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**VERIFIED DIRECT TESTIMONY OF ALISON M. BECKER**

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

2 A1. My name is Alison M. Becker. My business address is 150 W. Market Street, Suite  
3 600, Indianapolis, Indiana 46204. I am employed by Northern Indiana Public  
4 Service Company LLC ("NIPSCO" or the "Company") as Manager of Regulatory  
5 Policy.

6 **Q2. Please summarize your educational and employment background.**

7 A2. I graduated from the University of Evansville with a Bachelor of Arts degree with  
8 a double major in History and Political Science and a Master of Business  
9 Administration from Valparaiso University and am a 2016 graduate of the Indiana  
10 University Robert H. McKinney School of Law. I was a Governor's Fellow from  
11 1997 to 1998 and then worked as a Budget Analyst for the Indiana State Budget  
12 Agency from 1998 to 2000. In 2000, I joined the Indiana Family and Social Services  
13 Administration as the Director of Fiscal Services for the Division of Disability,  
14 Aging and Rehabilitative Services and was promoted to the Director of  
15 Developmental Disabilities Services in 2003. From 2004 until 2008, I held  
16 management positions within nonprofit organizations providing services to

1 individuals with developmental disabilities and community health centers. I  
2 joined NiSource in 2008 as a Lead Performance Measurement Analyst in  
3 Information Technology Service Performance. After leaving the Company briefly  
4 in 2008, I accepted the position of Senior Analyst, Regulatory Policy for NIPSCO  
5 in 2009 and was promoted to my current position as Manager, Regulatory Policy  
6 in 2011.

7 **Q3. What are your responsibilities as Manager of Regulatory Policy?**

8 A3. As Manager of Regulatory Policy, I am and/or have been responsible for  
9 supporting a variety of regulatory initiatives before the Indiana Utility Regulatory  
10 Commission ("Commission") including: NIPSCO's electric and gas low income  
11 filings; NIPSCO's electric and gas demand side management and energy efficiency  
12 filings; NIPSCO's electric and gas Transmission, Distribution, and Storage System  
13 Improvement Charge ("TDSIC") filings; NIPSCO's electric vehicle and economic  
14 development pilot approved in Cause No. 44016; the development, negotiation  
15 and filing of NIPSCO's demand response tariffs approved in Cause No. 43566-  
16 MISO-1; and the development of revised line extension practices governing  
17 residential real estate developments as approved by the Commission in Cause No.  
18 43706. I also served as Chair of the Demand Side Management Coordination

1 Committee and as a member of its subcommittees, as created in the Commission's  
2 December 9, 2009 Phase II Order in Cause No. 42693.

3 **Q4. Have you previously testified before this or any other regulatory commission?**

4 A4. Yes. I previously filed testimony before the Commission supporting NIPSCO's  
5 request for a Certificate of Public Convenience and Necessity ("CPCN") for  
6 federally mandated projects associated with NIPSCO's proposed compliance  
7 projects in (1) Cause No. 45703 (Pipeline Safety III Compliance Project), (2) Cause  
8 No. 45700 (Ash Pond Compliance Project), (3) Cause No. 45560 (Pipeline Safety II  
9 Compliance Project, and (4) Cause No. 45183 (PHMSA Compliance Project). I also  
10 previously testified before the Commission in (1) NIPSCO's request for approval  
11 of its electric TDSIC plan for eligible transmission, distribution, and storage system  
12 improvements currently pending in Cause No. 45557; (2) NIPSCO's request for  
13 approval of its gas TDSIC plan for eligible transmission, distribution, and storage  
14 system improvements approved in Cause No. 45330; (3) NIPSCO's Electric TDSIC  
15 tracker proceedings in Cause Nos. 44733-TDSIC-X (including Cause No. 44733-  
16 TDSIC-1-S1); (4) NIPSCO's Gas TDSIC tracker proceedings in Cause Nos. 44403-  
17 TDSIC-X (beginning in TDSIC-6) and 45330-TDSIC-X (beginning in TDSIC-1); (5)  
18 NIPSCO's request in Cause No. 45465 for approval of a Low Income Program; and

1 (6) a complaint brought by Thermo-Cycler Industries, Inc. in Cause No. 45163. I  
2 also routinely testify before the Commission in NIPSCO's requests for approval of  
3 electric and gas demand side management and energy efficiency programs,  
4 including Cause Nos. 44001, 44154, 44362, 44441, 44496, 44501, 44634, 44637, 45011,  
5 45012, 45455, and 45456 as well as NIPSCO's adjustment filings in Cause Nos.  
6 43618-DSM-XX and 44001-GDSM-XX.

7 **Q5. What is the purpose of your direct testimony in this proceeding?**

8 A5. The purpose of my direct testimony is to provide an overview of NIPSCO's  
9 proposed Low Income Program and to explain the details relating to and rationale  
10 for the proposed program.

11 **Q6. Are you sponsoring any attachments to your direct testimony?**

12 A6. No.

13 **REQUESTED RELIEF**

14 **Q7. Please summarize the relief NIPSCO is requesting in this proceeding.**

15 A7. In accordance with Ind. Code § 8-1-2.5-6, NIPSCO requests the Commission  
16 approve a proposed Low Income Program as an alternative regulatory plan.  
17 Specifically, NIPSCO requests (a) a finding that the Low Income Program will  
18 allow NIPSCO to better provide electric energy service to its customers at

1           economical and reasonable costs; (b) a finding that the Low Income Program is  
2           consistent with the public interest; and (c) an order approving the Low Income  
3           Program as an alternative regulatory plan.

4    **45159 ORDER AND BACKGROUND**

5    **Q8.   How did the idea of a Low Income Program come about?**

6    A8.   In Cause No. 45159, Citizens Action Coalition of Indiana, Inc. ("CAC"), through  
7           the testimony of Mr. John Howat, described the need for and recommended that  
8           the Commission direct NIPSCO to implement a comprehensive bill payment  
9           assistance program for low income customers. Mr. Howat recommended that  
10          NIPSCO focus this program on customers eligible to participate in the federal Low  
11          Income Home Energy Assistance Program ("LIHEAP"). 45159 Order at 74-75.<sup>1</sup>

12          In response to CAC's proposal, NIPSCO Witness Hooper testified NIPSCO  
13          wanted to implement a proposal that is easily and economically administered to  
14          provide assistance to those most in need. He stated NIPSCO recognized the  
15          demographics of its service territory and that, while NIPSCO offers a low income  
16          bill assistance program to its LIHEAP qualified customers who heat with gas, it

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<sup>1</sup>           December 4, 2019 Order in Cause No. 45159 (the "45159 Order").

1 offers no such program for its LIHEAP electric customers. He explained that  
2 NIPSCO planned to continue a stakeholder collaborative to reach agreement  
3 regarding additional assistance that can be offered to NIPSCO's low income  
4 electric customers. 45159 Order at 90-91.

5 Additionally, as part of the Revenue Settlement in Cause No. 45159,<sup>2</sup> NIPSCO  
6 committed "to seek approval of a voluntary low-income program within six  
7 months of a final order" in that Cause. After this was approved as part of the  
8 Revenue Settlement, NIPSCO engaged its stakeholders in several meetings, before  
9 ultimately making a filing in Cause No. 45465 to seek approval of a low income  
10 program.

11 **Q9. What was the outcome of NIPSCO's request for approval of its low income**  
12 **program in Cause No. 45465?**

13 A9. While the Commission acknowledged "numerous" benefits of a well-run,  
14 successful low income assistance program, it ultimately denied NIPSCO's request  
15 for several reasons. First, the Commission found that NIPSCO's opt out, round up  
16 program was not "voluntary" as required by the terms of the Revenue Settlement,

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<sup>2</sup> Stipulation and Settlement Agreement on Less Than all the Issues (the "Revenue Settlement").

1 in which NIPSCO committed “to seek approval of a voluntary low income  
2 program.” Revenue Settlement at 13. Second, the Commission was concerned  
3 that customers would be required to give “a monthly ‘gift’ that they may not have  
4 knowledge of our agree with.” 45465 Order at 19.<sup>3</sup> Third, the Commission was  
5 concerned that NIPSCO customers who receive both gas and electric bills would  
6 be tasked with paying for both the gas Universal Service Program (“USP”) and the  
7 electric low income program. The Commission also noted that the gas USP was  
8 approved as a result of a settlement, which is not precedential. Finally, the  
9 Commission was concerned about NIPSCO’s proposed contribution to the  
10 program, which was limited to a portion of the necessary information technology  
11 upgrades and no annual contribution. I outline NIPSCO’s proposed electric low  
12 income program in this case and address each of these concerns below.

13 **NIPSCO’S PROPOSED ELECTRIC LOW INCOME PROGRAM**

14 **Q10. Please provide an overview of the Low Income Program for electric customers**  
15 **that NIPSCO is proposing in this case.**

16 A10. NIPSCO is now proposing a different program where all customers will pay \$0.40  
17 per month, much like the USP. The annual impact on every meter will be \$4.80

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<sup>3</sup> June 29, 2021 Order in Cause No. 45465 (the “45465 Order”).

1 per year (customers with multiple meters will pay \$0.40 per meter per month).  
2 Funds that are collected will be used to reduce electric bills for NIPSCO's low  
3 income customers for the billing months of July through October. This will  
4 primarily be accomplished through a flat bill discount, based upon qualification  
5 tiers, the amount of which will vary each year based on the number of qualified  
6 customers and funds that are anticipated to be available. As part of this Program,  
7 NIPSCO also plans to offer deposit assistance for income-qualified customers.

8 **Q11. How much does NIPSCO anticipate will be collected and utilized to assist its**  
9 **customers under the Low Income Program?**

10 A11. NIPSCO expects to collect approximately \$2.3 million per year.<sup>4</sup> To be clear, this  
11 is not additional revenue for NIPSCO but the projected collections from the  
12 Program that will all be utilized directly for customers' benefit. In addition,  
13 NIPSCO proposes to contribute \$200,000 per year to the Program. NIPSCO is not  
14 seeking recovery of this annual contribution amount as it will be covered by the  
15 Company and its shareholders.

16 **Q12. Why is NIPSCO no longer proposing an "opt out, round up" program?**

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<sup>4</sup> Based on approximately 490,000 meters ( $\$4.80 \times 490,000 = \$2,352,000$ ).



1 A12. NIPSCO's current proposal for the structure of the Program is informed by  
2 NIPSCO's discussion of alternatives with stakeholders and research about other  
3 "opt in" and "opt out" programs offered by utilities and rural electric municipal  
4 cooperatives, including in Indiana, as well as the challenges to implementing a  
5 successful program if it were to be proposed as an "opt in" program. However,  
6 through discussions with the stakeholders during the course of the proceeding in  
7 Cause No. 45465, it became apparent that an opt out program could cause  
8 confusion. Therefore, it seems that it makes the most sense to offer a "universal"  
9 program with a monthly contribution set at a reasonable amount that can still  
10 provide meaningful impact.

11 **Q13. Is NIPSCO aware of any programs in Indiana that automatically enroll utility**  
12 **customers in contributions for the benefit of low income customers?**

13 A13. Yes. The charge associated with USP is automatically applied to all gas bills in  
14 Indiana.<sup>5</sup> The proceeds of that fund are utilized to provide a monthly discount on

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<sup>5</sup> The USP was the result of a settlement among: (1) NIPSCO; (2) Indiana Gas Company, Inc., and Southern Indiana Gas & Electric Company, Inc., d/b/a Vectren Energy Delivery of Indiana, Inc.; (3) The Board of Directors for Utilities of the Department of Public Utilities of the City of Indianapolis, as Successor Trustee of a Public Charitable Trust, d/b/a Citizens Gas & Coke Utility; (4) Indiana Office of Utility Consumer Counselor; (5) Citizens Action Coalition of Indiana, Inc.; (6) Indiana Industrial Group; and (7) Board of Commissioners of LaPorte County, Indiana. It was approved by the Commission in an order dated November 7, 2007 in Consolidated Cause Nos. 43077 and 43078.

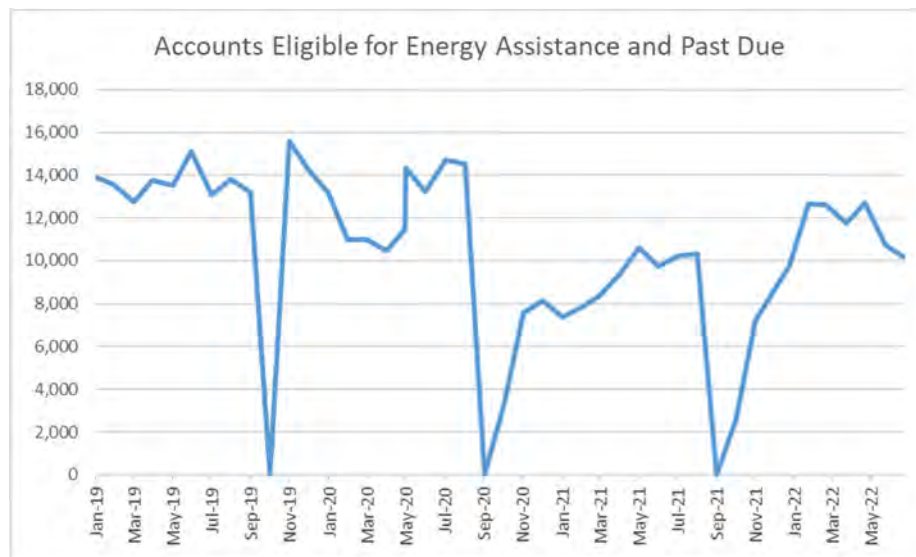
1 residential gas charges for income-qualified customers during the heating season.  
2 Consistent with NIPSCO's proposal here, customers are not able to opt out of the  
3 USP. The USP is an example of a successful program in Indiana providing  
4 assistance to low income customers through the support of other customers.

5 **Q14. In Cause No. 45465, the Commission noted that the USP was approved as part**  
6 **of settlement agreements, and, therefore could not be cited as evidence for why**  
7 **NIPSCO's proposal should be approved. Why should the Commission approve**  
8 **this iteration of NIPSCO's proposal?**

9 A14. NIPSCO is drawing comparisons to the USP to demonstrate how the Low Income  
10 Program will function. The Company is not suggesting that those settlement  
11 agreements should be used as a reason to approve this request. NIPSCO believes  
12 the need for bill assistance for low income customers has only increased since its  
13 proposal in Cause No. 45465, and that the proposed Low Income Program should  
14 be approved on its own merits.

15 Low income utility customers have historically faced challenges in paying for  
16 services. This has become even more pronounced over the last few years. The  
17 chart below shows the accounts eligible for energy assistance and past due from  
18 January 2019 through July 2022. While the number of accounts past due decreased

1 during the height of the pandemic, the number has increased and is approaching  
 2 pre-pandemic numbers. Please note, this chart is for all NIPSCO customers (gas  
 3 and electric). The annual drop in the fall months is because of the receipt of  
 4 LIHEAP assistance funds which are applied to accounts.



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6 While the Company has the ability to offer assistance during heating months to its  
 7 low income gas customers, it does not have a similar ability for electric customers  
 8 during warmer months. This is problematic because summers have gotten  
 9 warmer, driving up the need for increased air conditioning usage, particularly  
 10 among more vulnerable members of the population with health conditions. Low  
 11 income customers are also facing the impacts of inflation, which has spiked to  
 12 historically high levels. In June 2022, the inflation rate hit a four decade high of

1           9.1%.<sup>6</sup> While economists anticipate inflation leveling off, the impacts, particularly  
2           for low income customers, will be felt for years to come.<sup>7</sup> NIPSCO wants to  
3           support these customers because it is the right thing to do, but also because of the  
4           impact unpaid bills have on other customers.

5   **Q15. How do the challenges facing low income customers impact other NIPSCO**  
6   **customers?**

7   A15. There are multiple impacts on other customers. First, if customers who would  
8           benefit from the proposed Program permanently leave NIPSCO's system, the  
9           Company's costs of operation are spread over a smaller number of customers,  
10          resulting in those remaining customers bearing a higher proportion of fixed costs.  
11          Second, NIPSCO and its other customers also must bear the costs incurred by non-  
12          paying customers, the cost of disconnecting these customers, and costs associated  
13          with collection. Low income customers often lack the resources to pay even if  
14          NIPSCO uses traditional debt collection techniques to attempt to recover these  
15          costs.

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<sup>6</sup>       <https://www.forbes.com/sites/simonconstable/2022/07/27/some-good-inflation-news-coming-soon-cresset-capital/?sh=3f5a94c18574>.

<sup>7</sup>       <https://www.washingtonpost.com/business/2022/02/13/low-income-high-inflation-inequality/>.

1 **Q16. Does LIHEAP provide resources for low income electric customers?**

2 A16. Yes, but gaps remain. LIHEAP-qualified customers cannot be disconnected  
3 during the LIHEAP disconnection Moratorium Period<sup>8</sup> only applies to winter  
4 months, which means customers who struggle to stay current on their bills during  
5 summer months can still face disconnection for non-payment. Moreover, during  
6 the winter Moratorium Period, customers still incur charges for the electricity they  
7 are consuming even though they do not face disconnection at that time if they are  
8 unable to pay. These growing account balances may cause them to be  
9 disconnected once the Moratorium Period ends and then face reconnection  
10 charges, deposit requirements, and payment of amounts in arrears. Together these  
11 costs make getting re-connected more challenging. Furthermore, customers can  
12 run up a large arrearage due to large cooling bills and then maintain (and increase)  
13 those large arrearages through the Moratorium Period.

14 The inability to disconnect customers also makes it difficult for NIPSCO to manage  
15 its bad debt from these customers because it cannot disconnect them when they  
16 fall into arrears during the Moratorium Period, ultimately impacting NIPSCO and

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<sup>8</sup> Since 1982, it has been unlawful for energy utilities to disconnect LIHEAP customers from December 1 through March 15 of any year (the "Moratorium Period"). See Ind. Code § 8-1-2-12(a). In 2022, NIPSCO voluntarily extended the Moratorium Period to April 15.

1 its other customers. In addition, while winter heating assistance is fairly stable, it  
2 is unknown from year to year if summer cooling funds will be available. NIPSCO  
3 has endeavored to facilitate additional low income assistance programs to  
4 overcome these problems, although to date, the programs have mostly focused on  
5 gas customers. The proposed Low Income Program will be an important  
6 component of keeping low income customers connected and avoiding increases in  
7 bad debt expense.

8 **Q17. Has the Commission made comments supportive of low income programs in**  
9 **previous Orders?**

10 A17. Yes. In the 45465 Order, the Commission generally acknowledged the benefits a  
11 well-run low income assistance program can generate:

12 The Commission acknowledges that the benefits of a well-run,  
13 successful low-income assistance program are numerous. These  
14 include: (1) customers receiving the bill credit will also receive a  
15 more affordable electric bill after the credit is applied; (2)  
16 contributing customers can feel good about their monthly donation;  
17 (3) the utility will benefit from positive public relations; and (4) the  
18 utility receives additional monthly cash flow, although under the  
19 Program, as proposed, none of the contributed funds leave  
20 NIPSCO's accounting system. The bill credit NIPSCO is proposing  
21 ensures customer Program payments go to eligible recipients and are  
22 applied for the intended purpose. It is also possible the credit will  
23 incent recipients to pay their remaining bill, thereby reducing  
24 disconnects. Also, since NIPSCO receives a bad debt expense as a

1 revenue requirement, to the extent bill credits eliminate, directly or  
2 indirectly, debt that would otherwise have been written off,  
3 Petitioner may apply the bad debt expense collected in rates to other  
4 debt. In this instance, NIPSCO's proposed tiering mechanism  
5 should provide more assistance to its customers with the greatest  
6 need, and its proposal to apply the credits to summer electric bills  
7 when air conditioning can cause electric usage to increase will  
8 provide the credits when they reasonably correlate with higher bills.  
9 While there are also potential downsides to the Program, such as  
10 customers receiving the discount who would have paid their bill,  
11 customers receiving the discount but not paying their discounted  
12 bills, and customers returning to delinquency after the credits stop,  
13 understanding and weighing these pros and cons is important as the  
14 Commission considers the public interest.

15 45465 Order at 18. In addition, in initially approving NIPSCO's gas program in  
16 Cause No. 42722, the Commission recognized the program provided "significant  
17 benefits to low-income customers by reducing their total gas bills and making  
18 winter heating bills more manageable" and by promoting energy efficiency.  
19 *Northern Indiana Pub. Serv. Co.*, Cause No. 42722, p. 7 (IURC 12/15/2004). As part  
20 of approving the continuation of the program for 2006 and 2007, the Commission  
21 recognized that the program produced a number of benefits including increased  
22 payment records by customers receiving assistance and remaining connected to  
23 NIPSCO's system. *Northern Indiana Pub. Serv. Co.*, Cause No. 42927, pp. 10- 12  
24 (IURC 1/31/2006). A subsequent extension found that the program "reduces low-  
25 income customer arrears in a less costly way than could be accomplished through

1 the increased use of existing collection mechanisms" and keeps customers  
2 connected. *Northern Indiana Pub. Serv. Co. et al.*, Cause Nos. 43077 and 43078, p. 20  
3 (IURC 11/0712007). In addition, in Cause No. 43669, the Commission noted that  
4 NIPSCO's programs "complement a utility's bad debt expense by increasing low-  
5 income customer bill payment and helping to maintain such customers on the  
6 utility's system." *Northern Indiana Pub. Serv. Co.*, Cause No. 43669, p. 31 (IURC  
7 11/19/2009). The Commission has acknowledged the benefits in supporting low  
8 income customers in payment of their bills.

9 **Q18. How will customers be qualified for participation?**

10 A18. The program will be a monthly electric bill discount for customers receiving  
11 assistance through LIHEAP. All customers enrolled in LIHEAP as of June 1 of  
12 each year will receive a set, tier-based discount for the billing months of July  
13 through October, which is for electricity used in June through September.

14 **Q19. What is the average electric bill for a NIPSCO residential customer?**

15 A19. The average residential bill is approximately \$121 per month, based on the  
16 numbers reported in Cause No. 45159, NIPSCO's most recent electric base rate  
17 case. The average electric bill would increase under NIPSCO's filing in this  
18 proceeding.



1 **Q20. Why were the billing months of July through October chosen?**

2 A20. The months of June through September, which are billed in July through October,  
3 are typically the warmest in NIPSCO's service territory, leading to the highest bills  
4 for most of NIPSCO's electric customers. NIPSCO therefore expects the discount  
5 being offered for these four bills to be the most helpful to most of the qualifying  
6 customers.

7 NIPSCO considered offering a 12-month or six-month discount, which would be  
8 at a lower monthly discount amount. However, in discussing the issue with  
9 stakeholders in the lead up to Cause No. 45465, there was a general consensus that  
10 a more meaningful discount for four months (and in particular the four summer  
11 months) would be most impactful. Additionally, because NIPSCO is proposing to  
12 use the LIHEAP qualifications as the basis for participation in the Low Income  
13 Program, the administration of a four-month program during the mid-year  
14 months will be administratively efficient, as LIHEAP qualifications for the  
15 immediately preceding winter period can be utilized.

16 **Q21. How many discount "tiers" will there be and how are they determined?**

17 A21. NIPSCO proposes to use the same tiered assistance approach currently utilized in

1 its gas program, the Customer Assistance for Residential Energy (“CARE”)<sup>9</sup>  
2 discount program. This program provides bill reductions in addition to LIHEAP  
3 for customers falling within 150 percent of federal poverty guidelines. Once they  
4 are approved for LIHEAP, customers are automatically enrolled in the program  
5 and bill reductions are determined using the same criteria used in determining the  
6 level of assistance through LIHEAP. Currently, points are assigned and customers  
7 are placed in one of three tiers, with the lowest discount being applied to Tier 1  
8 and the highest to Tier 3. While the goal is to generally have the majority of  
9 customers in the middle tier, the actual distribution will vary by year.

10 **Q22. What level of monetary assistance does NIPSCO anticipate the average**  
11 **customer will receive under the program?**

12 A22. The level of monetary assistance will ultimately depend on the number of  
13 customers in each “tier” at the time the program begins and the level of funding  
14 available, and it will vary each year. Below are some examples, which  
15 demonstrate how the program funds may be administered. Based on 2022  
16 LIHEAP qualified customers, the discount would range from \$12-\$22 per month.  
17 However, as shown below the amount of the discount will vary based on LIHEAP-

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<sup>9</sup> CARE is the name of the USP program used with NIPSCO’s gas customers.

1 qualified customers each year. Furthermore, these examples assume that all  
2 customers in NIPSCO's service territory and dual fuel customers, and that is  
3 unlikely to be the case.

4 **Example 1**

5 For 2022, 32,975 NIPSCO customers have qualified to receive LIHEAP assistance.  
6 Assuming those are all in NIPSCO's electric service territory, the benefits would  
7 be approximately \$10, \$15, and \$20 for the three tiers for each of the four months  
8 (assuming 10% of customers in Tier 1, 30% in Tier 2, and 60% in Tier 3).<sup>10</sup> This  
9 distribution by tier is a good reflection of the current program recipients:

2022 Participants					
	Number of Customers	Discount	% of Bill	Total Cost	
Tier 1	3,298	\$ 10	8%	\$ 131,900	
Tier 2	9,893	\$ 15	13%	\$ 593,550	
Tier 3	19,785	\$ 20	17%	\$ 1,582,800	
	32,975			\$ 2,308,250	

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11 **Example 2**

12 For 2021, 21,727 NIPSCO customers (about 33% fewer than 2022) qualified to  
13 receive LIHEAP assistance. Assuming those are all in NIPSCO's electric service

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<sup>10</sup> The percentage discount is based on an average bill of \$120 per month.

1 territory, the benefits would be approximately \$20, \$25, and \$30 for the three tiers  
2 for each of the four months (assuming 10% of customers in Tier 1, 30% in Tier 2,  
3 and 60% in Tier 3). This distribution by tier is a good reflection of the current  
4 program recipients.

2021 Participants				
	Number of Customers	Discount	% of Bill	Total Cost
Tier 1	2,390	\$ 20	17%	\$ 191,200
Tier 2	6,578	\$ 25	21%	\$ 657,800
Tier 3	12,819	\$ 30	25%	\$ 1,538,280
	21,787			\$ 2,387,280

5  
6 Given current economic conditions, it is expected that additional customers will  
7 qualify for LIHEAP, which will have an impact on the amount of discount that can  
8 be provided each year.

9 **Q23. Does NIPSCO propose to follow the LIHEAP tier system, even if the**  
10 **qualifications for the tiers are revised?**

11 A23. Yes. There has been discussion among the gas utilities about adjusting the point  
12 values to rebalance the LIHEAP program, as the original intention was for Tier 3  
13 to have the *fewest* number of customers. For ease of administration, the bill  
14 discount under NIPSCO's proposed Low Income Program will continue to follow  
15 the LIHEAP program, even if the tier qualifications are adjusted. If the points are

1 adjusted to qualify fewer customers for Tier 3, as shown in Example 3, the program  
2 could provide a larger discount to both Tier 2 and Tier 3 customers.

3 **Example 3<sup>11</sup>**

2022 Participants with 2017 Tier Distribution				
	Number of Customers	Discount	% of Bill	Total Cost
Tier 1	11,541	\$ 15	13%	\$ 692,434
Tier 2	19,126	\$ 20	17%	\$ 1,530,081
Tier 3	2,308	\$ 25	21%	\$ 230,842
	32,975			\$ 2,453,357

4  
5 **Q24. What happens if program expenditures are more than or less than actual**  
6 **collections?**

7 A24. NIPSCO's goal is to forecast collections and expenditures as accurately as possible  
8 for each program year, but there will always be some level of imprecision. If  
9 expenditures for a particular year exceed actual collections, collections from the  
10 next year will be utilized to make up that short-fall. Similarly, any funds collected  
11 in excess of program expenditures, including any true-up from a previous  
12 program year, will be carried forward for disbursement during the subsequent  
13 program year. This will balance the goal of providing as much assistance as

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<sup>11</sup> Example 3 takes the number of customers from 2022 from Example 1 but adjusts the bill discount for each tier based on the smaller number of Tier 3 customers.

1 possible in each year with the need to ensure the program remains financially  
2 viable.

3 **IMPLEMENTATION**

4 **Q25. Assuming the Commission approves the proposed Low Income Program, when**  
5 **will it be implemented by NIPSCO?**

6 A25. NIPSCO will take steps to promptly begin Program implementation. Once an  
7 Order is received in this Cause approving the Program, NIPSCO will begin work  
8 on the necessary Customer Information System ("CIS") upgrades. Because the  
9 Program is modeled after the gas USP, costs should be minimal and NIPSCO will  
10 cover those costs.

11 **Q26. When will collections from customers begin under the Program?**

12 A26. NIPSCO proposes to begin collections the first billing cycle of the month following  
13 completion of all necessary CIS upgrades.

14 **Q27. When will distributions to customers begin under the Program?**

15 A27. NIPSCO proposes to begin making assistance available the first day of the  
16 Program month (July through October) following six months from the beginning

1 of collections.<sup>12</sup> If the sixth month is a non-program month, the program will begin  
2 the following July. The date distributions will begin will ultimately be determined  
3 by several factors, including the date on which a Commission order is received  
4 and the timing for completion of all necessary CIS upgrades.

5 For example, if an order approving the Low Income Program is received in mid-  
6 2023, as NIPSCO has requested, and if the CIS upgrades are able to be completed  
7 by December of 2023, *collections* could begin January 1, 2024 and *distributions* could  
8 begin in July of 2024. However, there are a number of factors at play, including  
9 the date of the order and the length of time it takes to complete the necessary CIS  
10 upgrades.

11 **Q28. Who will NIPSCO utilize to administer the bill discount for customers under**  
12 **the Program?**

13 A28. NIPSCO will utilize the same organization in each county that administers the  
14 LIHEAP (typically the Community Action Agencies, or CAAs) to administer the  
15 Program. Because it is based on LIHEAP recipients, there will be no  
16 administrative expenses paid to those agencies, which is the same as the gas

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<sup>12</sup> As noted above, NIPSCO proposes to begin *collections* the first billing cycle of the month following completion of all necessary CIS upgrades.

1 program. The decision to utilize the LIHEAP-administrating agencies was made  
2 in collaboration with stakeholders, including the CAAs. These agencies are best  
3 situated to administer the Program because of their work with the LIHEAP and  
4 their locations throughout the service territory.

5 **DEPOSIT ASSISTANCE**

6 **Q29. Are there any additional components to the Low Income Program?**

7 A29. Yes. In addition to the bill discount program, \$70,000 will be available to LIHEAP  
8 customers to receive electric deposit assistance. As with the gas program, deposits  
9 for LIHEAP customers will be capped at \$50. From discussing the best avenues to  
10 assist LIHEAP customers with stakeholders, including the CAAs, it became  
11 evident that retaining some funds for deposit assistance would be valuable. But  
12 this is intended to complement the primary program of the bill discount for a sub-  
13 set of customers. Deposits can be a barrier to connection for low income  
14 customers. Providing a source of financial assistance to make electric service more  
15 attainable for these customers is a logical use of these funds. The fund will be  
16 "topped up" to the \$70,000 each year from program contributions, rather than  
17 making an annual contribution of \$70,000. In other words, if \$20,000 is available  
18 at the end of the first program year, only \$50,000 in new dollars will be added in



1 the second year. Any deposit that was originally paid for through program funds  
2 that is ultimately refunded will go back into the program.

3 **Q30. Who will administer the deposit assistance component of the Program?**

4 A30. NIPSCO's Customer Service Representative ("CSR") Team will administer this  
5 portion of the Program. The LIHEAP-administrating agencies will be able to call  
6 NIPSCO's customer service center and request that an eligible customer receive  
7 deposit assistance. The CSR Team will be able to provide that assistance, assuming  
8 funds are available.

9 **COMMISSION AND OUCC CONCERNS**

10 **Q31. Please address the Commission's concerns identified in the 45465 Order.**

11 A31. The Commission found that the opt in program was not truly "voluntary," which  
12 was an explicit requirement under the language in the Revenue Settlement. In this  
13 case, NIPSCO acknowledges that the Low Income Program is not a voluntary  
14 program. Details of the Program will be clearly laid out in NIPSCO's tariff and  
15 information will be available on NIPSCO's website, and NIPSCO is not describing  
16 the Program to its customers as "voluntary."

17 The Commission also expressed concerns with customers being required to  
18 provide a "monthly gift" without making the decision to do so. Consistent with

1 the Ind. Code ch. 8-1-2.5, this set, minimal amount per month benefits NIPSCO's  
2 customers, the State, and NIPSCO by improving energy affordability for  
3 vulnerable populations and mitigating the impacts of disconnections of low  
4 income customers on all customers.

5 The Commission noted that gas and electric customers will have to pay twice for  
6 the gas USP and an electric low income program. However, this could occur if  
7 they were customers of different companies offering similar programs.  
8 Furthermore, the amount customers pay to the electric company directly benefits  
9 the customers of the electric company. Although the service territories do overlap,  
10 the books and records, including disconnection and bad debt expenses, are  
11 maintained separately.

12 As addressed above, I understand and appreciate the Commission's observation  
13 that the USP was approved as part of settlement agreements and that these  
14 agreements cannot be used as evidence to approve this request. NIPSCO's  
15 proposed Low Income Program stands on its own. I have referenced the gas USP  
16 because NIPSCO's proposed Program will function similarly, and the USP  
17 provides benefits to customers.

1       The Commission's final concern in Cause No. 45465 was with the amount of  
2       NIPSCO's \$50,000 contribution to the low income program. NIPSCO has  
3       significantly increased its contribution in this Cause to \$200,000 annually, and it  
4       will bear the cost for all system upgrade costs to implement the Program.

5       **Q32. Is NIPSCO proposing to reduce its forecasted bad debt expense in this Cause as**  
6       **a result of this Program?**

7       A32. No. NIPSCO has not analyzed or quantified how its bad debt expense may be  
8       impacted if the Program is approved and implemented as proposed. Any attempt  
9       to do so would naturally be speculative. NIPSCO also does not claim that this  
10      Program will eliminate all low income customer arrearages or disconnections for  
11      non-payment.

12      If several thousand customers each receive the benefit of a bill discount on their  
13      July through October bills each year, it is reasonable to expect that some who may  
14      have struggled to pay their electric bill (and whose unpaid bills would have  
15      become part of "bad debt") will now be able to pay their bill. Indeed, this is the  
16      entire point of the Program, as it is intended to assist customers during the  
17      warmest summer months so that they can pay an electric bill they may have  
18      struggled to pay and/or can pay a lower bill and have additional money

1 (previously used for the electric bill) to be able to purchase prescription drugs,  
2 food, clothing, or any other needs they may have. To the extent the Program does  
3 help some customers avoid disconnection, the Program would also create safety  
4 benefits by keeping customers connected to an essential service, particularly  
5 during the warmest months of the year.

6 Based on the Program's implementation schedule, to the extent the Program  
7 results in reduced bad debt expense, this would not be seen for several years after  
8 a Final Order in this Cause. Should this reduction come to fruition, this can and  
9 would be addressed by NIPSCO in the appropriate electric base rate case  
10 proceeding.

11 **Q33. The OUCC was also concerned that the funds will not actually be distributed to**  
12 **customers. Is that accurate?**

13 A33. No. While it is true that NIPSCO will not actually be sending checks or cash to  
14 customers, NIPSCO will not "retain" any funds for its own purposes. Rather,  
15 similar to the USP, all funds collected under the Program will be applied directly  
16 to customer bills, with any remaining amounts being carried forward to the next  
17 program year.

18 **Q34. Would NIPSCO be amenable to annual reporting?**

1 A34. Yes. NIPSCO expects the OUCC and other interested stakeholders would be  
2 interested in receiving annual data such as: (1) the number of customers who have  
3 received bill assistance; (2) the monthly discount for each LIHEAP "tier" for the  
4 Program year; (3) the total amount of assistance provided for the Program year;  
5 (4) a comparison of the amount distributed versus the amount collected (to  
6 determine any over- or under-collection) for the Program year; and (5) the amount  
7 of bad debt over the previous calendar year as compared to what is assumed in  
8 NIPSCO's most-recently approved base rate case. NIPSCO is open to working  
9 with the OUCC and other interested stakeholders to determine a complete list of  
10 data to report.

11 **Q35. What are the requirement for an alternative regulatory plan as set forth in**  
12 **Indiana Code ch. 8-1-2.5?**

13 A35. Indiana Code § 8-1-2.5-6 states in pertinent part:

14 Sec. 6. (a) Notwithstanding any other law or rule adopted by the commission,  
15 except those cited, or rules adopted that pertain to those cited, in section 11 of this  
16 chapter, in approving retail energy services or establishing just and reasonable  
17 rates and charges, or both for an energy utility electing to become subject to this  
18 section, the commission may do the following:

19 (1) Adopt alternative regulatory practices, procedures, and mechanisms,  
20 and establish rates and charges that:

21 (A) are in the public interest as determined by consideration of the

1 factors described in section 5 of this chapter; and  
2 (B) enhance or maintain the value of the energy utility's retail energy  
3 services or property;  
4 including practices, procedures, and mechanisms focusing on the price,  
5 quality, reliability, and efficiency of service provided by the energy utility.

6 Indiana Code 8-1-2.5-5(b) states in pertinent part:

7 (b) In determining whether the public interest will be served, the  
8 commission shall consider the following:

9 (1) Whether technological or operating conditions, competitive  
10 forces, or the extent of regulation by other state or federal regulatory  
11 bodies render the exercise, in whole or in part, of jurisdiction by the  
12 commission unnecessary or wasteful.

13 (2) Whether the commission's declining to exercise, in whole or in  
14 part, its jurisdiction will be beneficial for the energy utility, the  
15 energy utility's customers, or the state

16 (3) Whether the commission's declining to exercise, in whole or in  
17 part, its jurisdiction will promote energy utility efficiency.

18 (4) Whether the exercise of commission jurisdiction 5 inhibits an  
19 energy utility from competing with other providers of functionally  
20 similar energy services or equipment.

21 **Q36. Is the Low Income Program in the public interest as determined by**  
22 **consideration of these four factors and as required by Ind. Code § 8-1-2.5-6**  
23 **(a)(1)(A)?**

24 A36. Yes. Commission approval of the Low Income Program will be beneficial for  
25 northern Indiana, NIPSCO's low income electric customers, and all other

1 customers because it supports a program designed to protect the health and safety  
2 of NIPSCO's low-income customers by reducing their electric bills during the  
3 summer cooling season through reduced residential electric bills. In turn, the  
4 program is designed to lower the number of payment defaults by those customers  
5 receiving assistance, thereby benefiting all NIPSCO customers, as discussed  
6 above. Additionally, the program is designed to keep low income customers  
7 connected and able to pay monthly bills to contribute to the fixed costs of  
8 providing electric service.

9 The current economic environment is posing additional financial challenges to  
10 NIPSCO's low-income customers from price volatility and weather-related price  
11 spikes. The incremental amount of assistance customers are receiving from  
12 LIHEAP funds is declining relating to the total electric bills. NIPSCO is committed  
13 to helping its low-income customers in Indiana by advocating change and  
14 supporting actions that offer substantive, lasting solutions. With energy prices at  
15 record highs, the home affordability gap has increased. With more of the  
16 customers' monthly income going to the energy bill, other essentials such as food  
17 and medicine are threatened. Those at the greatest risk are customers on a fixed  
18 income, the elderly, disabled, or children. Unfortunately, the LIHEAP benefit has

1 not kept up with the rising energy costs that a typical household in NIPSCO's  
2 service territory experiences each month. In my opinion, the program is vital for  
3 NIPSCO's low income customers and should be approved.

4 **Q37. Will the Low Income Program enhance the value of NIPSCO's retail energy**  
5 **services or property, as reference in Ind. Code § 8-1-2.5-6 (a)(1)(B)?**

6 A37. Yes, keeping customers connected provides value to NIPSCO's retail energy  
7 services and property for a variety of reasons discussed below. As noted above,  
8 the goal of the Program is to indirectly benefit all customers by allowing low  
9 income customers to continue to receive service. If low income customers were to  
10 permanently leave NIPSCO's system, the Company's costs of operation would  
11 spread over a smaller number of customers, resulting in those remaining  
12 customers bearing a higher proportion of fixed costs. Also, NIPSCO and its other  
13 customers also must bear the costs incurred by non-paying customers, the cost of  
14 disconnecting these customers, and costs associated with collection. The results  
15 from the Low Income Program should enhance the value of NIPSCO's retail  
16 energy service by allowing NIPSCO to offer lower rates to all customers.

17 **Q38. In accordance with Ind. Code § 8-1-2.5-6(d), did NIPSCO publish a notice of the**  
18 **filing of the petition in this case in a newspaper of general circulation in each**



1            **county in which NIPSCO provides retail electric service?**

2    A38.    Yes. Attachment 1-C to the Verified Direct Testimony of Michael Hooper will be a  
3            copy of each of the Publishers' Affidavits associated with the notices published in  
4            accordance with the law and Commission practice. This attachment will be  
5            organized alphabetically by County and will be filed with the Commission once  
6            all of the Publishers' Affidavits have been received.

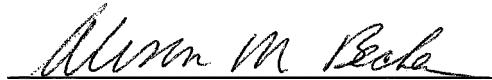
7    CONCLUSION

8    **Q39. Does this conclude your prefiled direct testimony?**

9    A39.    Yes.

## VERIFICATION

I, Alison M. Becker, Manager of Regulatory Policy for Northern Indiana Public Service Company LLC, affirm under penalties of perjury that the foregoing representations are true and correct to the best of my knowledge, information, and belief.

A handwritten signature in cursive script, reading "Alison M. Becker", is written over a horizontal line.

Alison M. Becker

Date: September 15, 2022