

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

VERIFIED PETITION OF NORTHERN INDIANA PUBLIC )  
SERVICE COMPANY LLC FOR (1) APPROVAL OF )  
PETITIONER'S TDSIC PLAN FOR ELIGIBLE )  
TRANSMISSION, DISTRIBUTION, AND STORAGE SYSTEM )  
IMPROVEMENTS, PURSUANT TO IND. CODE § 8-1-39-10(a) )  
INCLUDING TARGETED ECONOMIC DEVELOPMENT )  
PROJECTS PURSUANT TO IND. CODE § 8-1-39-10(c), (2) )  
AUTHORITY TO DEFER COSTS FOR FUTURE )  
RECOVERY, (3) APPROVAL FOR INCLUSION OF )  
NIPSCO'S TDSIC PLAN PROJECTS IN ITS RATE BASE IN )  
ITS NEXT GENERAL RATE PROCEEDING PURSUANT TO )  
IND. CODE § 8-1-2-23, AND (4) AUTHORITY TO )  
RECOVERY OPERATION AND MAINTENANCE EXPENSES )  
AS TDSIC COSTS PURSUANT TO IND. CODE § 8-1-39-7 )  
UNDER ITS APPROVED RIDER 888 – ADJUSTMENT OF )  
CHARGES OR TRANSMISSION, DISTRIBUTION AND )  
STORAGE SYSTEM IMPROVEMENT CHARGES. )

CAUSE NO. 45557

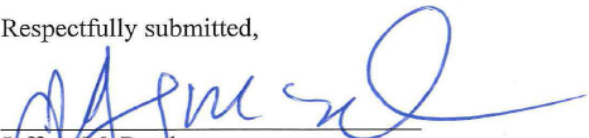
INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR

PUBLIC'S EXHIBIT NO. 3

REDACTED TESTIMONY OF  
OUCC WITNESS KALEB G. LANTRIP

August 30, 2021

Respectfully submitted,

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

**TESTIMONY OF OUCC WITNESS KALEB G. LANTRIP**  
**CAUSE NO. 45557**  
**NORTHERN INDIANA PUBLIC SERVICE COMPANY, LLC**

**I. INTRODUCTION**

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

2 A: My name is Kaleb G. Lantrip and my business address is 115 W. Washington St.,  
3 Suite 1500 South, Indianapolis, Indiana 46204.

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

5 A: I am employed as a Utility Analyst in the Indiana Office of Utility Consumer  
6 Counselor's ("OUCC") Electric Division. A summary of my educational  
7 background and experience is included in Appendix A attached to my testimony.

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

9 A: My testimony addresses the accounting and ratemaking treatment proposed by  
10 Northern Indiana Public Service Company, LLC's ("NIPSCO" or "Petitioner")  
11 request for its 5.5-Year TDSIC Plan ("5.5-Year TDSIC Plan" or "2021-2026  
12 Electric Plan") pursuant to I.C. 8-1-39 (the Transmission, Distribution, and  
13 Storage System Improvement Charge ("TDSIC") statute. I address the calculation  
14 of NIPSCO's TDSIC revenue requirement proposal, as shown in NIPSCO witness  
15 Erin K. Meece's testimony. Specifically, I address:

- 16 1) NIPSCO's TDSIC Rider filing schedule proposal;
- 17 2) NIPSCO's proposal to include projected depreciation and property tax  
18 expenses based on capital investments for plant-in-service as of a cut-  
19 off date prior to the TDSIC Rider cost recovery filing;

- 1           3) NIPSCO's proposal to adjust depreciation expense by using a  
2           historical 3-year average estimate of retirement rates derived from its  
3           FERC Form 1;
- 4           4) NIPSCO's proposal to recover advanced metering infrastructure  
5           ("AMI") operations and maintenance ("O&M") expenses as a deferred  
6           regulatory asset; and
- 7           5) The total cost impact of OUCC witness Sergio G. Hunt's cost/benefit  
8           materiality of risk analysis on NIPSCO's 2021-2026 Electric Plan.

9           Ultimately, I recommend the Commission require NIPSCO to use actual  
10          retirements rather than a three-year historical average estimate in calculating its  
11          adjustment to depreciation expense. I also recommend NIPSCO's request to  
12          receive regulatory asset treatment of AMI O&M expenses be denied, consistent  
13          with Anthony A. Alvarez's AMI Project denial recommendation. In the event the  
14          Commission approves NIPSCO's proposed AMI Projects, I recommend deferral  
15          of the requested AMI O&M expenses regulatory asset, without carrying charges,  
16          until the planned AMI Projects begin deployment.

17   **Q: What did you review to prepare your testimony in this Cause?**

18   A: I reviewed NIPSCO's petition, testimony, attachments, and workpapers provided  
19          in this filing, as well as Petitioner's responses to the OUCC's and Intervenor's  
20          data requests ("DR"). I also reviewed NIPSCO's Natural Gas Cause No. 45330  
21          TDSIC-1 filing to better understand its depreciation netting proposal. Further, I  
22          reviewed the Commission's Cause No. 44733 TDSIC-8 Order for comparison and

1 continuity. In addition, I participated in a prefiling meeting with NIPSCO staff on  
2 April 26, 2021, and a tech-to-tech meeting with NIPSCO staff on July 19, 2021.

3 **Q: To the extent you do not address a specific item in your testimony, should it**  
4 **be construed to mean you agree with NIPSCO's proposal?**

5 A: No. My silence regarding any topics, issues, or items NIPSCO proposes does not  
6 indicate my approval of those topics, issues, or items. Rather, the scope of my  
7 testimony is limited to the specific items addressed herein.

## II. NIPSCO ELECTRIC TDSIC HISTORY

8 **Q: What is NIPSCO's electric TDSIC history?**

9 A: NIPSCO's previous electric TDSIC 7-Year Plan, Cause No. 44733, hereafter  
10 referred to as "Electric Plan 1" was approved on July 12, 2016. Petitioner fulfilled  
11 the statutory requirement under I.C. 8-1-39-9(e) to file a base rate case before the  
12 Electric Plan 1's expiration through the Indiana Utility Regulatory Commission's  
13 ("Commission") Cause No. 45159 Order, dated December 4, 2019. Electric Plan  
14 1 was set to expire on December 31, 2022 and went through eight TDSIC Rider  
15 updates before NIPSCO filed a Notice of Intent, on April 1, 2021, under I.C. 8-1-  
16 39-10(d), to terminate its Electric Plan 1 on May 31, 2021. This notice was  
17 provided more than 60 days before termination, which was compliant with the  
18 TDSIC statute's requirement. Then, on June 1, 2021, NIPSCO filed its current  
19 Cause No. 45557 petition and testimony requesting approval of a new TDSIC 5.5-  
20 Year Plan under I.C. 8-1-39-10(a).

1 **Q: Did NIPSCO address how it plans to account for Electric Plan 1 investments**  
2 **not captured in Cause No. 45159?**

3 A: Yes. Petitioner witness Alison Becker testified Petitioner plans to include Electric  
4 Plan 1 investments in its ongoing TDSIC Rider cost recovery updates until a final  
5 order in NIPSCO's next general rate case is issued.<sup>1</sup> In response to the OUCC's  
6 DR-2,<sup>2</sup> requesting clarification and elaboration on the planned treatment of  
7 Electric Plan 1, NIPSCO stated it will seek approval of capital cost recovery  
8 through May 31, 2021, the Electric Plan 1 termination date, in its next TDSIC  
9 Rider filing, Cause No. 44733 TDSIC-9.. Additional capital costs incurred on or  
10 after June 1, 2021, for projects not included under Electric Plan 1 will not be part  
11 of the TDSIC Rider's requested recovery.

### **III. NIPSCO'S TDSIC RIDER FILING SCHEDULE PROPOSAL**

12 **Q: Did NIPSCO specify how often it intends to file its TDSIC Rider cost**  
13 **recovery updates?**

14 A: Yes. In Ms. Becker's supplemental testimony, she clarifies NIPSCO is proposing  
15 to update its 2021-2026 Electric Plan annually, while continuing to file for cost  
16 recovery on a bi-annual basis.<sup>3</sup>

17 **Q: Do you have concerns with NIPSCO's proposed filing schedule?**

18 A: No, not at this time.

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<sup>1</sup> Petitioner witness Alison R. Becker Direct Testimony, p. 9, lines 2-9.

<sup>2</sup> Attachment KGL-1: NIPSCO's objections and responses to OUCC DR-2, p. 1.

<sup>3</sup> Becker Supplemental Testimony, p. 2, lines 1-5.

**IV. NIPSCO'S TDSIC RATEMAKING PROPOSAL**

1 **Q: Under NIPSCO's proposal, how are TDSIC costs going to be recovered**  
2 **through its revenue requirements?**

3 A: Ms. Meece describes NIPSCO's understanding of the TDSIC statute as allowing  
4 the periodic automatic adjustment of the public utility's basic rates and charges to  
5 provide for timely recovery of 80% of approved capital expenditures and TDSIC  
6 costs. NIPSCO indicates such costs would be comprised of eligible transmission  
7 and distribution system improvements incurred both while under construction and  
8 post-in-service and include, but are not limited to, depreciation expense, property  
9 taxes, pretax returns, allowance for funds used during construction ("AFUDC"),  
10 and post-in-service-carrying-costs ("PISCC"). Additionally, NIPSCO proposes  
11 costs be recovered on a historical basis subsequent to the date in which actual  
12 costs were incurred.<sup>4</sup>

13 **Q: Does NIPSCO propose to use construction work in progress ("CWIP")**  
14 **ratemaking treatment?**

15 A: Yes. NIPSCO is requesting CWIP ratemaking treatment related to the recovery of  
16 financing costs incurred during the construction of capital projects. Under CWIP  
17 ratemaking treatment, NIPSCO would recover financing costs incurred during the  
18 construction period attributable to qualifying capital investments. Additionally,  
19 NIPSCO would cease accruing AFUDC the earlier of the date in which such  
20 expenditures receive CWIP ratemaking treatment through the TDSIC Rider or the  
21 date the project is placed in service.<sup>5</sup>

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<sup>4</sup> Petitioner witness Erin K. Meece Direct Testimony, p. 5, line 5 through p. 6, line 4.

<sup>5</sup> Meece, p. 6, lines 5-18.

1 **Q: Does NIPSCO propose to recover PISCC in connection with its TDSIC**  
2 **projects?**

3 A: Yes. NIPSCO proposes to recover, through semi-annual TDSIC Rider cost  
4 recovery updates, 80% of all post-in-service projects' financing costs (PISCC)  
5 incurred from the in-service date until such projects receive ratemaking treatment  
6 in a TDSIC Rider cost recovery update. Additionally, NIPSCO proposes to use its  
7 overall weighted cost of capital ("WACC") in calculating PISCC incurred in  
8 connection with its TDSIC projects.<sup>6</sup>

9 **Q: How does NIPSCO propose to calculate its TDSIC revenue requirement?**

10 A: NIPSCO proposes calculating its TDSIC revenue requirement, consisting of two  
11 components: 1) a return of financing costs related to capital expenditures  
12 including AFUDC, separate PISCC rate, and need for pretax returns being  
13 covered, and 2) recovery of depreciation expense and property tax expense  
14 associated with the approved TDSIC projects. NIPSCO then multiplies the total  
15 revenue requirement by the statutorily allowed 80% to establish the TDSIC  
16 revenue requirement before tax gross up. The 80% component is then multiplied  
17 by a revenue conversion factor to reflect taxes. In each TDSIC Rider cost  
18 recovery update, NIPSCO must provide evidence of actual costs incurred during a  
19 historical period.<sup>7</sup> In each annual TDSIC Rider plan update, NIPSCO will provide  
20 updated cost projections for the approved TDSIC projects.<sup>8</sup>

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<sup>6</sup> Meece, p. 7, lines 1-5.

<sup>7</sup> Meece, p. 7, lines 8-18.

<sup>8</sup> Supplemental Becker, p. 2.

1 **Q: Has NIPSCO proposed changes to how it will present its 2021-2026 Electric**  
2 **Plan compared to Electric Plan 1?**

3 A: Yes. The TDSIC statute has been revised by the Legislature since approval of  
4 NIPSCO's Electric Plan 1. The Legislature's 2019 revisions to the TDSIC statute  
5 allows more flexibility in the section nine update process for adding projects after  
6 the initial TDSIC plan is approved under a section 10 filing such as this one.  
7 Although NIPSCO is not proposing any economic development projects at this  
8 time, its 2021-2026 Electric Plan makes provision for possible economic  
9 development projects if any opportunities arise in the future.<sup>9</sup>

10 **Q: Is NIPSCO requesting accounting and ratemaking treatment changes from**  
11 **its approved Electric Plan 1?**

12 A: Yes. Though NIPSCO proposes using Electric Plan 1 accounting and ratemaking  
13 treatment as a framework for building its new 2021-2026 Electric Plan,  
14 Ms. Meece describes three main ratemaking treatment differences in which  
15 NIPSCO proposes to:

- 16 1) Recover projected depreciation and property tax expenses;
- 17 2) Exclude depreciation expense related to plant retirements resulting  
18 from the new TDSIC investments; and
- 19 3) Recover AMI O&M expenses.

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<sup>9</sup> Meece, p. 4, line 15 through p. 5, line 3.



**V. DEPRECIATION AND PROPERTY TAX EXPENSES**

1 **Q: How does NIPSCO propose to recover depreciation and property tax**  
2 **expenses?**

3 A: NIPSCO proposes to include projected depreciation and property tax expenses to  
4 reduce the regulatory lag that occurred in its Electric Plan 1, where projections  
5 were not included and NIPSCO recovered these costs on a reconciliatory basis  
6 only. NIPSCO proposes to calculate depreciation and property tax expenses based  
7 on projects completed as of the TDSIC expenditures cut-off date. Ms. Meece  
8 contends this treatment firms up recovery basis as fixed, known, and measurable  
9 utility plant in service, and its variances will be reconciled in later filings by  
10 actual costs incurred. The most recent month of depreciation and property tax  
11 expenses, prior to the cut-off date, will be used and multiplied by the number of  
12 months included in the revenue requirement.<sup>10</sup>

13 **Q: Do you have concerns with NIPSCO's proposed ratemaking treatment**  
14 **change to include projected depreciation and property tax expenses?**

15 A: No. I recognize NIPSCO's proposed calculation is reasonably based on a fixed,  
16 known, and measurable number of in-service investments as of the cut-off date.  
17 Further, the Commission recently approved similar projected depreciation and  
18 property tax expenses ratemaking treatment in AES Indiana's Cause No. 45264  
19 TDSIC plan.<sup>11</sup>

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<sup>10</sup> Meece, p. 14, lines 3-12.

<sup>11</sup> Commission's Cause No. 45264 Order, dated March 4, 2020, p. 24, Section H. *See Also* Cause No. 45264, TDSIC-1, Attachment NHC-6, Line 3, Column F.

**VI. DEPRECIATION EXPENSE FOR RETIRED OR REPLACED ASSETS**

1 **Q: How does NIPSCO propose to adjust depreciation expense for retired or**  
2 **replaced assets?**

3 A: NIPSCO claims retirements will lag the in-service placement of new assets and  
4 proposes using a three-year historical average retirement rate derived from its  
5 FERC Form 1. This three-year “average retirements against additions” ratio is  
6 then applied to the amount of the TDSIC investments matched by FERC account,  
7 resulting in a value of estimated retirement rate on new TDSIC investments.  
8 NIPSCO will then apply the depreciation rates as approved in NIPSCO’s most  
9 recent electric rate case to the estimated retirement portion, again matched by  
10 FERC account, to determine the depreciation expense adjustment amount. Ms.  
11 Meece claims the use of a three-year average addresses the difficulty of  
12 identifying the precise assets retired due to lag on recognizing within the recovery  
13 period the retirement was made. This approach nets depreciation expenses to  
14 reflect the estimated retirement of certain assets as a result of the 2021-2026  
15 Electric Plan. NIPSCO indicates it will provide this calculation in its TDSIC  
16 Rider cost recovery updates along with supporting workpapers.<sup>12</sup> Further, Ms.  
17 Meece indicates NIPSCO may make adjustments to the historical information if  
18 needed to address extraordinary or unusual items that skew the calculation, but if  
19 such an adjustment is made, an explanation will be included in the supporting  
20 workpapers to be provided to all parties.<sup>13</sup>

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<sup>12</sup> Meece, p. 15, lines 10 through p. 16, line 14.

<sup>13</sup> Meece, p. 17, lines 2-5.

1 **Q: Do you have concerns with NIPSCO's proposal to use a three-year historical**  
2 **average estimate to adjust depreciation expense for retirements?**

3 A: Yes. No other Indiana electric investor-owned utility ("IOU") uses the three-year  
4 FERC Form 1 historical average estimate method NIPSCO proposes in this  
5 proceeding. I recommend NIPSCO use actual retirements rather than a three-year  
6 historical average estimate in calculating its adjustment to depreciation expense.  
7 This is similar to the treatment used by other Indiana electric IOUs, in which  
8 other Indiana electric IOUs have been able to track actual retirements as an offset  
9 to new and replaced plant investments. In Cause No. 44910, CenterPoint Electric  
10 Indiana South's ("CEIS") TDSIC filing, CEIS reduces gross plant investment by  
11 retired assets and then takes depreciation expense less those retirements to reach a  
12 new accumulated depreciation balance for TDSIC related projects.<sup>14</sup> Also, in its  
13 Cause No. 45264 TDSIC-1 Order, the Commission approved AES Indiana's  
14 proposed depreciation expense calculation on retired and replaced assets of  
15 including the depreciation expense amount on original equipment retired<sup>15</sup> as a  
16 credit to the depreciation expense recovery requested. This netting of depreciation  
17 is calculated in the same manner AES Indiana implements the netting of  
18 depreciation in its Environmental Compliance Cost Recovery Adjustment Rider  
19 filings. Further, AES Indiana indicated this treatment sufficiently addresses the  
20 concern of netting depreciation expense on the assets retired as part of the TDSIC

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<sup>14</sup> Cause No. 44910 TDSIC-8 Exhibit 2: Direct Testimony of Angie M. Bell, Attachment AMB-1, Schedules 1 and 2 show CEIS's accounting for retirement offsets.

<sup>15</sup> See Cause No. 45264 TDSIC-1 Direct Testimony of Natalie Coklow, p. 8, lines 3-6.

1 Plan.<sup>16</sup> Therefore, it should be possible for NIPSCO to update its accumulated  
2 depreciation in reconciliation for the assets being replaced, offsetting gross  
3 TDSIC plant additions, which would satisfy matching principles better within the  
4 TDSIC Rider.

## VII. AMI O&M EXPENSES

5 **Q: How does NIPSCO propose to recover AMI O&M expenses?**

6 A: NIPSCO is requesting regulatory asset treatment on the recovery of O&M  
7 expenses associated with its 2021-2026 Electric Plan AMI project.<sup>17</sup> These O&M  
8 expenses are currently estimated to be approximately \$10.015 million.<sup>18</sup>

9 **Q: Did you issue NIPSCO any discovery to gain a better understanding of its  
10 request to receive regulatory asset treatment on AMI O&M expenses?**

11 A: Yes. In OUCC DR-2, I questioned whether NIPSCO was requesting pre-approval  
12 to defer, as a regulatory asset, the full AMI O&M expense to be treated as  
13 guaranteed recovery in its next base rate case. NIPSCO responded the regulatory  
14 asset treatment would be the standard 80% recovery in the tracker and 20%  
15 deferred to rate case recovery.<sup>19</sup>

16 **Q: What do you recommend regarding NIPSCO's request to receive regulatory  
17 asset treatment on AMI O&M expenses?**

18 A: I recommend NIPSCO's request for an AMI O&M expenses regulatory asset be  
19 denied, consistent with Mr. Alvarez's recommendation the AMI projects be

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<sup>16</sup> Commission's Cause No. 45264 TDSIC-1 Order, dated October 14, 2020, p. 3, Paragraph C. TDSIC Revenue Requirement, pp. 9 and 10, Paragraph (B)(i) Depreciation Expense, and p.13, Paragraph (B)(iv) Conclusion.

<sup>17</sup> Meece, p. 18, line 14 through p. 19, line 3.

<sup>18</sup> Petitioner witness Christopher Kiergan, Attachment 3-B, p. 12, second table, second to last line "total".

<sup>19</sup> Attachment KGL-1: NIPSCO Response to OUCC DR-2.

1 denied due to Petitioner's lack of support in its case-in-chief on which to assess  
2 the reasonableness of the project's estimates.<sup>20</sup>

3 In the event the Commission accepts NIPSCO's case-in-chief evidence as  
4 sufficient support for which to grant approval of AMI projects and the associated  
5 O&M expenses, I recommend the regulatory asset treatment on the O&M  
6 expenses be granted as conditional upon a deferred amount without carrying  
7 charges until the AMI projects are deployed. Per NIPSCO witness Christopher  
8 Kiergan, the customer benefits would begin as soon as the AMI project meter  
9 deployment begins in 2024.<sup>21</sup>

#### VIII. COST/BENEFIT RISK ANALYSIS IMPACT

10 **Q: How does OUCC witness Hunt's recommendation to exclude TDSIC projects**  
11 **with costs above \$ [REDACTED]/unit of risk from NIPSCO's 2021-2026 Electric**  
12 **Plan impact NIPSCO's total costs?**

13 A: According to Mr. Hunt, removing the projects above \$ [REDACTED]/unit of risk  
14 would reduce the total cost of NIPSCO's 2021-2026 Electric Plan by  
15 approximately \$ [REDACTED].

#### IX. OUCC RECOMMENDATIONS

16 **Q: What do you recommend in this proceeding?**

17 A: I recommend the Commission:

18 1) Require NIPSCO to use actual retirements rather than a three-year  
19 historical average estimate in calculating its adjustment to depreciation  
20 expense.

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<sup>20</sup> OUCC witness Anthony Alvarez, p. 12, line 16 through p. 13, line 15.

<sup>21</sup> Petitioner witness Christopher Kiergan, p. 16, line 17 through p. 17, line 2.

1                   2) Deny NIPSCO's request to receive regulatory asset treatment of AMI  
2                   O&M expenses, consistent with Mr. Alvarez's recommendation the  
3                   AMI projects be denied due to Petitioner's lack of support in its case-  
4                   in-chief on which to assess the reasonableness of the project's  
5                   estimates. In the event the Commission finds in favor of Petitioner's  
6                   AMI projects, I recommend deferral of the requested AMI O&M  
7                   expenses regulatory asset, without carrying charges, until the planned  
8                   AMI projects begin deployment.

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

10  A:    Yes.

**APPENDIX A**

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

2 A: I graduated from the Kelley School of Business of Indianapolis in 2014 with a  
3 Bachelor of Science in Business with majors in Accounting and Finance. I am  
4 licensed in the State of Indiana as a Certified Public Accountant. I attended the  
5 National Association of Regulatory Utility Commissioners (“NARUC”) Spring  
6 2018 Conference held by New Mexico State University and the Intermediate  
7 Course Fall 2019 conference held by the Institute of Public Utilities at Michigan  
8 State University. In September 2019, I attended the annual Society of  
9 Depreciation Professionals conference held in Philadelphia and the Basics of  
10 Depreciation course.

11 **Q: Have you previously testified before the Commission?**

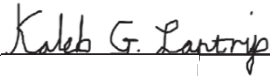
12 A: Yes.

13 **Q: Please describe your duties and responsibilities at the OUCC.**

14 A: I review Indiana utilities’ requests for regulatory relief filed with the Indiana  
15 Utility Regulatory Commission (“Commission”). My scope of review is typically  
16 focused on accounting and utility ratemaking issues. This involves reading  
17 testimonies of petitioners and intervenors, previous orders issued by the  
18 Commission, and any appellate opinions to inform my analyses. I prepare and  
19 present testimony based on these analyses and make recommendations to the  
20 Commission on behalf of Indiana utility consumers.

**AFFIRMATION**

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



Kaleb G. Lantrip  
Utility Analyst II  
Indiana Office of Utility Consumer Counselor

Cause No. 45557  
NIPSCO, LLC

Date: August 30, 2021



**Cause No. 45557**  
**Northern Indiana Public Service Company LLC's**  
**Objections and Responses to**  
**NIPSCO Indiana Office of Utility Consumer Counselor's Second Set of Data**  
**Requests**

**OUCC 2-011:**

Petitioner's witness Ms. Erin Meece, Direct at 18-19, cites Petitioner's proposal to recover O&M expenses related to the Advanced Metering Infrastructure project at actual cost as a regulatory asset. Is Petitioner requesting pre-approval to defer the full O&M expense to be treated as guaranteed recovery in the next base rate case, similar to the 20% deferred portion allowed under the TDSIC statute? If not, please explain in detail the relief sought.

**Objections:**

**Response:**

No. NIPSCO is not requesting pre-approval to defer the full O&M expense to be treated as guaranteed recovery in the next base rate case, similar to the 20% deferred portion allowed under the TDSIC statute. NIPSCO proposes to reflect O&M expenses related to the Advanced Metering Infrastructure project in the amounts recovered through the TDSIC rider using the same methodology as was previously approved in Cause No. 44403. This methodology will entail 80% recovery of O&M expenses incurred through the tracker and 20% deferral to a TDSIC regulatory asset. The proposed ratemaking treatment will follow the current methodology used for other expenses (depreciation, property tax) and carrying costs in TDSIC Electric Cause No. 44733. NIPSCO's ratemaking methodology for expenses has been approved in Cause Nos. 44733-TDSIC-1 through TDSIC-7. The most recent work papers supporting treatment of expenses and carrying costs can be found in the Verified Petition filed Cause No. 44733-TDSIC-8, Petitioner's Exhibit No. 1, Attachment 1, Schedule 4, Pages 1-2 and Attachment 1, Schedule 10.

**CERTIFICATE OF SERVICE**


This is to certify that a copy of the foregoing *Indiana Office of Utility Consumer Counselor Public's Exhibit No. 3 Redacted Testimony of OUCC Witness Kaleb G. Lantrip* has been served upon the following counsel of record in the captioned proceeding by electronic service on August 30, 2021.

Bryan M. Likins  
Alison M. Becker  
NISOURCE CORPORATE SERVICES – LEGAL  
[blikins@nisource.com](mailto:blikins@nisource.com)  
[abecker@nisource.com](mailto:abecker@nisource.com)

Jennifer A. Washburn  
Reagan Kurtz  
CITIZENS ACTION COALITION  
[jwashburn@citact.org](mailto:jwashburn@citact.org)  
[rkurtz@citact.org](mailto:rkurtz@citact.org)

Robert M. Glennon  
ROBERT GLENNON & ASSOC., P.C.  
[glennon@iquest.net](mailto:glennon@iquest.net)

Todd A. Richardson  
Aaron A. Schmoll  
LEWIS & KAPPES, P.C.  
[trichardson@lewis-kappes.com](mailto:trichardson@lewis-kappes.com)  
[aschmoll@lewis-kappes.com](mailto:aschmoll@lewis-kappes.com)

  
\_\_\_\_\_  
Jeffrey M. Reed  
Deputy Consumer Counselor

**INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR**  
115 West Washington Street  
Suite 1500 South  
Indianapolis, IN 46204  
[infomgt@oucc.in.gov](mailto:infomgt@oucc.in.gov)  
317/232-2494 – Phone  
317/232-5923 – Facsimile