		\$ 92,787,197
2	Normalization adjustment to Increase / (Decrease) revenue for Weather Normalization	REV 1A-20 ¹	1,177,017
3	Normalization adjustment to Increase / (Decrease) revenue for Guaranteed Minimum	REV 1B-20 ¹	20,486
4	Normalization adjustment to Increase / (Decrease) revenue for Rate Migration	REV 1C-20 ¹	214,992
			<u>\$ 1,412,495</u>
5	Normalized revenue for the twelve months ended December 31, 2020		<u>\$ 94,199,692</u>
6	Pro Forma adjustment to Increase / (Decrease) revenue for the twelve months ending December 31, 2021	REV 6-21	6,387,995
7	Budgeted revenue for the twelve months ending December 31, 2021		\$ 100,587,687
8	Pro Forma adjustment to Increase / (Decrease) revenue for the twelve months ending December 31, 2022	REV 6-22	(50,401)
9	Budgeted revenue for the twelve months ending December 31, 2022		<u>\$ 100,537,286</u>
10	Pro Forma adjustment to Increase / (Decrease) revenue for Choice	REV 1-22R ¹	3,990,952
11	Pro Forma adjustment to Increase / (Decrease) revenue for Transportation	REV 1-22R ¹	(11,014,625)
			<u>\$ (7,023,673)</u>
12	Ratemaking revenue for the twelve months ending December 31, 2022		<u>\$ 93,513,613</u>

Footnote 1: For further detail on 2020 normalization adjustments and 2022 ratemaking adjustments, please see specific workpapers referenced in column b.

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Operating Revenue
Twelve Months Ending December 31, 2022

This pro forma adjusts the twelve months ended December 31, 2020, revenue for off-system displacements to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2021, and December 31, 2022, and ratemaking adjustment(s) for the twelve months ending December 31, 2022, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual Revenue - December 31, 2020		\$ 25,650
2	Normalization Adjustment N/A		-
3	Normalized revenue for the twelve months ended December 31, 2020		\$ 25,650
4	Pro Forma adjustment to Increase / (Decrease) revenue for the twelve months ending December 31, 2021	REV 7-21	126,856
5	Budgeted revenue for the twelve months ending December 31, 2021		\$ 152,506
6	Pro Forma adjustment to Increase / (Decrease) revenue for the twelve months ending December 31, 2022	REV 7-22	-
7	Budgeted revenue for the twelve months ending December 31, 2022		\$ 152,506
8	Pro Forma adjustment to Increase / (Decrease) revenue to Reflect Five-Year Average	REV 7-22R	\$ (32,112)
9	Pro Forma adjustment to Increase / (Decrease) revenue for Removal of Off-System Displacement Revenue	REV 7-22R	(120,394)
			\$ (152,506)
10	Ratemaking revenue for the twelve months ending December 31, 2022		\$ -

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Operating Revenue
Twelve Months Ending December 31, 2022

This pro forma adjusts the twelve months ended December 31, 2020, revenue for Other Gas Revenue to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2021, and December 31, 2022, and ratemaking adjustment(s) for the twelve months ending December 31, 2022, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual Revenue - December 31, 2020		\$ 6,108,227
2	Normalization Adjustment N/A		\$ -
3	Normalized revenue for the twelve months ended December 31, 2020		<u>\$ 6,108,227</u>
4	Pro Forma adjustment to Increase / (Decrease) revenue for the twelve months ending December 31, 2021	REV 8-21	<u>(257,032)</u>
5	Budgeted revenue for the twelve months ending December 31, 2021		<u>\$ 5,851,195</u>
6	Pro Forma adjustment to Increase / (Decrease) revenue for the twelve months ending December 31, 2022	REV 8-22	<u>92,212</u>
7	Budgeted revenue for the twelve months ending December 31, 2022		<u>\$ 5,943,407</u>
8	Pro Forma adjustment to Increase / (Decrease) revenue for gross gas industrial revenue	REV 8-22R	\$ 144,405
9	Ratemaking revenue for the twelve months ending December 31, 2022		<u>\$ 6,087,813</u>

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Operating Revenues
Twelve Months Ending December 31, 2022

This pro forma adjusts the twelve months ended December 31, 2020, revenue for InterDept Sales to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2021, and December 31, 2022, and ratemaking adjustment(s) for the twelve months ending December 31, 2022, as described below.

Line No.	Description	Adjustment	Amount
	A	C	D
1	Actual Revenue - December 31, 2020		\$ 100,803
2	Normalization Adjustment N/A		\$ -
3	Normalized revenue for the twelve months ended December 31, 2020		\$ 100,803
4	Pro Forma adjustment to Increase / (Decrease) revenue for the twelve months ending December 31, 2021	REV 9-21	(100,803)
5	Budgeted revenue for the twelve months ending December 31, 2021		\$ -
6	Pro Forma adjustment to Increase / (Decrease) revenue for the twelve months ending December 31, 2022	REV 9-22	-
7	Budgeted revenue for the twelve months ending December 31, 2022		\$ -
8	Pro Forma adjustment to Increase / (Decrease) revenue for Interdepartmental Sales	REV 1-22R	\$ 183,320
9	Ratemaking revenue for the twelve months ending December 31, 2022		\$ 183,320

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Operating Revenue
Twelve Months Ending December 31, 2022

This pro forma adjusts the twelve months ended December 31, 2020, revenue for forfeited discounts to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2021, and December 31, 2022, and ratemaking adjustment(s) for the twelve months ending December 31, 2022, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual Revenue - December 31, 2020		\$ 1,751,843
2	Normalization Adjustment N/A		-
3	Normalized revenue for the twelve months ended December 31, 2020		\$ 1,751,843
4	Pro Forma adjustment to Increase / (Decrease) revenue for the twelve months ending December 31, 2021	REV 10-21	1,156,070
5	Budgeted revenue for the twelve months ending December 31, 2021		\$ 2,907,913
6	Pro Forma adjustment to Increase / (Decrease) revenue for the twelve months ending December 31, 2022	REV 10-22	-
7	Budgeted revenue for the twelve months ending December 31, 2022		\$ 2,907,913
8	Pro Forma adjustment N/A		-
9	Ratemaking revenue for the twelve months ending December 31, 2022		\$ 2,907,913

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Operating Revenue
Twelve Months Ending December 31, 2022

This pro forma adjusts the twelve months ended December 31, 2020, revenue for misc service revenue to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2021, and December 31, 2022, and ratemaking adjustment(s) for the twelve months ending December 31, 2022, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual Revenue - December 31, 2020		\$ 1,383,030
2	Normalization Adjustment N/A		-
3	Normalized revenue for the twelve months ended December 31, 2020		\$ 1,383,030
4	Pro Forma adjustment to Increase / (Decrease) revenue for the twelve months ending December 31, 2021	REV 11-21	456,936
5	Budgeted revenue for the twelve months ending December 31, 2021		\$ 1,839,966
6	Pro Forma adjustment to Increase / (Decrease) revenue for the twelve months ending December 31, 2022	REV 11-22	-
7	Budgeted revenue for the twelve months ending December 31, 2022		\$ 1,839,966
8	Pro Forma adjustment N/A		-
9	Ratemaking revenue for the twelve months ending December 31, 2022		\$ 1,839,966

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Operating Revenue
Twelve Months Ending December 31, 2022

This pro forma adjusts the twelve months ended December 31, 2020, revenue for rent from gas property to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2021, and December 31, 2022, and ratemaking adjustment(s) for the twelve months ending December 31, 2022, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual Revenue - December 31, 2020		\$ 83,538
2	Normalization Adjustment N/A		\$ -
3	Normalized revenue for the twelve months ended December 31, 2020		<u>\$ 83,538</u>
4	ending December 31, 2021	REV 12-21	<u>50,319</u>
5	Budgeted revenue for the twelve months ending December 31, 2021		<u>\$ 133,857</u>
6	ending December 31, 2022	REV 12-22	<u>-</u>
7	Budgeted revenue for the twelve months ending December 31, 2022		<u>\$ 133,857</u>
8	Pro Forma adjustment N/A		\$ -
9	Ratemaking revenue for the twelve months ending December 31, 2022		<u><u>\$ 133,857</u></u>

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Cost of Gas Sold
Twelve Months Ending December 31, 2022

This pro forma adjusts the twelve months ended December 31, 2020, cost of gas sold for retail sales to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2021, and December 31, 2022, and ratemaking adjustment(s) for the twelve months ending December 31, 2022, as described below.

Line No.	Description	Adjustments	Amount
	A	B	C
1	Actual cost of gas sold - December 31, 2020		\$ 264,943,015
2	Normalization adjustment to Increase / (Decrease) cost of gas sold for weather normalization	COGS 1A-20 ¹	13,319,091
3	Normalization adjustment to Increase / (Decrease) cost of gas sold for rate migration	COGS 1B-20 ¹	(645,902)
			<u>\$ 12,673,189</u>
4	Normalized cost of gas sold for the twelve months ended December 31, 2020		<u>\$ 277,616,204</u>
5	Pro Forma adjustment to Increase / (Decrease) cost of gas sold for the twelve months ending December 31, 2021	COGS 1-21	28,164,054
6	Budgeted cost of gas sold for the twelve months ending December 31, 2021		<u>\$ 305,780,258</u>
7	Pro Forma adjustment to Increase / (Decrease) cost of gas sold for the twelve months ending December 31, 2022	COGS 1-22	(11,512,424)
8	Budgeted cost of gas sold for the twelve months ending December 31, 2022		<u>\$ 294,267,834</u>
9	Pro Forma adjustment to Increase / (Decrease) cost of gas sold to update forecast / 20 year average weather normalization	COGS 1-22R ¹	52,506,126
			<u>\$ 52,506,126</u>
10	Ratemaking cost of gas sold for the twelve months ending December 31, 2022		<u>\$ 346,773,960</u>

Footnote 1: For further detail on 2020 normalization adjustments and 2022 ratemaking adjustments, please see specific workpapers referenced in column B.

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Cost of Gas Sold
Twelve Months Ended December 31, 2020

This pro forma adjusts the twelve months ended December 31, 2020, cost of gas sold for weather normalization to reflect normalization adjustment(s).

Line No.	Description A	Adjustment B	Amount C
1	Normalization adjustment to Increase / (Decrease) cost of gas sold for Total Retail Sales Gas Cost	COGS 1-20	\$ 13,319,091
2	Normalization adjustment to Increase / (Decrease) cost of gas sold for Total PPS Capped Gas Cost	COGS 1-20	78,114
3	Normalization adjustment to Increase / (Decrease) cost of gas sold for Total PPS Fixed Gas Cost	COGS 1-20	287,646
4	Normalization adjustment to Increase / (Decrease) cost of gas sold for Total Transportation Gas Cost		-
5	Normalized cost of gas sold for the twelve months ended December 31, 2020		<u>\$ 13,684,851</u>

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Cost of Gas Sold
Twelve Months Ending December 31, 2020

This pro forma adjusts the twelve months ended December 31, 2020, cost of gas sold for rate migration to reflect normalization adjustment(s).

Line No.	Description	Adjustment	Amount
	A	B	C
1	Retail Sales		
2	Normalization adjustment to Increase / (Decrease) cost of gas sold for Rate 121 GCA		\$ (295,082)
3	Normalization adjustment to Increase / (Decrease) cost of gas sold for Rate 125 GCA		(350,820)
4	Total Retail Sales	COGS 1B-20	<u>\$ (645,902)</u>
5	Transportation Revenues		
6	Normalization adjustment to Increase / (Decrease) cost of gas sold for Rate 125 Choice		(913)
7	Normalization adjustment to Increase / (Decrease) cost of gas sold for Rate 128		-
8	Normalization adjustment to Increase / (Decrease) cost of gas sold for Rate 138		-
9	Total Transportation Revenues	COGS 1B-20	<u>\$ (913)</u>
10	Normalized cost of gas sold for the twelve months ended December 31, 2020		<u><u>\$ (646,815)</u></u>

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Cost of Gas Sold
Twelve Months Ending December 31, 2022

This pro forma adjusts the twelve months ended December 31, 2022, cost of gas sold for updated forecast/20 year average weather normalization to reflect ratemaking adjustment(s) for the twelve months ending December 31, 2022, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Pro Forma adjustment to Increase / (Decrease) cost of gas sold for Total Retail Sales Gas Cost	COGS 1-22R	\$ 52,506,126
2	Pro Forma adjustment to Increase / (Decrease) cost of gas sold for Total ARP Gas Cost	COGS 1-22R	1,456,386
3	Pro Forma adjustment to Increase / (Decrease) cost of gas sold for Interdepartmental Gas Cost	COGS 1-22R	178,820
4	Ratemaking cost of gas sold for twelve months ending December 31, 2022		<u>\$ 54,141,333</u>

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Cost of Gas Sold
Twelve Months Ending December 31, 2022

This pro forma adjusts the twelve months ended December 31, 2020, cost of gas sold for ARP Gas Costs to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2021, and December 31, 2022, and ratemaking adjustment(s) for the twelve months ending December 31, 2022, as described below.

Line No.	Description	Adjustments	Amount
	A	B	C
1	Actual Cost of Gas Sold - December 31, 2020		\$ 6,455,295
2	Normalization adjustment to Increase / (Decrease) cost of gas sold for Weather Normalization	COGS 1A-20 ¹	365,760
3	Normalized cost of gas sold for the twelve months ended December 31, 2020		\$ 6,821,055
4	Pro Forma adjustment to Increase/(Decrease) cost of gas sold for the twelve months ending December 31, 2021	COGS 1-21	1,602,459
5	Budgeted cost of gas sold for the twelve months ending December 31, 2021		\$ 8,423,514
6	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2022	COGS 1-22	(314,453)
7	Budgeted cost of gas sold for the twelve months ending December 31, 2022		\$ 8,109,061
8	Pro Forma adjustment to Increase / (Decrease) cost of gas sold for Ratemaking for Updated Forecast / 20 Year Average Weather Normalization	COGS 1-22R ¹	1,456,386
9	Pro Forma adjustment to Increase / (Decrease) cost of gas sold for Ratemaking for Removal of Incremental ARP Program Revenue	COGS 2-22R ¹	(9,565,448)
10			\$ (8,109,061)
11	Ratemaking cost of gas sold for the twelve months ending December 31, 2022		\$ -

Footnote 1: For further detail on 2020 normalization adjustments and 2022 ratemaking adjustments, please see specific workpapers referenced in column C.

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Cost of Gas Sold
Twelve Months Ending December 31, 2022

This pro forma adjusts the twelve months ended December 31, 2022, cost of gas sold for ARP removal in accordance with the proposed treatment of ARP products pursuant to the Commission's Order in Cause No. 44988 to reflect ratemaking adjustment(s) for the twelve months ending December 31, 2022, as described below.

Line No.	Description A	Adjustment B	Amount C
1	Pro Forma adjustment to Increase / (Decrease) cost of gas sold for ARP Gas Cost - GCIM		\$ -
2	Pro Forma adjustment to Increase / (Decrease) cost of gas sold for ARP Gas Cost - Capacity Release		-
3	Pro Forma adjustment to Increase / (Decrease) cost of gas sold for ARP Gas Cost - Optional Storage Service		-
4	Pro Forma adjustment to Increase / (Decrease) cost of gas sold for ARP Gas Cost - Price Protection Service		(8,815,194)
5	Pro Forma adjustment to Increase / (Decrease) cost of gas sold for ARP Gas Cost - Dependabill		<u>(750,254)</u>
6	Ratemaking cost of gas sold for twelve months ending December 31, 2022	COGS 2-22R	<u>\$ (9,565,448)</u>

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Cost of Gas Sold
Twelve Months Ending December 31, 2022

This pro forma adjusts the twelve months ended December 31, 2020, cost of gas sold for transportation gas costs to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2021, and December 31, 2022, and ratemaking adjustment(s) for the twelve months ending December 31, 2022, as described below.

Line No.	Description	Adjustments	Amount
	A	B	C
1	Actual cost of gas sold - December 31, 2020		\$ (257,174)
2	Normalization adjustment to Increase / (Decrease) cost of gas sold for rate migration	COGS 1B-20 ¹	(913)
3	Normalized cost of gas sold for the twelve months ended December 31, 2020		\$ (258,087)
4	Pro Forma adjustment to Increase / (Decrease) cost of gas sold for the twelve months ending December 31, 2021	COGS 1-21	258,087
5	Budgeted cost of gas sold for the twelve months ending December 31, 2021		\$ -
6	Pro Forma adjustment to Increase / (Decrease) cost of gas sold for the twelve months ending December 31, 2022	COGS 1-22	-
7	Budgeted cost of gas sold for the twelve months ending December 31, 2022		\$ -
8	Pro Forma adjustment N/A		\$ -
9	Ratemaking cost of gas sold for the twelve months ending December 31, 2022		\$ -

Footnote 1: For further detail on 2020 normalization adjustments and 2022 ratemaking adjustments, please see specific workpapers referenced in column C.

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Cost of Gas Sold
Twelve Months Ending December 31, 2022

This pro forma adjusts the twelve months ended December 31, 2020, cost of gas sold for InterDept Sales to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2021, and December 31, 2022, and ratemaking adjustment(s) for the twelve months ending December 31, 2022, as described below.

Line No.	Description	Adjustments	Amount
	A	B	C
1	Actual cost of gas sold - December 31, 2020		\$ 85,490
2	Normalization adjustment N/A		-
3	Normalized cost of gas sold for the twelve months ended December 31, 2020		\$ 85,490
4	Pro Forma adjustment to Increase / (Decrease) cost of gas sold for the twelve months ending December 31, 2021	COGS 1-21	(85,490)
5	Budgeted cost of gas sold for the twelve months ending December 31, 2021		\$ -
6	Pro Forma adjustment to Increase / (Decrease) cost of gas sold for the twelve months ending December 31, 2022	COGS 1-22	-
7	Budgeted cost of gas sold for the twelve months ending December 31, 2022		\$ -
8	Pro Forma adjustment to Increase / (Decrease) cost of gas sold to update forecast / 20 year average weather normalization	COGS 1-22R ¹	178,820
9	Ratemaking cost of gas sold for the twelve months ending December 31, 2022		\$ 178,820

Footnote 1: For further detail on 2020 normalization adjustments and 2022 ratemaking adjustments, please see specific workpapers referenced in column C.

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Cost of Gas Sold
Twelve Months Ending December 31, 2022

This pro forma adjusts the twelve months ended December 31, 2020, cost of gas sold for other gas to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2021, and December 31, 2022, and ratemaking adjustment(s) for the twelve months ending December 31, 2022, as described below.

Line No.	Description	Adjustments	Amount
	A	B	C
1	Actual cost of gas sold - December 31, 2020		\$ 1,768,978
2	Normalization adjustment N/A		-
3	Normalized cost of gas sold for the twelve months ended December 31, 2020		\$ 1,768,978
4	Pro Forma adjustment to Increase / (Decrease) cost of gas sold for the twelve months ending December 31, 2021	COGS 5-21	(1,768,978)
5	Budgeted cost of gas sold for the twelve months ending December 31, 2021		\$ -
6	Pro Forma adjustment to Increase / (Decrease) cost of gas sold for the twelve months ending December 31, 2022	COGS 5-22	-
7	Budgeted cost of gas sold for the twelve months ending December 31, 2022		\$ -
8	Pro Forma adjustment to Increase / (Decrease) cost of gas sold for C&I balancing gross-up	COGS 5-22R	1,768,978
9	Ratemaking cost of gas sold for the twelve months ending December 31, 2022		\$ 1,768,978

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Cost of Gas Sold
Twelve Months Ending December 31, 2022

This pro forma adjusts the twelve months ended December 31, 2022, cost of gas sold for C&I balancing gross-up to reflect ratemaking adjustment(s) for the twelve months ending December 31, 2022, as described below.

Line No.	Description A	Adjustments B	Amount C
1	Pro Forma adjustment to Increase / (Decrease) cost of gas sold for Other Gas Cost	COGS 5-22R	\$ 1,768,978
2	Ratemaking cost of gas sold for the twelve months ending December 31, 2022		<u>\$ 1,768,978</u>

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Operations and Maintenance Expense
Twelve Months Ending December 31, 2022

This pro forma adjusts the twelve months ended December 31, 2020, gas O&M expenses for Labor to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2021, and December 31, 2022, and ratemaking adjustment(s) for the twelve months ending December 31, 2022, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual Expense - December 31, 2020		<u>\$ 65,354,160</u>
2	Normalization Adjustment N/A		<u>-</u>
3	Normalized expense for the twelve months ended December 31, 2020		<u>\$ 65,354,160</u>
4	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2021	OM 1-21	<u>(4,450,603)</u>
5	Budgeted expense for the twelve months ending December 31, 2021		<u>\$ 60,903,557</u>
6	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2022	OM 1-22	<u>(2,084,194)</u>
7	Budgeted expense for the twelve months ending December 31, 2022		<u>\$ 58,819,362</u>
8	Pro Forma adjustment N/A		<u>-</u>
9	Ratemaking expense for the twelve months ending December 31, 2022		<u>\$ 58,819,362</u>

Line No.	Subcomponent	Twelve Months Ended December 31, 2020	Normalization Adjustments	Normalized Twelve Months Ended December 31, 2020	Budget Adjustments	Budget Twelve Months Ending December 31, 2021	Budget Adjustments	Budget Twelve Months Ending December 31, 2022	Ratemaking Adjustments	Pro forma Twelve Months Ending December 31, 2022	
	Adjustment Reference	A	B	C = A + B	D	E = C + D	F	G = E + F	H	I = G + H	
			OM 2<X>-20		OM 2<X>-21		OM 2<X>-22		OM 2<X>-22R		
1	OM 2 Gas Operations ¹	\$ 23,339,264	\$ -	23,339,264 A	3,086,702	\$ 26,425,966	(4,405,163)	\$ 22,020,803	\$ -	\$ 22,020,803 B	
2	OM 2A Line Locates/ Mitigate Damages	10,882,748	-	10,882,748	1,582,369	12,465,117	-	\$ 12,465,117	5,993,237	\$ 18,458,354	
3	OM 2B GM&T	-	-	-	-	-	-	\$ -	869,468	\$ 869,468	
4	OM 2C Liquefied Natural Gas	2,088,941	-	2,088,941	1,454,599	3,543,540	-	\$ 3,543,540	-	\$ 3,543,540	
5	OM 2D School Safety Program	-	62,500	62,500	62,500	125,000	-	\$ 125,000	75,000	\$ 200,000	
6	OM 2 Total Gas Operations	\$ 36,310,952	\$ 62,500	\$ 36,373,452	\$ 6,186,171	\$ 42,559,623	\$ (4,405,163)	\$ 38,154,460	\$ 6,937,705	\$ 45,092,165	
7	¹ Gas Operations Reasonableness:										
8	Pro Forma Twelve Months Ended December 31, 2022	22,020,803	B								
9	Normalized Twelve Months Ended December 31, 2020	23,339,264	A								
10	\$ Change (Ln8 - Ln9)	\$ (1,318,461)									
11	% Change	-5.6%									
12	Inflation	1.8%	[.2]								

CPI-All Urban Consumers (Current Series)
12-Month Percent Change

Series Id: CUUR0000SA0L1E

Not Seasonally Adjusted

Series All items less food and energy in U.S. city average, all urban consumers, not seasonally adjusted

Title:

Area: U.S. city average

Item: All items less food and energy

Base 1982-84=100

Period:

Years: 2011 to 2021

Line No.	Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
	A	B	C	D	E	F	G	H	I	J	K	L	M	N
1	2011	1.0	1.1	1.2	1.3	1.5	1.6	1.8	2.0	2.0	2.1	2.2	2.2	1.7
2	2012	2.3	2.2	2.3	2.3	2.3	2.2	2.1	1.9	2.0	2.0	1.9	1.9	2.1
3	2013	1.9	2.0	1.9	1.7	1.7	1.6	1.7	1.8	1.7	1.7	1.7	1.7	1.8
4	2014	1.6	1.6	1.7	1.8	2.0	1.9	1.9	1.7	1.7	1.8	1.7	1.6	1.7
5	2015	1.6	1.7	1.8	1.8	1.7	1.8	1.8	1.8	1.9	1.9	2.0	2.1	1.8
6	2016	2.2	2.3	2.2	2.1	2.2	2.2	2.2	2.3	2.2	2.1	2.1	2.2	2.2
7	2017	2.3	2.2	2.0	1.9	1.7	1.7	1.7	1.7	1.7	1.8	1.7	1.8	1.8
8	2018	1.8	1.8	2.1	2.1	2.2	2.3	2.4	2.2	2.2	2.1	2.2	2.2	2.1
9	2019	2.2	2.1	2.0	2.1	2.0	2.1	2.2	2.4	2.4	2.3	2.3	2.3	2.2
10	2020	2.3	2.4	2.1	1.4	1.2	1.2	1.6	1.7	1.7	1.6	1.6	1.6	1.7
11	2021	1.4	1.3	1.6	3.0	3.8								

12
13

Average
Twelve Months Ended **May 2021** 1.8% [.1]

14 Source: U.S. Dept. of Labor
15 <https://data.bls.gov/pdq/SurveyOutputServlet>

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Operations and Maintenance (O&M) Expense
Twelve Months Ending December 31, 2022

This pro forma adjusts the twelve months ended December 31, 2020, gas O&M expenses for Line Locates and Mitigate Damages to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2021, and December 31, 2022, and ratemaking adjustment(s) for the twelve months ending December 31, 2022, as described below.

Line No.	Description A	Adjustment B	Amount C
1	Actual Expense - December 31, 2020		\$ 10,882,748
2	Normalization Adjustment N/A		-
3	Normalized expense for the twelve months ended December 31, 2020		<u>\$ 10,882,748</u>
4	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2021	OM 2A-21	-
5	Budgeted expense for the twelve months ending December 31, 2021		<u>\$ 12,465,117</u>
6	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2022	OM 2A-22	-
7	Budgeted expense for the twelve months ending December 31, 2022		<u>\$ 12,465,117</u>
8	Pro Forma adjustment to Increase / (Decrease) Line Locates and Mitigate Damages expense for additional staff and investments in quality control	OM 2A-22R	5,993,237
9	Ratemaking expense for the twelve months ending December 31, 2022		<u><u>\$ 18,458,354</u></u>

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Operations and Maintenance (O&M) Expense
As of December 31, 2022

This pro forma adjusts the twelve months ended December 31, 2020, gas O&M expenses for GM&T to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2021, and December 31, 2022, and ratemaking adjustment(s) for the twelve months ending December 31, 2022, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual Expense - December 31, 2020		\$ -
2	Normalization Adjustment N/A		-
3	Normalized expense for the twelve months ended December 31, 2020		\$ -
4	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2021	OM 2B-21	-
5	Budgeted expense for the twelve months ending December 31, 2021		\$ -
6	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2022	OM 2B-22	-
7	Budgeted expense for the twelve months ending December 31, 2022		\$ -
8	Pro Forma adjustment to Increase / (Decrease) GM&T expense for additional staff	OM 2B-22R	869,468
9	Ratemaking expense for the twelve months ending December 31, 2022		\$ 869,468

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Operations and Maintenance Expense
Twelve Months Ending December 31, 2022

This pro forma adjusts the twelve months ended December 31, 2020, gas O&M expenses for Liquefied Natural Gas operations to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2021, and December 31, 2022, and ratemaking adjustment(s) for the twelve months ending December 31, 2022, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual Expense - December 31, 2020		\$ 2,088,941
2	Normalization adjustment - N/A		-
3	Normalized expense for the twelve months ended December 31, 2020		\$ 2,088,941
4	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2021	OM 2C-21	1,454,599
5	Budgeted expense for the twelve months ending December 31, 2021		\$ 3,543,540
6	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2022	OM 2C-22	-
7	Budgeted expense for the twelve months ending December 31, 2022		\$ 3,543,540
8	Pro Forma adjustment - N/A		-
9	Ratemaking expense for the twelve months ending December 31, 2022		\$ 3,543,540

Northern Indiana Public Service Company
Pro forma Adjustment to Operations and Maintenance Expense
Twelve Months Ending December 31, 2022

This pro forma adjusts the twelve months ended December 31, 2020, gas O&M expenses for School Safety Program to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2021, and December 31, 2022, and ratemaking adjustment(s) for the twelve months ending December 31, 2022, as described below.

Line No.	Description	Attachment 3-C		Amount
		Reference	Adjustment	
	A	B	C	D
1	Actual Expense - December 31, 2020			\$ -
2	Normalization adjustment to Increase / (Decrease) expense for the school safety program actuals	OM 2D-20		62,500
3	Normalized expense for the twelve months ended December 31, 2020			\$ 62,500
4	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2021	OM 2D-21		62,500
5	Budgeted expense for the twelve months ending December 31, 2021			\$ 125,000
6	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2022	OM 2D-22		-
7	Budgeted expense for the twelve months ending December 31, 2022			\$ 125,000
8	Pro Forma adjustment to Increase / (Decrease) School Safety Program expense for Ratemaking based on the actual contract	OM 2D-22R		75,000
9	Ratemaking expense for the twelve months ending December 31, 2022			\$ 200,000

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Operations and Maintenance Expense
Twelve Months Ending December 31, 2022

This pro forma adjusts the twelve months ended December 31, 2020, gas O&M expenses for Other Departments to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2021, and December 31, 2022, and ratemaking adjustment(s) for the twelve months ending December 31, 2022, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual Expense - December 31, 2020		\$ 21,352,621
2	Normalization Adjustment N/A		-
3	Normalized expense for the twelve months ended December 31, 2020		\$ 21,352,621
4	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2021	OM 3-21	(529,133)
5	Budgeted expense for the twelve months ending December 31, 2021		\$ 20,823,488
6	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2022	OM 3-22	(29,812)
7	Budgeted expense for the twelve months ending December 31, 2022		\$ 20,793,676
8	Pro Forma adjustment to Increase / (Decrease) Other Department expense for Ratemaking to update the budgeted gas/electric allocation based upon the 2020 actual split and to remove cloud computing amortization out of O&M	OM 3-22R	(607,451)
9	Ratemaking expense for the twelve months ending December 31, 2022		\$ 20,186,225

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Operations and Maintenance Expense
Twelve Months Ending December 31, 2022

This pro forma adjusts the twelve months ended December 31, 2020, gas O&M expenses for FMCA to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2021, and December 31, 2022, and ratemaking adjustment(s) for the twelve months ending December 31, 2022, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual Expense - December 31, 2020		\$ 9,834,541
2	Normalization Adjustment N/A		-
3	Normalized expense for the twelve months ended December 31, 2020		\$ 9,834,541
4	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2021	OM 4-21	(4,856,222)
5	Budgeted expense for the twelve months ending December 31, 2021		\$ 4,978,318
6	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2022	OM 4-22	(4,978,318)
7	Budgeted expense for the twelve months ending December 31, 2022		\$ -
8	Pro forma adjustment for Increase (Decrease) FMCA expense for ongoing FMCA expense Emergency Response Program	OM 4-22R	348,000
9	Ratemaking expense for the twelve months ending December 31, 2022		\$ 348,000

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Operations and Maintenance Expense
Twelve Months Ending December 31, 2022

This pro forma adjusts the twelve months ended December 31, 2020, gas O&M expenses for TDSIC to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2021, and December 31, 2022, and ratemaking adjustment(s) for the twelve months ending December 31, 2022, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual Expense - December 31, 2020		\$ 70,610
2	Normalization adjustment to Increase / (Decrease) TDSIC expense	OM 5-20	(70,610)
3	Normalized expense for the twelve months ended December 31, 2020		\$ -
4	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2021	OM 5-21	-
5	Budgeted expense for the twelve months ending December 31, 2021		\$ -
6	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2022	OM 5-22	-
7	Budgeted expense for the twelve months ending December 31, 2022		\$ -
8	Pro Forma adjustment N/A		-
9	Ratemaking expense for the twelve months ending December 31, 2022		\$ -

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Operations and Maintenance Expense
Twelve Months Ended December 31, 2022

This pro forma adjustment adjusts twelve months ended December 31, 2022 O&M expenses for non-recoverable expenses to reflect ratemaking adjustment(s), as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	2022 Ratemaking Non-recoverable O&M Expense		
2	<u>Ratemaking Adjustments</u>		
3	Pro Forma adjustment to Increase / (Decrease) O&M expense for the removal of Certain Lobbying Expenses	OM 6A-22R	(369,698)
4	Pro Forma adjustment to Increase / (Decrease) O&M expense for the removal of Certain Advertisement Expenses	OM 6B-22R	(183,291)
5	Pro Forma adjustment to Increase / (Decrease) O&M expense for the removal of Certain Non-recoverable Expenses	OM 6C-22R	(212,515)
6	Pro Forma adjustment to Increase / (Decrease) O&M expense for the removal of ARP Expenses	OM 6D-22R	(213,038)
7	2022 Ratemaking Increase/(Decrease)		\$ (978,542)
8	Ratemaking expense for the twelve months ending December 31, 2022	OM 6-22R	<u>\$ (978,542)</u>

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Operations and Maintenance Expense
Twelve Months Ending December 31, 2022

This pro forma adjustment adjusts twelve months ended December 31, 2022 O&M expenses for lobbying expenses to reflect ratemaking adjustment(s), as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	<u>Ratemaking Adjustments</u>		
2	2022 Labor dollars related to lobbying activities		\$ (16,790)
3	2022 Estimated miscellaneous dues related to lobbying activities		(3,297)
4	2022 Estimated Gas Association (AGA) dues related to charity and lobbying activities		(7,623)
5	2022 Estimated Indiana Energy Association, Inc. (IEA) dues related to lobbying activities		<u>(341,988)</u>
6	Decrease in Pro forma Twelve Months Ending December 31, 2022 O&M Expense	OM 6A-22R	<u>\$ (369,698)</u>

Northern Indiana Public Service Company
Pro forma Adjustment to Operations and Maintenance Expense
Twelve Months Ending December 31, 2022

This pro forma adjustment adjusts twelve months ended December 31, 2022 O&M expenses for advertising expenses to reflect ratemaking adjustment(s), as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Twelve Months Ended December 31, 2020 advertisements to be included in Base Rates (Mis-Coded Gas Advertisements)		\$ -
2	Twelve Months Ended December 31, 2020 Advertisements to be Excluded from Base Rates (Not Allowed and Electric Advertisements)		<u>(176,866)</u>
3	Net Twelve Months Ended December 31, 2020 Advertisements to be Excluded from Base Rates		\$ (176,866)
4	2021 Budget Increase - 1.8% [.4]		(3,184)
5	2022 Budget Increase - 1.8% [.4]		<u>(3,241)</u>
6	Decrease in Pro forma Twelve Months Ending December 31, 2022 O&M Expense	OM 6B-22R	<u>\$ (183,291)</u>

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Operations and Maintenance Expense
Twelve Months Ending December 31, 2022

This pro forma adjustment decreases the twelve months ended December 31, 2020 O&M expense to exclude certain selected payments that NIPSCO is not seeking to recover in base rates for the twelve months ending December 31, 2021 and December 31, 2022.

Line No.	Description A	Adjustment B	Amount C
1	Twelve Months Ended December 31, 2020 Selected Payments to be Excluded from Base Rates		\$ (204,898)
2	2021 Budget Increase - 1.8% [.5]		(3,774)
3	2022 Budget Increase - 1.8% [.5]		<u>(3,843)</u>
4	Decrease in Pro forma Twelve Months Ending December 31, 2022 O&M Expense	OM 6C-22R	<u>\$ (212,515)</u>

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Operations and Maintenance Expense
Twelve Months Ending December 31, 2022

This pro forma adjustment decreases the twelve months ending December 31, 2022, gas O&M expense to remove the following Alternative Regulatory Plan programs: GCIM, Capacity Release, Optional Storage Service, Price Protection Service, and Depend-a-Bill pursuant to the Commission's Order in Cause No. 43894.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Decrease in Pro forma Twelve Months Ending December 31, 2022, O&M Expense	OM 6D-22R	\$ (213,038)

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Operation and Maintenance Expense
Twelve Months Ending December 31, 2022

This pro forma adjusts the twelve months ended December 31, 2020, gas O&M expenses for the NCSC Corporate Service Bill to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2021, and December 31, 2022, and ratemaking adjustment(s) for the twelve months ending December 31, 2022, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual Expense - December 31, 2020		\$ 55,204,741
2	Normalization adjustment to Increase / (Decrease) expense for the CIP consistent with target levels		1,409,619
3	Normalization adjustment to Increase / (Decrease) expense for LTIP consistent with target levels		344,240
4	Normalization adjustment to Increase / (Decrease) expense to reflect the reversal of a retention award		(118,778)
5	Normalization adjustment to Increase / (Decrease) expense for the School Safety Program now budgeted as part of NIPSCO Gas operations		(62,500)
6	Allocation Update		3,299,990
7	Total Normalization Adjustments	OM 7-20	4,872,570
8	Normalized expense for the twelve months ended December 31, 2020		\$ 60,077,311
9	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2021	OM 7-21	1,239,464
10	Budgeted expense for the twelve months ending December 31, 2021		\$ 61,316,775
11	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2022	OM 7-22	(127,912)
12	Budgeted expense for the twelve months ending December 31, 2022		\$ 61,188,863
13	<u>Ratemaking Adjustments</u>		
14	Pro Forma adjustment to Increase / (Decrease) expense to reflect various adjustments		(537,566)
15	Pro Forma adjustment to Increase / (Decrease) expense for the removal of profit sharing		(165,157)
16	Pro Forma adjustment to Increase / (Decrease) expense for Ratemaking	OM 7-22R	\$ (702,723)
17	Ratemaking expense for the twelve months ending December 31, 2022		\$ 60,486,140

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Operations and Maintenance Expense
Twelve Months Ending December 31, 2022

This pro forma adjusts the twelve months ended December 31, 2020, gas O&M expenses for Corporate Insurance to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2021, and December 31, 2022, and ratemaking adjustment(s) for the twelve months ending December 31, 2022, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual Expense - December 31, 2020		\$ 7,582,423
2	Normalization Adjustment N/A		-
3	Normalized expense for the twelve months ended December 31, 2020		<u>\$ 7,582,423</u>
4	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2021	OM 8-21	<u>352,915</u>
5	Budgeted expense for the twelve months ending December 31, 2021		<u>\$ 7,935,338</u>
6	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2022	OM 8-22	<u>200,590</u>
7	Budgeted expense for the twelve months ending December 31, 2022		<u>\$ 8,135,928</u>
8	Pro Forma adjustment to Increase / (Decrease) Corporate Insurance expense to reflect the level of corporate insurance expense based on 2020 actual gas allocation and premiums.	OM 8-22R	<u>1,200,243</u>
9	Ratemaking expense for the twelve months ending December 31, 2022		<u>\$ 9,336,171</u>

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Operations and Maintenance Expense
Twelve Months Ending December 31, 2022

This pro forma adjusts the twelve months ended December 31, 2020, gas O&M expenses for Rents & Leases to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2021, and December 31, 2022, and ratemaking adjustment(s) for the twelve months ending December 31, 2022, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual Expense - December 31, 2020		\$ 2,697,458
2	Normalization adjustment to Increase / (Decrease) Rent & Leases expense to reflect an annualized level of expense for 134th Street Project minimum lease payments	OM 9-20	<u>2,781,520</u>
3	Normalized expense for the twelve months ended December 31, 2020		<u>\$ 5,478,978</u>
4	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2021	OM 9-21	<u>2,307,783</u>
5	Budgeted expense for the twelve months ending December 31, 2021		<u>\$ 7,786,762</u>
6	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2022	OM 9-22	<u>449</u>
7	Budgeted expense for the twelve months ending December 31, 2022		<u>\$ 7,787,211</u>
8	Pro Forma adjustment to Increase / (Decrease) Rent & Leases expense to reflect the level of rents and leases based on 2020 actual gas allocation and transfers and the expected ongoing level of expense	OM 9-22R	<u>(2,014,476)</u>
9	Ratemaking expense for the twelve months ending December 31, 2022		<u>\$ 5,772,735</u>

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Operations and Maintenance Expense
Twelve Months Ended December 31, 2022

This pro forma adjusts the twelve months ended December 31, 2020, gas O&M expenses for environmental expense to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2021, and December 31, 2022, and ratemaking adjustment(s) for the twelve months ending December 31, 2022, as described below.

Line No.	Description A	Adjustment B	Amount C
1	Actual Expense - December 31, 2020		\$ 4,478,759
2	Normalization adjustment to Increase / (Decrease) expense to remove environmental expense	OM 10-20	<u>(4,478,759)</u>
3	Normalized expense for the twelve months ended December 31, 2020		<u>\$ -</u>
4	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2021	OM 10-21	<u>-</u>
5	Budgeted expense for the twelve months ending December 31, 2021		<u>\$ -</u>
6	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2022	OM 10-22	<u>-</u>
7	Budgeted expense for the twelve months ending December 31, 2022		<u><u>\$ -</u></u>
8	Pro Forma adjustment N/A		<u>-</u>
9	Ratemaking expense for the twelve months ending December 31, 2022		<u><u>\$ -</u></u>

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Operations and Maintenance Expense
Twelve Months Ending December 31, 2022

This pro forma adjusts the twelve months ended December 31, 2020, gas O&M expenses for uncollectibles to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2021, and December 31, 2022, and ratemaking adjustment(s) for the twelve months ending December 31, 2022, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual Expense - December 31, 2020		\$ 3,801,798
2	Normalization Adjustment N/A		-
3	Normalized expense for the twelve months ended December 31, 2020		\$ 3,801,798
4	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2021	OM 11-21	86,677
5	Budgeted expense for the twelve months ending December 31, 2021		\$ 3,888,475
6	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2022.	OM 11-22	1,122,740
7	Budgeted expense for the twelve months ending December 31, 2022		\$ 5,011,215
8	Pro Forma adjustment to Increase / (Decrease) Bad Debt expense for Ratemaking based on seven year average write-offs and gas allocations based on 2020 actuals		(1,127,646)
9	Pro Forma adjustment to Increase / (Decrease) Bad Debt expense for Ratemaking for Bad Debt expense recovered through the GCA		(1,509,440)
		OM 11-22R	(2,637,086)
10	Ratemaking expense for the twelve months ending December 31, 2022		\$ 2,374,129

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Operations and Maintenance Expense
Twelve Months Ending December 31, 2022

This pro forma adjusts the twelve months ended December 31, 2020, gas O&M expenses for CIP to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2021, and December 31, 2022, and ratemaking adjustment(s) for the twelve months ending December 31, 2022, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual Expense - December 31, 2020		\$ 3,753,005
2	Normalization adjustment to Increase / (Decrease) expense to normalize the corporate incentive compensation expenses.	OM 12-20	<u>2,902,974</u>
3	Normalized expense for the twelve months ended December 31, 2020		<u>\$ 6,655,979</u>
4	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2021	OM 12-21	<u>(1,061,688)</u>
5	Budgeted expense for the twelve months ending December 31, 2021		<u>\$ 5,594,291</u>
6	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2022	OM 12-22	<u>167,829</u>
7	Budgeted expense for the twelve months ending December 31, 2022		<u>\$ 5,762,119</u>
8	Pro Forma adjustment to Increase / (Decrease) CIP expense for Ratemaking based on 2020 actual transfers and gas allocation	OM 12-22R	<u>469,142</u>
9	Ratemaking expense for the twelve months ending December 31, 2022		<u><u>\$ 6,231,262</u></u>

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Operations and Maintenance Expense
Twelve Months Ending December 31, 2022

This pro forma adjusts the twelve months ended December 31, 2020, gas O&M expenses for pension to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2021, and December 31, 2022, and ratemaking adjustment(s) for the twelve months ending December 31, 2022, as described below.

Line No.	Description A	Adjustment B	Amount C
1	Actual Expense - December 31, 2020		\$ (309,371)
2	Normalization adjustment N/A		-
3	Normalized expense for the twelve months ended December 31, 2020		<u>\$ (309,371)</u>
4	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2021	OM 13-21	<u>(6,478,954)</u>
5	Budgeted expense for the twelve months ending December 31, 2021		<u>\$ (6,788,325)</u>
6	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2022	OM 13-22	<u>4,673,047</u>
7	Budgeted expense for the twelve months ending December 31, 2022		<u>\$ (2,115,278)</u>
8	Pro forma adjustment to Increase (Decrease) expense for ratemaking based on the 2020 actual transfers and gas allocations	OM 13-22R	<u>757,125</u>
9	Ratemaking expense for the twelve months ending December 31, 2022		<u>\$ (1,358,153)</u>

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Operations and Maintenance Expense
Twelve Months Ending December 31, 2022

This pro forma adjusts the twelve months ended December 31, 2020, gas O&M expenses for OPEB to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2021, and December 31, 2022, and ratemaking adjustment(s) for the twelve months ending December 31, 2022, as described below.

Line No.	Description A	Adjustment B	Amount C
1	Actual Expense - December 31, 2020		\$ 2,893,962
2	Normalization adjustment N/A		-
3	Normalized expense for the twelve months ended December 31, 2020		<u>\$ 2,893,962</u>
4	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2021	OM 14-21	<u>(436,443)</u>
5	Budgeted expense for the twelve months ending December 31, 2021		<u>\$ 2,457,519</u>
6	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2022	OM 14-22	<u>510,640</u>
7	Budgeted expense for the twelve months ending December 31, 2022		<u>\$ 2,968,159</u>
8	Pro Forma adjustment to Increase / (Decrease) OPEB expense for Ratemaking based on 2020 actual transfers and gas allocations	OM 14-22R	<u>(439,622)</u>
9	Ratemaking expense for the twelve months ending December 31, 2022		<u><u>\$ 2,528,537</u></u>

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Operations and Maintenance Expense
Twelve Months Ending December 31, 2022

This pro forma adjusts the twelve months ended December 31, 2020, gas O&M expenses for medical benefits to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2021, and December 31, 2022, and ratemaking adjustment(s) for the twelve months ending December 31, 2022, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual Expense - December 31, 2020		\$ 5,171,652
2	Normalization adjustment N/A		-
3	Normalized expense for the twelve months ended December 31, 2020		\$ 5,171,652
4	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2021	OM 15-21	4,426,245
5	Budgeted expense for the twelve months ending December 31, 2021		\$ 9,597,897
6	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2022	OM 15-22	675,260
7	Budgeted expense for the twelve months ending December 31, 2022		\$ 10,273,157
8	Pro forma to Increase / (Decrease) gas medical benefits based on true-up transfers and gas allocations based on 2020 actuals, the estimated NIPSCO headcount, and the VEBA Trust return.	OM 15-22R	(2,902,393)
9	Ratemaking expense for the twelve months ending December 31, 2022		\$ 7,370,764

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Operations and Maintenance Expense
Twelve Months Ending December 31, 2022

This pro forma adjusts the twelve months ended December 31, 2020, gas O&M expenses for other benefits to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2021, and December 31, 2022, and ratemaking adjustment(s) for the twelve months ending December 31, 2022, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual Expense - December 31, 2020		\$ 2,274,000
2	Normalization adjustment to Increase/ (Decrease) expense to remove non recurring severance pay	OM 16-20	<u>(1,902,636)</u>
3	Normalized expense for the twelve months ended December 31, 2020		<u>\$ 371,364</u>
4	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2021	OM 16-21	<u>(210,355)</u>
5	Budgeted expense for the twelve months ending December 31, 2021		<u>\$ 161,009</u>
6	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2022	OM 16-22	<u>243</u>
7	Budgeted expense for the twelve months ending December 31, 2022		<u>\$ 161,252</u>
8	Pro Forma adjustment to Increase / (Decrease) other benefits expense for Ratemaking based on actual 2020 gas allocation	OM 16-22R	<u>17,643</u>
9	Ratemaking expense for the twelve months ending December 31, 2022		<u>\$ 178,895</u>

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Operations and Maintenance Expense
Twelve Months Ending December 31, 2022

This pro forma adjusts the twelve months ended December 31, 2020, gas O&M expenses for other employee benefits to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2021, and December 31, 2022, and ratemaking adjustment(s) for the twelve months ending December 31, 2022, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual Expense - December 31, 2020		\$ 4,235,554
2	Normalization adjustment N/A		-
3	Normalized expense for the twelve months ended December 31, 2020		<u>\$ 4,235,554</u>
4	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2021	OM 17-21	<u>(282,096)</u>
5	Budgeted expense for the twelve months ending December 31, 2021		<u>\$ 3,953,458</u>
6	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2022	OM 17-22	<u>115,236</u>
7	Budgeted expense for the twelve months ending December 31, 2022		<u>\$ 4,068,694</u>
8	Pro forma to Increase / (Decrease) gas other employee benefits costs based on 2020 actual true-up transfers and gas allocations rates and adjust for the NIPSCO estimated headcount	OM 17-22R	<u>164,255</u>
9	Ratemaking expense for the twelve months ending December 31, 2022		<u><u>\$ 4,232,949</u></u>

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Operations and Maintenance Expense
Twelve Months Ending December 31, 2022

This pro forma adjusts the twelve months ended December 31, 2020, gas O&M expenses for LTIP to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2021, and December 31, 2022, and ratemaking adjustment(s) for the twelve months ending December 31, 2022, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual Expense - December 31, 2020		\$ 302,451
2	Normalization adjustment to Increase / (Decrease) expense to reflect LTIP payout consistent with target levels	OM 18-20	<u>126,687</u>
3	Normalized expense for the twelve months ended December 31, 2020		<u>\$ 429,138</u>
4	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2021	OM 18-21	<u>(8,865)</u>
5	Budgeted expense for the twelve months ending December 31, 2021		<u>\$ 420,272</u>
6	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2022	OM 18-22	<u>109,546</u>
7	Budgeted expense for the twelve months ending December 31, 2022		<u>\$ 529,818</u>
8	Pro Forma adjustment to Increase / (Decrease) expense for Ratemaking based on the 2020 actual gas allocation	OM 18-22R	<u>31,530</u>
9	Ratemaking expense for the twelve months ending December 31, 2022		<u><u>\$ 561,348</u></u>

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Operations and Maintenance Expense
Twelve Months Ending December 31, 2022

This pro forma adjusts the twelve months ended December 31, 2020, gas O&M expenses for profit sharing to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2021, and December 31, 2022, and ratemaking adjustment(s) for the twelve months ending December 31, 2022, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual Expense - December 31, 2020		\$ 154,817
2	Pro Forma adjustment N/A		-
3	Normalized expense for the twelve months ended December 31, 2020		\$ 154,817
4	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2021	OM 19-21	245,911
5	Budgeted expense for the twelve months ending December 31, 2021		\$ 400,728
6	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2022	OM 19-22	9,235
7	Budgeted expense for the twelve months ending December 31, 2022		\$ 409,963
8	Pro Forma adjustment to Increase / (Decrease) expense for Ratemaking by removing profit sharing expense	OM 19-22R	(409,963)
9	Ratemaking expense for the twelve months ending December 31, 2022		\$ -

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Operations and Maintenance Expense
Twelve Months Ending December 31, 2022

This pro forma adjusts the twelve months ended December 31, 2020, gas O&M expenses for benefits administration to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2021, and December 31, 2022, and ratemaking adjustment(s) for the twelve months ending December 31, 2022, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual Expense - December 31, 2020		\$ 570,020
2	Normalization adjustment N/A		-
3	Normalized expense for the twelve months ended December 31, 2020		\$ 570,020
4	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2021	OM 20-21	(53,213)
5	Budgeted expense for the twelve months ending December 31, 2021		\$ 516,807
6	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2022	OM 20-22	-
7	Budgeted expense for the twelve months ending December 31, 2022		\$ 516,807
8	Pro Forma adjustment to Increase / (Decrease) expense for Ratemaking based on 2021 Controller's Letter and actual gas allocation	OM 20-22R	99,524
9	Ratemaking expense for the twelve months ending December 31, 2022		\$ 616,331

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Operations and Maintenance Expense
Twelve Months Ending December 31, 2022

This pro forma adjusts the twelve months ended December 31, 2020, gas O&M expenses for the Fee Free Transaction Program to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2021, and December 31, 2022, and ratemaking adjustment(s) for the twelve months ending December 31, 2022, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual Expense - December 31, 2020		\$ -
2	Normalization adjustment N/A		-
3	Normalized expense for the twelve months ended December 31, 2020		\$ -
4	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2021		-
5	Budgeted expense for the twelve months ending December 31, 2021	OM 21-21	\$ -
6	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2022		-
7	Budgeted expense for the twelve months ending December 31, 2022	OM 21-22	\$ -
8	Pro Forma adjustment to Increase / (Decrease) expense for Ratemaking for the Fee Free Transaction Program	OM 21-22R	1,623,486
9	Ratemaking expense for the twelve months ending December 31, 2022		\$ 1,623,486

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Operations and Maintenance Expense
Twelve Months Ended December 31, 2022

This pro forma adjusts the twelve months ended December 31, 2020, gas O&M expenses for Cause No. 44988 amortization to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2021, and December 31, 2022, and ratemaking adjustment(s) for the twelve months ending December 31, 2022, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual Expense - December 31, 2020		\$ 453,249
2	Normalization adjustment to Increase / (Decrease) expense to reclassify the O&M expense related to the 44988 regulatory asset amortization to amortization expense - AMTZ 5	OM 22-20	<u>(453,249)</u>
3	Normalized expense for the twelve months ended December 31, 2020		<u>\$ -</u>
4	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2021	OM 22-21	<u>-</u>
5	Budgeted expense for the twelve months ending December 31, 2021		<u>\$ -</u>
6	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2022	OM 22-22	<u>-</u>
7	Budgeted expense for the twelve months ending December 31, 2022		<u>\$ -</u>
8	Pro Forma adjustment N/A		<u>-</u>
9	Ratemaking expense for the twelve months ending December 31, 2022		<u><u>\$ -</u></u>

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Depreciation and Amortization Expense
Twelve Months Ending December 31, 2022

This pro forma adjusts the twelve months ended December 31, 2020, gas depreciation expenses for gas plant assets to reflect normalization adjustment(s), projected changes for the twelve months ending December 31, 2021, and December 31, 2022, and ratemaking adjustment(s) for the twelve months ending December 31, 2022, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual Expense - December 31, 2020		\$ 66,941,429
2	Normalization adjustment to Increase / (Decrease) expense to reclassify depreciation expense related to 44988 regulatory asset amortization expense - AMTZ 5	DEPR 1-20	(314,778)
3	Normalized expense for the twelve months ended December 31, 2020		\$ 66,626,651
4	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2021	DEPR 1-21	9,877,996
5	Projected expense for the twelve months ending December 31, 2021		\$ 76,504,647
6	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2022	DEPR 1-22	6,149,923
7	Projected expense for the twelve months ending December 31, 2022		\$ 82,654,569
8	Pro Forma adjustment to Increase / (Decrease) depreciation expense for Ratemaking to reflect the implementation of the new depreciation accrual rates	DEPR 1-22R	13,741,136
9	Ratemaking expense for the twelve months ending December 31, 2022		\$ 96,395,705

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Depreciation and Amortization Expense
Twelve Months Ending December 31, 2022

This pro forma adjusts the twelve months ended December 31, 2020, gas depreciation expenses for gas common depreciation to reflect normalization adjustment(s), projected changes for the twelve months ending December 31, 2021, and December 31, 2022, and ratemaking adjustment(s) for the twelve months ending December 31, 2022, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual Expense - December 31, 2020		\$ 896,815
2	Normalization adjustment N/A		-
3	Normalized expense for the twelve months ended December 31, 2020		\$ 896,815
4	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2021	DEPR 2-21	134,818
5	Projected expense for the twelve months ending December 31, 2021		\$ 1,031,633
6	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2022	DEPR 2-22	79,077
7	Projected expense for the twelve months ending December 31, 2022		\$ 1,110,710
8	Pro Forma adjustment N/A		-
9	Ratemaking expense for the twelve months ending December 31, 2022		\$ 1,110,710

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Depreciation and Amortization Expense
Twelve Months Ending December 31, 2022

This pro forma adjusts the twelve months ended December 31, 2020, gas amortization expenses for gas plant assets to reflect normalization adjustment(s), projected changes for the twelve months ending December 31, 2021, and December 31, 2022, and ratemaking adjustment(s) for the twelve months ending December 31, 2022, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual Expense - December 31, 2020		\$ 1,284,387
2	Normalization adjustment N/A		-
3	Normalized expense for the twelve months ended December 31, 2020		<u>\$ 1,284,387</u>
4	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2021	AMTZ 1-21	<u>(82,024)</u>
5	Projected expense for the twelve months ending December 31, 2021		<u>\$ 1,202,363</u>
6	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2022	AMTZ 1-22	<u>(1,196,198)</u>
7	Projected expense for the twelve months ending December 31, 2022		<u>\$ 6,165</u>
8	Pro Forma adjustment N/A		-
9	Ratemaking expense for the twelve months ending December 31, 2022		<u><u>\$ 6,165</u></u>

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Depreciation and Amortization Expense
Twelve Months Ending December 31, 2022

This pro forma adjusts the twelve months ended December 31, 2020, gas amortization expenses for gas common amortization to reflect normalization adjustment(s), projected changes for the twelve months ending December 31, 2021, and December 31, 2022, and ratemaking adjustment(s) for the twelve months ending December 31, 2022, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual Expense - December 31, 2020		\$ 4,547,885
2	Normalization adjustment N/A		-
3	Normalized expense for the twelve months ended December 31, 2020		<u>\$ 4,547,885</u>
4	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2021	AMTZ 2-21	<u>1,688,852</u>
5	Projected expense for the twelve months ending December 31, 2021		<u>\$ 6,236,737</u>
6	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2022	AMTZ 2-22	<u>3,909,733</u>
7	Projected expense for the twelve months ending December 31, 2022		<u>\$ 10,146,470</u>
8	Pro Forma adjustment to Increase / (Decrease) amortization expense for Ratemaking to annualize amortization expense	AMTZ 2-22R	1,782,420
9	Ratemaking expense for the twelve months ending December 31, 2022		<u><u>\$ 11,928,890</u></u>

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Depreciation and Amortization Expense
Twelve Months Ending December 31, 2022

This pro forma adjusts the twelve months ended December 31, 2020, gas amortization expenses for the TDSIC Regulatory Asset to reflect normalization adjustment(s), projected changes for the twelve months ending December 31, 2021, and December 31, 2022, and ratemaking adjustment(s) for the twelve months ending December 31, 2022, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual Expense - December 31, 2020		\$ -
2	Normalization adjustment N/A		-
3	Normalized expense for the twelve months ended December 31, 2020		<u>\$ -</u>
4	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2021	AMTZ 3-21	-
5	Projected expense for the twelve months ending December 31, 2021		<u>\$ -</u>
6	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2022	AMTZ 3-22	-
7	Projected expense for the twelve months ending December 31, 2022		<u>\$ -</u>
8	Pro Forma adjustment to Increase / (Decrease) amortization expense for Ratemaking to recover the 20 percent deferred TDSIC Regulatory Asset balance	AMTZ 3-22R	3,513,780
9	Ratemaking expense for the twelve months ending December 31, 2022		<u>\$ 3,513,780</u>

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Depreciation and Amortization Expense
Twelve Months Ending December 31, 2022

This pro forma adjusts the twelve months ended December 31, 2020, gas amortization expenses for the FMCA Regulatory Asset to reflect normalization adjustment(s), projected changes for the twelve months ending December 31, 2021, and December 31, 2022, and ratemaking adjustment(s) for the twelve months ending December 31, 2022, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual Expense - December 31, 2020		\$ -
2	Normalization adjustment N/A		-
3	Normalized expense for the twelve months ended December 31, 2020		<u>\$ -</u>
4	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2021	AMTZ 4-21	-
5	Projected expense for the twelve months ending December 31, 2021		<u>\$ -</u>
6	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2022	AMTZ 4-22	-
7	Projected expense for the twelve months ending December 31, 2022		<u>\$ -</u>
8	Pro Forma adjustment to Increase / (Decrease) amortization expense for Ratemaking to recover the 20 percent deferred FMCA Regulatory Asset balance	AMTZ 4-22R	4,102,438
9	Ratemaking expense for the twelve months ending December 31, 2022		<u><u>\$ 4,102,438</u></u>

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Depreciation and Amortization Expense
Twelve Months Ending December 31, 2022

This pro forma adjusts the twelve months ended December 31, 2020, gas amortization expenses for the Cause No. 44988 Regulatory Asset to reflect normalization adjustment(s), projected changes for the twelve months ending December 31, 2021, and December 31, 2022, and ratemaking adjustment(s) for the twelve months ending December 31, 2022, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual Expense - December 31, 2020		\$ -
2	Normalization adjustment to Increase / (Decrease) expense to reclassify the Cause No. 44988 amortization expense	AMTZ 5-20	<u>2,420,052</u>
3	Normalized expense for the twelve months ended December 31, 2020		\$ <u>2,420,052</u>
4	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2021		<u>-</u>
5	Projected expense for the twelve months ending December 31, 2021	AMTZ 5-21	\$ <u>2,420,052</u>
6	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2022		<u>-</u>
7	Projected expense for the twelve months ending December 31, 2022	AMTZ 5-22	\$ <u>2,420,052</u>
8	Pro Forma adjustment to Increase / (Decrease) amortization expense for Ratemaking for equity gross-up amortization related to Cause No. 44988	AMTZ 5-22R	<u>414,433</u>
9	Ratemaking expense for the twelve months ending December 31, 2022		\$ <u>2,834,485</u>

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Depreciation and Amortization Expense
Twelve Months Ending December 31, 2022

This pro forma adjusts the twelve months ended December 31, 2020, gas amortization expenses for the COVID Regulatory Asset to reflect normalization adjustment(s), projected changes for the twelve months ending December 31, 2021, and December 31, 2022, and ratemaking adjustment(s) for the twelve months ending December 31, 2022, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual Expense - December 31, 2020		\$ -
2	Normalization adjustment N/A		-
3	Normalized expense for the twelve months ended December 31, 2020		\$ -
4	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2021	AMTZ 6-21	-
5	Projected expense for the twelve months ending December 31, 2021		\$ -
6	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2022	AMTZ 6-22	-
7	Projected expense for the twelve months ending December 31, 2022		\$ -
8	Pro Forma adjustment to Increase / (Decrease) amortization expense for Ratemaking to recover the COVID Regulatory Asset balance	AMTZ 6-22R	1,368,690
9	Ratemaking expense for the twelve months ending December 31, 2022		\$ 1,368,690

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Depreciation and Amortization Expense
Twelve Months Ending December 31, 2022

This pro forma adjusts the twelve months ended December 31, 2020, gas amortization expenses for the current gas rate case to reflect normalization adjustment(s), projected changes for the twelve months ending December 31, 2021, and December 31, 2022, and ratemaking adjustment(s) for the twelve months ending December 31, 2022, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual Expense - December 31, 2020		\$ -
2	Normalization adjustment N/A		-
3	Normalized expense for the twelve months ended December 31, 2020		\$ -
4	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2021	AMTZ 7-21	-
5	Projected expense for the twelve months ending December 31, 2021		\$ -
6	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2022	AMTZ 7-22	-
7	Projected expense for the twelve months ending December 31, 2022		\$ -
8	Pro Forma adjustment to Increase / (Decrease) amortization expense for Ratemaking to recover gas rate case expense	AMTZ 7-22R	807,549
9	Ratemaking expense for the twelve months ending December 31, 2022		\$ 807,549

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Taxes Other Than Income
Twelve Months Ending December 31, 2022

This pro forma adjusts the twelve months ended December 31, 2020, gas taxes other than income for property tax to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2021, and December 31, 2022, and ratemaking adjustment(s) for the twelve months ending December 31, 2022, as described below.

Line No.	Description A	Adjustment B	Amount C
1	Actual Expense - December 31, 2020		\$ 14,865,435
2	Normalization adjustment to Increase / (Decrease) expense to reclass from Property Tax Expense to Amortization Expense - AMTZ 3	OTX 1-20	\$ (110,793)
3	Normalized expense for the twelve months ended December 31, 2020		\$ 14,754,642
4	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2021	OTX 1-21	1,190,553
5	Budgeted expense for the twelve months ending December 31, 2021		\$ 15,945,195
6	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2022	OTX 1-22	1,355,324
7	Budgeted expense for the twelve months ending December 31, 2022		\$ 17,300,519
8	Pro Forma adjustment to Increase / (Decrease) property tax expense for Ratemaking based on updates for the most recent property tax filing.	OTX 1-22R	(480,519)
9	Ratemaking expense for the twelve months ending December 31, 2022		\$ 16,820,000

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Taxes Other Than Income
Twelve Months Ending December 31, 2022

This pro forma adjustment increases the twelve months ended December 31, 2020, gas taxes other than income for payroll expenses to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2021, and December 31, 2022, and ratemaking adjustment(s) for the twelve months ending December 31, 2022, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual Expense - December 31, 2020		\$ 5,468,961
2	Normalization adjustment to Increase / (Decrease) expense to reflect a corporate incentive compensation payout with target levels	OTX 2-20	222,077
3	Normalized expense for the twelve months ended December 31, 2020		\$ 5,691,038
4	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2021	OTX 2-21	(762,458)
5	Budgeted expense for the twelve months ending December 31, 2021		\$ 4,928,580
6	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2022	OTX 2-22	145,024
7	Budgeted expense for the twelve months ending December 31, 2022		\$ 5,073,604
8	Pro Forma adjustment to Increase / (Decrease) payroll tax expense based on actual gas allocation	OTX 2A-22R	355,054
9	Pro forma adjustment to Increase / (Decrease) payroll tax expense for removal of ARP payroll taxes	OTX 2B-22R	(12,196)
10			\$ 342,858
11	Ratemaking expense for the twelve months ending December 31, 2022		\$ 5,416,462

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Operations and Maintenance Expense
Twelve Months Ending December 31, 2022

This pro forma adjustment decreases the twelve months ending December 31, 2022, gas payroll tax expense to remove the following Alternative Regulatory Plan ("ARP") programs: GCIM, Capacity Release, Optional Storage Service, Price Protection Service, and Depend-a-Bill pursuant to the Commission's Order in Cause No. 43894.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Decrease in Pro forma Twelve Months Ending December 31, 2022, O&M Expense	OTX 2B-22R	\$ (12,196)

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Taxes Other Than Income
Twelve Months Ending December 31, 2022

This pro forma adjusts the twelve months ended December 31, 2020, gas Taxes Other than Income for sales taxes to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2021, and December 31, 2022, and ratemaking adjustment(s) for the twelve months ending December 31, 2022, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual Expense - December 31, 2020		\$ (8,717)
2	Normalization adjustment to Increase / (Decrease) expense to remove nonrecurring sales tax credit expense.	OTX 3-20	<u>8,717</u>
3	Normalized expense for the twelve months ended December 31, 2020		<u>\$ -</u>
4	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2021	OTX 3-21	<u>\$ -</u>
5	Budgeted expense for the twelve months ending December 31, 2021		<u>\$ -</u>
6	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2022	OTX 3-22	<u>-</u>
7	Budgeted expense for the twelve months ending December 31, 2022		<u>\$ -</u>
8	Pro Forma adjustment NA		<u>\$ -</u>
9	Ratemaking expense for the twelve months ending December 31, 2022		<u><u>\$ -</u></u>

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Taxes Other Than Income
Twelve Months Ending December 31, 2022

This pro forma adjusts the twelve months ended December 31, 2020, gas Taxes Other than Income for Utility Receipts Tax to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2021, and December 31, 2022, and ratemaking adjustment(s) for the twelve months ending December 31, 2022, as described below.

Line No.	Description A	Adjustment B	Amount C
1	Actual Expense - December 31, 2020		\$ 9,941,418
2	Normalization adjustment N/A		\$ -
3	Normalized expense for the twelve months ended December 31, 2020		\$ 9,941,418
4	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2021	OTX 4-21	\$ (699,101)
5	Budgeted expense for the twelve months ending December 31, 2021		\$ 9,242,317
6	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2022	OTX 4-22	703,480
7	Budgeted expense for the twelve months ending December 31, 2022		\$ 9,945,797
8	Pro Forma adjustment to Increase / (Decrease) URT expense for Ratemaking to reflect the appropriate level of URT expense based on the pro forma results based on current rates.	OTX 4-22R	1,751,712
9	Ratemaking expense for the twelve months ending December 31, 2022		\$ 11,697,509

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Taxes Other Than Income
Twelve Months Ending December 31, 2022

This pro forma adjusts the twelve months ended December 31, 2020, gas Taxes Other than Income for Public Utility Fee to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2021, and December 31, 2022, and ratemaking adjustment(s) for the twelve months ending December 31, 2022, as described below.

Line No.	Description	Adjustments	Amount
	A	B	C
1	Actual Expense - December 31, 2020		\$ 974,756
2	Normalization adjustment N/A		-
3	Normalized expense for the twelve months ended December 31, 2020		974,756
4	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2021	OTX 5-21	(14,854)
5	Budgeted expense for the twelve months ending December 31, 2021		\$ 959,901
6	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ending December 31, 2022	OTX 5-22	6,105
7	Budgeted expense for the twelve months ending December 31, 2022		\$ 966,006
8	Pro Forma adjustment to Increase / (Decrease) Public Utility Fee expense for Ratemaking to reflect the appropriate level of PUF expense based on the pro forma results based on current rates	OTX 5-22R	55,784
9	Ratemaking expense for the twelve months ending December 31, 2022		\$ 1,021,791

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Income Taxes
For the Twelve Month Period Ending December 31, 2022

This pro forma adjusts the twelve months ended December 31, 2020, federal and state income tax expense to reflect income tax expense based on pro forma current revenues. Additionally, this adjustment shows the PF adjustment to reflect income tax at the proposed revenue requirement.

Line No.	Description	Adjustments	Amount
	A	B	C
1	Actual Federal and State Income Taxes - December 31, 2020		\$ (6,245,304)
2	Pro Forma adjustment to Increase / (Decrease) expense for Current Rates	ITX 1-22R	<u>10,268,347</u>
3	Federal and State Income Taxes at Pro Forma Current Rates		<u>\$ 4,023,043</u>
4	Pro Forma adjustment to Increase / (Decrease) expense for Proposed Revenue	PF-5	28,208,298
5	Federal and State Income Taxes at Proposed Revenue		<u><u>\$ 32,231,341</u></u>

Northern Indiana Public Service Company LLC
Pro forma Adjustment Based on Proposed Rates
For the Twelve Month Period Ending December 31, 2022

The proposed adjustments increase twelve months ending December 31, 2022, test year Revenue (PF-1) and Expense (PF-2 through PF-5) to reflect uncollectible, utility receipts tax, public utility fees, and income taxes based on the proposed revenue requirement.

Line No.	Description	Amount				
		B	C	D	E	F
	A	PF-1 Revenue Requirement	PF-2 Uncollectible Accounts	PF-3 Utility Receipts Tax	PF-4 Public Utility Fee Rate	PF-5 Fed/State Income Taxes
1	Revenue Requirement Deficiency	\$ 84,948,071	\$ 115,323,504	\$ 115,323,504	\$ 115,323,504	115,323,504
2	Rate	135.7576486%	0.291571%	1.4600000%	0.1276080%	19.5806860% Fed 4.8794600% State
3	Increase in Pro forma Test Year Revenue and O&M Expense Based on Proposed Rates	\$ 115,323,504	\$ 336,250	\$ 1,683,723	\$ 147,162	\$ 28,208,297

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Rate Base
As of December 31, 2022

This pro forma adjusts the December 31, 2020 Rate Base balance to reflect Gas Utility Plant as of December 31, 2021 and December 31, 2022.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual Balance - December 31, 2020		\$ 3,211,281,589
2	Normalization adjustment to Increase/(Decrease) balance as of December 31, 2020		-
3	Normalized balance as of December 31, 2020		<u>\$ 3,211,281,589</u>
4	Projected adjustment to Increase/(Decrease) balance as of December 31, 2021	RB 1-21	<u>304,167,877</u>
5	Projected balance as of December 31, 2021		<u>\$ 3,515,449,467</u>
6	Projected adjustment to Increase/(Decrease) balance as of December 31, 2022	RB 1-22	<u>299,855,754</u>
7	Projected balance as of December 31, 2022		<u>\$ 3,815,305,221</u>
8	Projected adjustment to Increase / (Decrease) balance for Ratemaking		-
9	Ratemaking balance as of December 31, 2022		<u><u>\$ 3,815,305,221</u></u>

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Rate Base
As of December 31, 2022

This pro forma adjusts the December 31, 2020 Rate Base balance to reflect Common Allocated to gas as of December 31, 2021 and December 31, 2022.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual Balance - December 31, 2020		\$ 144,602,458
2	Normalization adjustment to Increase/(Decrease) balance as of December 31, 2020		-
3	Normalized balance as of December 31, 2020		\$ 144,602,458
4	Projected adjustment to Increase/(Decrease) balance as of December 31, 2021	RB 2-21	23,495,949
5	Projected balance as of December 31, 2021		\$ 168,098,408
6	Projected adjustment to Increase/(Decrease) balance as of December 31, 2022	RB 2-22	21,264,826
7	Projected balance as of December 31, 2022		\$ 189,363,233
8	Projected adjustment to Increase / (Decrease) balance for Ratemaking		-
9	Ratemaking balance as of December 31, 2022		\$ 189,363,233

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Rate Base
As of December 31, 2022

This pro forma adjusts the December 31, 2020 Rate Base balance to reflect Gas Plant Accumulated Depreciation as of December 31, 2021 and December 31, 2022.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual Balance - December 31, 2020		\$ (1,511,446,440)
2	Normalization adjustment to Increase/(Decrease) balance as of December 31, 2020		-
3	Normalized balance as of December 31, 2020		<u>\$ (1,511,446,440)</u>
4	Projected adjustment to Increase/(Decrease) balance as of December 31, 2021	RB 3-21	(34,557,789)
5	Projected balance as of December 31, 2021		<u>\$ (1,546,004,229)</u>
6	Projected adjustment to Increase/(Decrease) balance as of December 31, 2022	RB 3-22	(35,041,408)
7	Projected balance as of December 31, 2022		<u>\$ (1,581,045,637)</u>
8	Projected adjustment to Increase / (Decrease) balance for Ratemaking		-
9	Ratemaking balance as of December 31, 2022		<u>\$ (1,581,045,637)</u>

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Rate Base
As of December 31, 2022

This pro forma adjusts the December 31, 2020 Rate Base balance to reflect Gas Common Accumulated Depreciation as of December 31, 2021 and December 31, 2022.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual Balance - December 31, 2020		\$(111,114,351)
2	Normalization adjustment to Increase/(Decrease) balance as of December 31, 2020		-
3	Normalized balance as of December 31, 2020		<u>\$(111,114,351)</u>
4	Projected adjustment to Increase/(Decrease) balance as of December 31, 2021	RB 4-21	(4,781,315)
5	Projected balance as of December 31, 2021		<u>\$(115,895,666)</u>
6	Projected adjustment to Increase/(Decrease) balance as of December 31, 2022	RB 4-22	(9,028,058)
7	Projected balance as of December 31, 2022		<u>\$(124,923,724)</u>
8	Projected adjustment to Increase / (Decrease) balance for Ratemaking		-
9	Ratemaking balance as of December 31, 2022		<u>\$(124,923,724)</u>

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Rate Base
As of December 31, 2022

This pro forma adjusts the December 31, 2020 Rate Base balance to reflect the regulatory assets included in gas rate case Cause No. 44988 as of December 31, 2021 and December 31, 2022.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual Balance - December 31, 2020		\$ 10,701,055
2	Normalization adjustment N/A		-
3	Normalized balance as of December 31, 2020		<u>\$ 10,701,055</u>
4	Projected adjustment to Increase/(Decrease) balance as of December 31, 2021	RB 5-21	<u>(2,252,941)</u>
5	Projected balance as of December 31, 2021		<u>\$ 8,448,114</u>
6	Projected adjustment to Increase/(Decrease) balance as of December 31, 2022	RB 5-22	<u>(2,252,940)</u>
7	Projected balance as of December 31, 2022		<u>\$ 6,195,174</u>
8	Projected adjustment N/A		-
9	Rate-making balance as of December 31, 2022		<u>\$ 6,195,174</u>

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Rate Base
As of December 31, 2022

This pro forma adjusts the December 31, 2020 Rate Base balance to reflect Gas TDSIC regulatory asset as of December 31, 2021 and December 31, 2022.

Line No.	Description A	Adjustment B	Amount C
1	Actual Balance - December 31, 2020		\$ 2,145,680
2	Normalization adjustment to Increase/(Decrease) balance as of December 31, 2020		<u>-</u>
3	Normalized balance as of December 31, 2020		<u>\$ 2,145,680</u>
4	Projected adjustment to Increase/(Decrease) balance as of December 31, 2021	RB 6-21	<u>3,235,962</u>
5	Projected balance as of December 31, 2021		<u>\$ 5,381,642</u>
6	Projected adjustment to Increase/(Decrease) balance as of December 31, 2022	RB 6-22	<u>6,271,280</u>
7	Projected balance as of December 31, 2022		<u>\$ 11,652,922</u>
8	Projected adjustment to Increase / (Decrease) balance for Ratemaking		<u>-</u>
9	Ratemaking balance as of December 31, 2022		<u><u>\$ 11,652,922</u></u>

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Rate Base
As of December 31, 2022

This pro forma adjusts the December 31, 2020 Rate Base balance to reflect the FMCA regulatory asset as of December 31, 2021 and December 31, 2022.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual Balance - December 31, 2020		\$ 6,386,299
2	Normalization adjustment to Increase/(Decrease) balance as of December 31, 2020		-
3	Normalized balance as of December 31, 2020		\$ 6,386,299
4	Projected adjustment to Increase/(Decrease) balance as of December 31, 2021	RB 7-21	4,280,587
5	Projected balance as of December 31, 2021		\$ 10,666,886
6	Projected adjustment to Increase/(Decrease) balance as of December 31, 2022	RB 7-22	3,917,977
7	Projected balance as of December 31, 2022		\$ 14,584,863
8	Projected adjustment to Increase / (Decrease) balance for Ratemaking		-
9	Ratemaking balance as of December 31, 2022		\$ 14,584,863

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Rate Base
As of December 31, 2022

This pro forma adjusts the December 31, 2020 Rate Base balance to reflect materials and supplies as of December 31, 2021 and December 31, 2022.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual Balance - December 31, 2020		\$ 15,384,306
2	Normalization adjustment to Increase/(Decrease) balance as of December 31, 2020		-
3	Normalized balance as of December 31, 2020		<u>\$ 15,384,306</u>
4	Projected adjustment to Increase/(Decrease) balance as of December 31, 2021	RB 8-21	<u>(1,699,429)</u>
5	Projected balance as of December 31, 2021		<u>\$ 13,684,877</u>
6	Projected adjustment to Increase/(Decrease) balance as of December 31, 2022	RB 8-22	<u>-</u>
7	Projected balance as of December 31, 2022		<u>\$ 13,684,877</u>
8	Projected adjustment to Increase / (Decrease) balance for Ratemaking		<u>-</u>
9	Ratemaking balance as of December 31, 2022		<u><u>\$ 13,684,877</u></u>

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Rate Base
As of December 31, 2022

This pro forma adjusts the December 31, 2020 Rate Base balance to reflect Gas Stored Underground - Current Account 164 (13-Month Average) as of December 31, 2021 and December 31, 2022.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual Balance - December 31, 2020		\$ 41,456,707
2	Normalization adjustment to Increase/(Decrease) balance as of December 31, 2020		-
3	Normalized balance as of December 31, 2020		\$ 41,456,707
4	Projected adjustment to Increase/(Decrease) balance as of December 31, 2021	RB 9-21	21,857,355
5	Projected balance as of December 31, 2021		\$ 63,314,062
6	Projected adjustment to Increase/(Decrease) balance as of December 31, 2022	RB 9-22	3,377,187
7	Projected balance as of December 31, 2022		\$ 66,691,249
8	Projected adjustment to Increase / (Decrease) balance for Ratemaking		-
9	Ratemaking balance as of December 31, 2022		\$ 66,691,249

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Rate Base
As of December 31, 2022

This pro forma adjusts the December 31, 2020 Rate Base balance to reflect Gas Stored Underground - Non-Current Account 117 as of December 31, 2021 and December 31, 2022.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual Balance - December 31, 2020		\$ 4,949,422
2	Normalization adjustment to Increase/(Decrease) balance as of December 31, 2020		-
3	Normalized balance as of December 31, 2020		<u>\$ 4,949,422</u>
4	Projected adjustment to Increase/(Decrease) balance as of December 31, 2021	RB 10-21	-
5	Projected balance as of December 31, 2021		<u>\$ 4,949,422</u>
6	Projected adjustment to Increase/(Decrease) balance as of December 31, 2022	RB 10-22	-
7	Projected balance as of December 31, 2022		<u>\$ 4,949,422</u>
8	Projected adjustment to Increase / (Decrease) balance for Ratemaking		-
9	Ratemaking balance as of December 31, 2022		<u>\$ 4,949,422</u>

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Capital Structure
As of December 31, 2022

This pro forma adjusts the balance as of December 31, 2020, capital structure for common equity to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2021, and December 31, 2022, and ratemaking adjustment(s) for the twelve months ending December 31, 2022, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual Balance - December 31, 2020		\$ 3,170,642,258
2	Normalization Adjustment N/A		-
3	Normalized balance as of December 31, 2020		\$ 3,170,642,258
4	Pro Forma adjustment to Increase/(Decrease) balance as of December 31, 2021	CS 1-21	235,454,051
5	Budgeted balance as of December 31, 2021		\$ 3,406,096,309
6	Pro Forma adjustment to Increase/(Decrease) balance as of December 31, 2022	CS 1-22	289,477,106
7	Budgeted balance as of December 31, 2022		\$ 3,695,573,415
8	Pro Forma adjustment to Increase / (Decrease) the balance for Ratemaking to account for GAAP to FERC reporting differences and the cancellation of dividend based on NIPSCO's most current financing plan	CS 1-22R	111,623,819
9	Ratemaking balance as of December 31, 2022		\$ 3,807,197,233

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Capital Structure
As of December 31, 2022

This pro forma adjusts the balance as of December 31, 2020, capital structure for long term debt to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2021, and December 31, 2022, and ratemaking adjustment(s) for the twelve months ending December 31, 2022, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual Balance - December 31, 2020		\$ 2,323,901,786
2	Normalization adjustment N/A		-
3	Normalized balance as of December 31, 2020		<u>\$ 2,323,901,786</u>
4	Pro Forma adjustment to Increase/(Decrease) balance as of December 31, 2021	CS 2-21	<u>165,000,000</u>
5	Budgeted balance as of December 31, 2021		<u>\$ 2,488,901,786</u>
6	Pro Forma adjustment to Increase/(Decrease) balance as of December 31, 2022	CS 2-22	<u>220,000,000</u>
7	Budgeted balance as of December 31, 2022		<u>\$ 2,708,901,786</u>
8	Pro Forma adjustment to Increase / (Decrease) the balance for Ratemaking to account for a higher than budgeted long-term debt issuance	CS 2-22R	<u>85,000,000</u>
9	Ratemaking balance as of December 31, 2022		<u><u>\$ 2,793,901,786</u></u>

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Capital Structure
As of December 31, 2022

This pro forma adjusts the balance as of December 31, 2020, capital structure for customer deposits to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2021, and December 31, 2022, and ratemaking adjustment(s) for the twelve months ending December 31, 2022, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual Balance - December 31, 2020		\$ 64,944,910
2	Normalization adjustment N/A		-
3	Normalized balance as of December 31, 2020		<u>\$ 64,944,910</u>
4	Pro Forma adjustment to Increase/(Decrease) balance as of December 31, 2021		-
5	Budgeted balance as of December 31, 2021	CS 3-21	<u>\$ 64,944,910</u>
6	Pro Forma adjustment to Increase/(Decrease) balance as of December 31, 2022		-
7	Budgeted balance as of December 31, 2022	CS 3-22	<u>\$ 64,944,910</u>
8	Pro Forma adjustment N/A		-
9	Ratemaking balance as of December 31, 2022		<u><u>\$ 64,944,910</u></u>

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Capital Structure
As of December 31, 2022

This pro forma adjusts the balance as of December 31, 2020, capital structure for deferred income taxes to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2021, and December 31, 2022, and ratemaking adjustment(s) for the twelve months ending December 31, 2022, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual Balance - December 31, 2020		\$ 1,357,606,761
2	Normalization adjustment to Increase / (Decrease) the balance for the removal of Rosewater deferred taxes	CS 4-20	<u>(16,951,361)</u>
3	Normalized balance as of December 31, 2020		<u>\$ 1,340,655,400</u>
4	Pro Forma adjustment to Increase/(Decrease) balance as of December 31, 2021	CS 4-21	<u>59,116,560</u>
5	Budgeted balance as of December 31, 2021		<u>\$ 1,399,771,960</u>
6	Pro Forma adjustment to Increase/(Decrease) balance as of December 31, 2022	CS 4-22	<u>44,283,070</u>
7	Budgeted balance as of December 31, 2022		<u>\$ 1,444,055,030</u>
8	Pro Forma adjustment to Increase / (Decrease) the balance for Ratemaking to account for GAAP to FERC reporting differences and the removal of Rosewater deferred taxes	CS 4-22R	<u>(7,666,845)</u>
9	Ratemaking balance as of December 31, 2022		<u><u>\$ 1,436,388,185</u></u>

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Capital Structure
As of December 31, 2022

This pro forma adjusts the balance as of December 31, 2020, capital structure for post-retirement liability to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2021, and December 31, 2022, and ratemaking adjustment(s) for the twelve months ending December 31, 2022, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual Balance - December 31, 2020		\$ 53,258,365
2	Normalization adjustment N/A		-
3	Normalized balance as of December 31, 2020		<u>\$ 53,258,365</u>
4	Pro Forma adjustment to Increase/(Decrease) balance as of December 31, 2021	CS 5-21	<u>(14,040,977)</u>
5	Budgeted balance as of December 31, 2021		<u>\$ 39,217,387</u>
6	Pro Forma adjustment to Increase/(Decrease) balance as of December 31, 2022	CS 5-22	<u>(12,883,444)</u>
7	Budgeted balance as of December 31, 2022		<u>\$ 26,333,943</u>
8	Pro Forma adjustment N/A		<u>(0)</u>
9	Ratemaking balance as of December 31, 2022		<u>\$ 26,333,943</u>

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Capital Structure
As of December 31, 2022

This pro forma adjusts the balance as of December 31, 2020, capital structure for prepaid pension asset to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2021, and December 31, 2022, and ratemaking adjustment(s) for the twelve months ending December 31, 2022, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual Balance - December 31, 2020		\$ (420,025,857)
2	Normalization Adjustment <u>N/A</u>		<u>-</u>
3	Normalized balance as of December 31, 2020		<u>\$ (420,025,857)</u>
5	Pro Forma adjustment to Increase/(Decrease) balance as of December 31, 2021	CS 6-21	<u>(13,467,375)</u>
6	Budgeted balance as of December 31, 2021		<u>\$ (433,493,232)</u>
8	Pro Forma adjustment to Increase/(Decrease) balance as of December 31, 2022	CS 6-22	<u>(466,000)</u>
9	Budgeted balance as of December 31, 2022		<u>\$ (433,959,232)</u>
10	Pro Forma adjustment N/A		<u>-</u>
11	Ratemaking balance as of December 31, 2022		<u><u>\$ (433,959,232)</u></u>

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Capital Structure
As of December 31, 2022

This pro forma adjusts the balance as of December 31, 2020, capital structure for Post-1970 ITC to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2021, and December 31, 2022, and ratemaking adjustment(s) for the twelve months ending December 31, 2022, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual Balance - December 31, 2020		\$ 1,595,132
2	Normalization adjustment N/A		-
3	Normalized balance as of December 31, 2020		<u>\$ 1,595,132</u>
5	Pro Forma adjustment to Increase/(Decrease) balance as of December 31, 2021	CS 7-21	<u>(368,712)</u>
6	Budgeted balance as of December 31, 2021		<u>\$ 1,226,420</u>
8	Pro Forma adjustment to Increase/(Decrease) balance as of December 31, 2022	CS 7-22	<u>(317,052)</u>
9	Budgeted balance as of December 31, 2022		<u>\$ 909,368</u>
10	Pro Forma adjustment N/A		-
11	Ratemaking balance as of December 31, 2022		<u><u>\$ 909,368</u></u>

Consolidated Balance Sheets

As of December 31, (in millions)	2020	2019
ASSETS		
Property, Plant and Equipment		
Utility plant	\$ 10,257.5	\$ 12,344.1
Accumulated depreciation and amortization	(3,469.3)	(5,103.2)
Net utility plant	6,788.2	7,240.9
Other property, at cost, less accumulated depreciation	1,050.3	0.2
Net Property, Plant and Equipment ⁽¹⁾	7,838.5	7,241.1
Current Assets		
Cash and cash equivalents	1.5	-
Restricted cash	8.2	7.3
Accounts receivable (less reserve of \$18.0 and \$5.9 respectively)	330.6	310.6
Accounts receivable - affiliated	0.1	1.4
Income tax receivable	18.4	53.7
Gas inventory	62.8	72.6
Materials and supplies, at average cost	118.5	104.0
Electric production fuel, at average cost	68.4	53.6
Exchange gas receivable	2.4	6.9
Regulatory assets	58.9	84.1
Prepayments and other	49.3	37.6
Total Current Assets	719.1	731.8
Other Assets		
Regulatory assets	733.3	838.4
Goodwill	17.8	17.8
Deferred charges and other	84.5	38.0
Total Other Assets	835.6	894.2
Total Assets	\$ 9,393.2	\$ 8,867.1

Consolidated Balance Sheets

As of December 31, (in millions)	2020	2019
CAPITALIZATION AND LIABILITIES		
Capitalization		
Common Shareholder's Equity		
Common stock - without par value - 73,282,258 shares outstanding	\$ 859.5	\$ 859.5
Additional paid-in-capital	206.7	206.7
Retained earnings	2,108.3	1,822.1
Total NIPSCO Shareholder's Equity	3,174.5	2,888.3
Noncontrolling interest in consolidated subsidiaries	85.6	-
Total Shareholder's Equity	3,260.1	2,888.3
Long-term debt, excluding amounts due within one year	82.0	67.9
Long-term debt - affiliated, excluding amounts due within one year	2,256.0	2,048.0
Total Capitalization	5,598.1	5,004.2
Current Liabilities		
Current portion of long-term debt	1.9	-
Current portion of long-term debt - affiliated	-	137.5
Short-term borrowings	-	167.0
Short-term borrowings - affiliated	432.2	296.5
Accounts payable	285.3	292.9
Accounts payable - affiliated	44.6	33.0
Customer deposits and credits	104.0	102.1
Taxes accrued	44.3	44.8
Interest accrued	18.4	18.0
Regulatory liabilities	68.4	64.5
Legal and environmental	14.6	8.0
Accrued compensation and employee benefits	55.7	58.2
Asset retirement obligations	18.5	-
Other accruals	54.1	47.7
Total Current Liabilities	1,142.0	1,270.2
Other Liabilities		
Deferred income taxes	821.3	758.7
Deferred investment tax credits	1.5	2.0
Accrued liability for postretirement and postemployment benefits	292.1	303.7
Regulatory liabilities	952.3	1,090.4
Asset retirement obligations	414.3	336.5
Other noncurrent liabilities	171.6	101.4
Total Other Liabilities	2,653.1	2,592.7
Commitments and Contingencies (Refer to Note 18, "Other Commitments and Contingencies")		
Total Capitalization and Liabilities	\$ 9,393.2	\$ 8,867.1

Statements of Consolidated Cash Flows

Year Ended December 31, <i>(in millions)</i>	2020
Operating Activities	
Net Income	\$ 289.6
Adjustments to Reconcile Net Income to Net Cash from Operating Activities:	
Depreciation and amortization	394.9
Deferred income taxes and investment tax credits	33.9
Deferred revenue	(0.1)
Stock compensation expense and 401(k) profit sharing contributions	1.0
AFUDC equity	(8.1)
Changes in Assets and Liabilities:	
Accounts receivable - affiliated	1.4
Accounts receivable	(20.0)
Income tax receivable	35.3
Inventories	(29.9)
Accounts payable - affiliated	11.6
Accounts payable	15.2
Customer deposits and credits	1.9
Taxes accrued	(0.5)
Interest accrued	0.4
Exchange gas receivable/payable	(1.7)
Other accruals	21.2
Prepayments and other current assets	(6.3)
Regulatory assets/liabilities	86.4
Postretirement and postemployment benefits	(60.3)
Accrued compensation and employee benefits	(2.7)
Deferred credits	1.4
Deferred charges and other noncurrent assets	(0.8)
Other noncurrent liabilities	(2.6)
Net Cash Flows from Operating Activities	761.2
Investing Activities	
Capital expenditures	(689.7)
Cost of removal	(105.1)
Payment to renewable generation asset developer	(85.3)
Net Cash Flows used for Investing Activities	(880.1)
Financing Activities	
Issuances of affiliated long-term debt	208.0
Payments of affiliated long-term debt	(137.5)
Repayments of long-term debt and capital lease obligations	(0.2)
Changes in affiliated money pool borrowings	135.7
Changes in short-term borrowings	(166.9)
Contributions from noncontrolling interest, net of issuance costs	82.2
Net Cash Flows from (used for) Financing Activities	121.3
Change in cash, cash equivalents and restricted cash	2.4
Cash, cash equivalents and restricted cash at beginning of period	7.3
Cash, Cash Equivalents and Restricted Cash at End of Period	\$ 9.7

Northern Indiana Public Service Company LLC

Statements of Consolidated Income

Year Ended December 31, <i>(in millions)</i>	2020	2019
Operating Revenues		
Customer revenues	\$ 2,151.5	\$ 2,397.3
Other revenues	96.5	101.5
Total Operating Revenues	2,248.0	2,498.8
Operating Expenses		
Cost of sales (excluding depreciation and amortization)	588.1	803.8
Operating and maintenance	727.6	730.3
Depreciation and amortization	394.9	350.5
Other taxes	85.0	84.5
Total Operating Expenses	1,795.6	1,969.1
Operating Income	452.4	529.7
Other Income (Deductions)		
Interest on long-term debt, net	(5.2)	(5.8)
Interest on long-term debt, net - affiliated	(104.8)	(101.0)
Other, net	16.4	(10.5)
Total Other Deductions, Net	(93.6)	(117.3)
Income before Income Taxes	358.8	412.4
Income Taxes	69.2	95.4
Net Income	\$ 289.6	\$ 317.0
Net income attributable to noncontrolling interest	3.4	-
Net Income attributable to NIPSCO	\$ 286.2	\$ 317.0
Common Dividends Declared	\$ -	\$ 180.0

NORTHERN INDIANA PUBLIC SERVICE COMPANY
Ratio Summary for Allocation of Common Expenses
For the Period August 2021 to January 2022

Ratio	Ratio Short Name	Description	% to Elec	% to Gas
13	PC	# of Computing Devices	55.65%	44.35%
11	EMP	# of Employees	63.25%	36.75%
10	G-3	# of Retail Customers	38.29%	61.71%
G-2	G-2	All Customers	36.18%	63.82%
9	9	Automobile Units	46.46%	53.54%
E	E	Combination District Customers	48.72%	51.28%
7	7	Gross Depreciable Property and Operating Expenses	72.54%	27.46%
2	2	Gross Fixed Assets	72.24%	27.76%
1	1	Gross Fixed Assets and Operating Expenses	71.91%	28.09%
H	H	Investment	72.50%	27.50%
20	O&M	O&M Expenses	70.12%	29.88%
D	D	Payroll	63.25%	36.75%
Property Tax	PT	Property Tax allocation	59.52%	40.48%
MR	MR	Mainframe	29.42%	70.58%
MS	MS	NiFit	67.58%	32.42%