

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

VERIFIED PETITION OF NORTHERN INDIANA PUBLIC)
SERVICE COMPANY FOR (1) APPROVAL OF AND A)
CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY)
FOR A FEDERALLY MANDATED ENVIRONMENTAL)
COMPLIANCE PROJECT; (2) AUTHORITY TO RECOVER)
FEDERALLY MANDATED COSTS INCURRED IN)
CONNECTION WITH THE ENVIRONMENTAL)
COMPLIANCE PROJECT; (3) APPROVAL OF THE)
ESTIMATED FEDERALLY MANDATED COSTS)
ASSOCIATED WITH THE ENVIRONMENTAL COMPLIANCE)
PROJECT; (4) AUTHORITY FOR THE TIMELY RECOVERY)
OF 80% OF THE FEDERALLY MANDATED COSTS)
THROUGH RIDER 787 – ADJUSTMENT OF FEDERALLY)
MANDATED COSTS AND APPENDIX I – FEDERALLY)
MANDATED COST ADJUSTMENT FACTOR; (5) AUTHORITY)
TO DEFER 20% OF THE FEDERALLY MANDATED COSTS)
FOR RECOVERY IN NIPSCO’S NEXT GENERAL RATE)
CASE; (6) APPROVAL OF SPECIFIC RATEMAKING AND)
ACCOUNTING TREATMENT; (7) APPROVAL TO)
DEPRECIATE THE ENVIRONMENTAL COMPLIANCE)
PROJECT ACCORDING TO PREVIOUSLY APPROVED)
DEPRECIATION RATES; AND (8) APPROVAL OF ONGOING)
REVIEW OF THE ENVIRONMENTAL COMPLIANCE)
PROJECT; ALL PURSUANT TO IND. CODE § 8-1-8.4-1 ET)
SEQ., § 8-1- 2-19, § 8-1-2-23, AND § 8-1-2-42.)

FILED

July 13, 2017

INDIANA UTILITY
REGULATORY COMMISSION

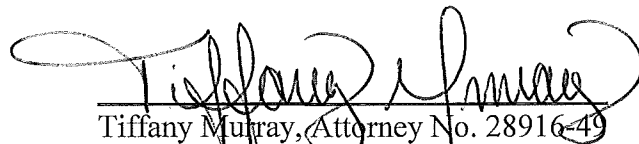
CAUSE NO. 44872

OUCC'S NOTICE OF INADVERTENTLY OMITTED ATTACHMENTS

The Indiana Office of Utility Consumer Counselor (“OUCC”), by counsel, provides notice to the Indiana Utility Regulatory Commission (“Commission”), Petitioner, Northern Indiana Public Service Company (“NIPSCO”), the NIPSCO Industrial Group (“IG”), Citizens Action Coalition (“CAC”), and Sierra Club (“Sierra Club”) of certain inadvertently omitted attachments that accompany the OUCC’s revised direct confidential and redacted testimony, which was filed with the Commission on June 22, 2017.

These inadvertently omitted confidential and redacted attachments are attached hereto. The OUCC intends to offer its revised direct confidential and redacted testimony, including all attachments, at the evidentiary hearing in this Cause.

Respectfully submitted,



Tiffany Murray, Attorney No. 28916-49
Deputy Consumer Counselor

CERTIFICATE OF SERVICE

This is to certify that a copy of the foregoing *Indiana Office of Utility Consumer Counselor's Notice of Inadvertently Omitted Attachments* has been served upon the following counsel of record in the captioned proceeding by electronic service on July 13, 2017.

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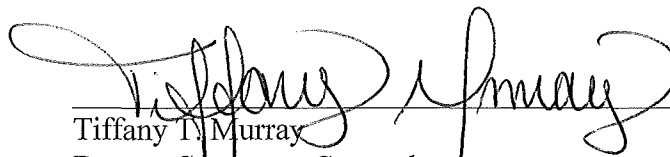
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Cause No. 44872
Northern Indiana Public Service Company's
Objections and Responses to
OUCC's Data Request Set No. 3

OUCC Request 3-002:

Refer to Direct Testimony of Kurt Sangster, pages 5-6. It is stated that NIPSCO chose Remote Ash Conveying systems for both Michigan City and Schahfer for the following reasons:

- Safety
- Feasibility of project execution
- Proven reliability
- Ability to compliment compliance with ELG

Please elaborate on why these reasons support selecting Remote Ash Conveying systems in detail, and provide any supporting documentation.

Objections:

Response:

Safety- Remote Ash Conveying is a safer option with respect to Retrofit of Ponds and the Dewatering Bin System. Retrofit of Ponds would require two ponds (concrete or lined) operating side by side. Bottom ash would sluice to one pond until the pond was full of ash, then sluicing would switch to the second pond while the first pond is emptied of ash. These ponds are typically designed with sloped access to allow the pond to be cleaned out with heavy equipment such as a front-end loader. During the winter months, the pond that is out of service can freeze up without the heat from the sluicing operation coming into the pond. This is a risk given the climate within which NIPSCO operates. Cleaning out the pond can be hazardous with an icy slope and heavy equipment. A Dewatering Bin System is a high-maintenance system, due to its mechanical nature and the erosive properties of the bottom ash. Any system that is high-maintenance also, by its nature, presents more safety challenges than one that requires less maintenance.

Feasibility of Project Execution- Project execution of a Remote Ash Conveying system has less execution risk and a higher likelihood of success as compared with an Under the Boiler option. In executing an Under the Boiler system at an existing unit, there are interferences to contend with on existing equipment such as cable trays, motor control centers (MCCs), building structural steel, and flue gas duct. In addition, a Remote Ash Conveying System does not have the same level of execution risk because tying into the

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existing system alleviates the need for an extended unit shut down and the equipment can be installed in a separate, safe environment.

Proven Reliability- Under the Boiler Systems inherently have lower reliability than a remote system since the slag tank is removed when the under boiler conveyor is installed, in essence removing that storage capacity for slag. This storage capacity essentially allows you to buy time to make repairs to the ash handling system without shutting down the boiler. A remote system, on the other hand, actually allows for even more storage capacity. This is because you could sluice to the remote conveyor and store bottom ash, allowing for additional time for repairs. A double train remote conveyor system has two trains that could be operated, so if one is down for repairs the other train can operate while repairs are made to the other train.

Ability to Complement Compliance with ELG- For both Retrofit of Ponds and the Bin Dewatering System, the pond and the dewatering bins are open to the atmosphere allowing rain water to enter the sluicing system. Once ELG compliance is required, NIPSCO would be required to treat the rain water as sluice water. While this rain water (now sluice water) can be recycled into the FGD process, it cannot be discharged. Once in the FGD system, this water becomes subject to the requirements of the ELG Rule. Introducing this rain water into the water balance therefore drives larger ZLD systems (higher capital and O&M costs) to handle the additional flow.

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OUCC Request 3-001:

Refer to Direct Testimony of Kurt Sangster, page 5. It is stated that NIPSCO considered the following bottom ash handling options:

- Under the Boiler Ash Conveying (wet to dry ash and fully dry)
- Remote Ash Conveying
- Dewatering Bin System
- Retrofit of Ponds

Please describe the advantages and disadvantages for each of these systems NIPSCO considered in its decision making.

Objections:

Response:

Under the Boiler Ash Conveying (wet to dry ash)

Pros

- Eliminates existing sluicing system
- Lower capital and O&M costs than a Remote System for single units
- Proven reliability, multiple installations
- The rules state that quench water is not regulated by ELG

Cons

- Longer outage for installation
- No redundancy
- Interferences on bottom of boiler

Under the Boiler Ash Conveying (fully dry)

Pros

- Eliminates existing sluicing system
- Lower capital and O&M costs than a single unit Remote System

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- Completely dry system

Cons

- Longer outage for installation
- Higher capital cost than wet under the boiler ash conveying
- No redundancy
- Potential interferences on bottom of boiler
- Technology is only designed for Pulverized Coal (PC) boilers and not for Cyclone fired boilers. (Two of three NIPSCO units needing controls are Cyclone fired boilers.)

Remote Ash Conveying

Pros

- Shortened outage/tie in time
- Reduction of potential interferences on boiler footprint
- Redundancy
- Unit outage not required for maintenance of this system
- Lower capital cost for multiple units at same site as compared with under the boiler

Cons

- Higher cost when compared to single unit under the boiler system
- Continued use of the sluicing system
- Complete enclosure needed due to weather
- Water chemistry and Total Suspended Solids (TSS) concerns due to the fact that the transport water is in a closed loop and concentrations of solids and chemicals need to be monitored and controlled
- Transport water is regulated by ELG and must be treated

Dewatering Bin System

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Pros

- System redundancy
- Reduction of potential interferences on boiler footprint
- Minimal outage required for installation
- Loads directly to truck

Cons

- Higher cost when compared to single unit under the boiler
- Continued use of the sluicing system – a relatively high O&M cost
- High O&M cost and numerous mechanical components
- Requires units to run during winter months to prevent system freeze up
- Introduction of rainwater into the system (open tanks)
- History of operational concerns including inadequate dewatering and high Total Suspended Solids (TSS) carryover
- Closed loop water chemistry concerns
- Transport water is regulated by ELG and must be treated
- Chemical addition required

Retrofit of Ponds (Concrete settling pond or lined pond)

Pros

- Costs less than other options
- Minimal technology
- Reduction of potential interferences on boiler footprint

Cons

- Continued use of the sluicing system
- Winter operations are potentially unsafe
- Double handling of ash for dewatering likely required
- Taking on rain water creates large water balance concerns especially during

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times when units are offline and blowdown to scrubber is not possible

- Water chemistry and Total Suspended Solids(TSS) carryover risks due to the fact that the transport water is in a closed loop and concentrations of solids and chemicals need to be monitored and controlled
- Large footprint required
- Capital cost increase to create 5' of separation from groundwater
- If concrete pond not created as a "tank," then considered an impoundment and subject to CCR rule

Cause No. 44872
Northern Indiana Public Service Company's
Objections and Responses to
OUCC's Data Request Set No. 5

OUCC Request 5-004:

Please describe any amounts of project contingency or management reserves included in NIPSCO's cost estimates for CCR and ELG projects.

Objections:

NIPSCO objects to this Request on the grounds and to the extent that this Request seeks information that is confidential, proprietary and/or trade secret information.

Response:

Subject to and without waiver of the foregoing general and specific objections, NIPSCO is providing the following response:

See OUCC Request 5-001 Attachment A. The amount of contingency is included in the Direct Capital-Class 4 Estimate column. For all estimates, a contingency of 30% was used.

OUCC Request 5-001 Attachment A also includes amounts for Direct Capital-Upper End of Accuracy Range, which is also known as management reserve.

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OUCC's Data Request Set No. 5

OUCC Request 5-001:

Refer to Direct Testimony Kurt Sangster. Mr. Sangster discusses capital costs and annual O&M costs associated with the options for CCR and ELG compliance. Cost estimates included in Sangster's testimony, and Confidential Attachments 4-B and 4-C do not appear to agree on a dollar-to-dollar comparison. Please describe in detail the differences between these estimates. Provide supporting documentation.

Objections:

NIPSCO objects to this Request on the grounds and to the extent that this Request seeks information that is confidential, proprietary and/or trade secret information.

Response:

Subject to and without waiver of the foregoing general and specific objections, NIPSCO is providing the following response:

See the attached spreadsheet, OUCC Request 5-001 Confidential Attachment A, for an explanation of the buildup of the estimates. The total includes the Direct Capital from Petitioner's Confidential Attachments 4-B and 4-C, Direct Capital-Owner's Cost, Direct Capital-Upper End of Accuracy Range, and Direct Capital- Escalation. These are all summed to get to the Total Direct Capital amounts that are shown on Petitioner's Attachment 4-A.

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Cause No. 44872
Northern Indiana Public Service Company's
Objections and Responses to
OUCC's Data Request Set No. 6

OUCC Request 6-010:

Please explain why an escalation factor is included for groundwater monitoring projects at Bailly, Michigan City, and Schaefer when these projects will be complete and in-service by October 2017.

Objections:

Response:

The estimate for the groundwater monitoring is in 2016 dollars. In order to recognize inflation and its impact on costs into the future, an escalation factor of 3% per year is applied for any work forecasted to occur after 2016. This approach is consistent with all of the projects identified in Attachment 4-A.

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OUCC Request 6-003:

Please provide any updates for "Construction Start Date" and "In-Service Date" for each CCR and ELG Compliance Plan project shown in Petitioner's Attachment 4-A. Provide detailed explanations for describing the reason for the change in each date.

Objections:

Response:

The term "Construction Start Date" as used in Petitioner's Exhibit No. 4 defines the dates in Petitioner's Attachment 4-A for award of the EPC contracts. There have been changes to Construction Start Dates for five (5) of the fourteen (14) projects listed in Petitioner's Attachment 4-A, and these changes are listed below. All of the in-service dates, with exception to Piping of Bottom Ash to FGD, remain unchanged.

- R. M. Schahfer Generating Station (RMSGs) & Michigan City Generating Station (MCGS) Remote Ash Conveying Systems – The construction start dates for these projects have been changed from 4/1/17 to 4/28/17. These dates have been changed due to the anticipated award of the EPC contract on 4/28/17.
- MCGS Material Handling Area - The construction start date for this project has been changed from 4/1/17 to 4/28/17. This date has changed since this work is planned to be integrated with the EPC contract for the Remote Ash Conveying System project at MCGS.
- RMSGs Material Handling Area - The construction start date for this project has been tentatively changed from 4/1/17 to 4/1/18. It is anticipated that construction of this project can occur in a single year. However, the schedule for this project is still under review to determine any impacts from constructing the new RMSGs Material Handling Area in 2018.
- Piping Bottom Ash to FGD - The construction start date for this project has been changed from 1/1/20 to 4/28/17. The in-service date for this project has been changed from 12/1/23 to 10/19/18. This date has changed since this work is planned to be integrated with the EPC contract for the Remote Ash Conveying System project at RMSGs.

NIPSCO also notes that it anticipates beginning excavation for the MCGS and RMSGs Remote Ash Conveying Systems, the MCGS Material Handling Area, and the Piping Bottom Ash to FGD on or about July 1, 2017.

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OUCC Request 6-005:

Refer to NIPSCO's Response to OUCC Data Request 5-001 (Confidential) Attachment A. Please provide a detailed breakout of Owner's Costs along with detailed descriptions for each line item.

Objections:

Response:

Owner's Costs includes the direct project costs as it relates to the management of the project by NIPSCO's project team. Those costs include the following types of categories: project management, project engineers, project controls (cost and schedule), construction management, quality control/quality assurance including 3rd party testing, temporary facilities on the job site, consultants, subject matter experts, start up and commissioning support, general project site services such as surveying, personnel training for new systems, Owner's Engineer, etc.

The typical approach of estimating Owner's Cost at this phase of project development is to apply a percentage to the Direct Capital Cost for each project. NIPSCO utilized 8% Owner's Cost based on project history. This approach was applied to nine of the eleven capital projects included in Attachment 4-A of Petitioner's Exhibit No. 5. The two exceptions, R.M. Schahfer Generating Station (RMSGs) Remote Ash Conveying and Zero Liquid Discharge projects, included the application of the typical 8% described above, as well as estimated costs for scope not included in the estimates provided in Attachments 4-B and 4-C. The items that account for the additional \$3,600,000 over the 8% in the Owner's Cost for the RMSGs Remote Ash Conveying project include a dedicated compressed air system, as well as costs to provide power to the Remote Ash Conveying system via a new transformer in the switchyard. The items that account for the additional \$5,400,000 over the 8% in the Owner's Cost for the ZLD project include a dedicated compressed air system, new transformer to provide power to the ZLD system, and additional costs for the modification of the existing Units 14 and 15 Waste Water Treatment (WWT) system.

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OUCC Request 6-006:

Refer to NIPSCO's Response to Data Request 5-001 (Confidential) Attachment A. Please provide a detailed breakout of Indirect Costs along with detailed descriptions for each line item.

Objections:

Response:

NIPSCO's typical approach of estimating Indirect Cost is to apply a percentage to the Direct Capital Cost for each project. NIPSCO utilized 15% for Indirect Cost as an estimate for the amount that would be capitalized based upon applicable NIPSCO indirect cost calculations.

Indirect capital costs are associated with capital projects and must be capitalized in order to comply with Generally Accepted Accounting Principles ("GAAP"). However, these often cannot be charged directly to a specific capital project work order as they cannot be directly linked to one particular project. These capital costs tend to be incurred away from the job site. Excluding AFUDC for purposes of this explanation, NIPSCO groups these indirect capital costs into two categories: (1) overheads, and (2) stores, freight and handling.

The overhead component of indirect capital includes items such as:

1. Portions of benefits such as vacation and holiday pay;
2. Portions of charges incurred for outside services that support NIPSCO's capital project processes; and
3. Portions of payroll for NIPSCO employees involved in supporting capital projects in either a project management function (i.e., project engineering, operations) or an administrative and general function (i.e., fixed asset accounting, financial planning).

Stores, freight, and handling charges are also indirect capital costs that must be capitalized for GAAP purposes. This component of indirect capital represents costs that NIPSCO incurs to procure materials and equipment. Generally, this represents the payroll for NIPSCO's supply chain and procurement functions. It also includes labor costs and other warehousing expenses associated with NIPSCO's warehousing function for inventoried materials and supplies.

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Both of the indirect capital components must be capitalized in order to conform with GAAP for public utilities. For classification of all other capital spending, NIPSCO has consistently followed this approach internally for both direct and indirect capital costs for years, including during the test year in its last general rate case proceeding (Cause No. 44688).

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Objections and Responses to
OUCC's Data Request Set No. 6

OUCC Request 6-008:

For each CCR and ELG Compliance Plan project being proposed by NIPSCO, please provide any documentation that supports NIPSCO's annual estimated O&M estimates.

Objections:

NIPSCO objects to this Request on the grounds and to the extent that this Request seeks information that is confidential, proprietary and/or trade secret information.

Response:

Subject to and without waiver of the foregoing general and specific objections, NIPSCO is providing the following response:
The O&M estimates for the CCR and ELG Compliance Plans are attached hereto as OUCC Request 6-008 Confidential Attachment A.

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Cause No. 44872
Northern Indiana Public Service Company's
Objections and Responses to
OUCC's Data Request Set No. 2

OUCC Request 2-002:

Given that any analyses regarding locational restrictions would be preliminary at this point, how many ash ponds does NIPSCO believe would be likely to fail a locational restriction, and which locational restrictions would they fail?

Objections:

NIPSCO objects to this Request on the grounds and to the extent that this Request seeks information protected from disclosure by the attorney/client privilege and the work product privilege. NIPSCO further objects to this Request on the separate and independent grounds and to the extent that this Request seeks information that is confidential, proprietary and/or trade secret information.

Response:

Subject to and without waiver of the foregoing general and specific objections, NIPSCO is providing the following response:

At this time, NIPSCO is still evaluating its CCR surface impoundments against the locational restrictions outlined in the Federal CCR rule and has not made a final determination as to whether any of the CCR surface impoundments would pass or fail the locational restrictions. As provided in the Verified Direct Testimony of Kelly R. Carmichael, "Although final locational and groundwater quality determinations have not been made, NIPSCO's preliminary findings indicate the CCR Rule will prohibit future use of the existing active CCR surface impoundments at both of these NIPSCO facilities [Michigan City and Schahfer]." See Petitioner's Exhibit No. 2 at page 14, lines 11-15. There are CCR surface impoundments subject to the Federal CCR rule at Michigan City and Schahfer. See OUCC Set 2-002 Confidential Attachment A for more information.

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Objections and Responses to
OUCC's Data Request Set No. 2

OUCC Request 2-003:

How far is NIPSCO in the groundwater sampling process for its ash ponds?

- a. If NIPSCO has conducted sampling, has NIPSCO found any levels of groundwater contaminants that would lead NIPSCO to consider closing its ash ponds in the 2018-2019 timeframe?
- b. Please provide all groundwater sampling and analyses conducted at NIPSCO's facilities, including any preliminary sampling and results.

Objections:

NIPSCO objects to this Request on the grounds and to the extent that this Request seeks documents or information that are beyond the scope of this proceeding and are not relevant to the subject matter of this proceeding and are therefore not reasonably calculated to lead to the discovery of admissible evidence.

NIPSCO further objects to this Request on the separate and independent grounds and to the extent that this Request is unduly burdensome and calls for the compilation and production of voluminous materials.

NIPSCO further objects to this Request on the separate and independent grounds and to the extent that this Request seeks information that is confidential, proprietary and/or trade secret information.

Response:

Subject to and without waiver of the foregoing general and specific objections, NIPSCO is providing the following response:

As of February of 2017, NIPSCO has completed four rounds of groundwater sampling from the monitoring wells installed for federal CCR rule compliance.

- a. At this time, NIPSCO does not have sufficient data to ascertain the existence of a statistically significant increase over background concentrations for CCR related constituents, in the CCR monitoring wells.
- b. In accordance with NIPSCO's agreement with the OUCC on February 15, 2017, NIPSCO is providing five years of groundwater monitoring sampling that has been collected at NIPSCO's facilities. However, only a small portion of this sampling was conducted pursuant to the CCR Rule. NIPSCO believes only the sampling conducted pursuant to the CCR Rule has any bearing on matters

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related to this proceeding. This CCR data is included in OUCC Set 2-003 Confidential Attachment A, which is being provided as confidential material pursuant to the Standard Form Nondisclosure Agreement between NIPSCO and the OUCC. The other groundwater monitoring data, which is not confidential, is included in OUCC Set 2-003 Attachment B.

The chart below provides a description of the Attachments being provided in response to this Request.

Attachment/File Name	Description
OUCC Set 2-003 Confidential Attachment A	Contains 4 rounds of CCR groundwater sampling data for Bailly, Michigan City, and R.M. Schahfer Generating Stations. This sampling data is confidential.
Bailly CCR Groundwater Data	Contains sampling data for Bailly Generating Station from TestAmerica for 4 rounds of sampling: August 2016 (pp.1-80), October 2016 (pp.81-166), December 2016 (pp.167-232), and January 2017 (pp.233-342).
MCGS CCR Groundwater Data	Contains sampling data for Michigan City Generating Station from TestAmerica for 4 rounds of sampling: August 2016 (pp.1-79), October 2016 (pp.80-161), December 2016 (pp.162-226), and January 2017 (pp.227-332).
RMSGs CCR Groundwater Data	Contains sampling data for R.M. Schahfer Generating Station from TestAmerica for 4 rounds of sampling: August 2016 (pp.1-62), October 2016 (pp.63-122), November/December 2016 (pp.123-228), and January 2017 (pp.229-476).
OUCC Set 2-003 Attachment B	Contains 5 years of non-CCR groundwater sampling data for Bailly,

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	Michigan City, and R.M. Schahfer Generating Stations. This sampling data <u>is not</u> confidential.
BGS GW Sampling 2006-16	Contains groundwater sampling for Bailly Generating Stations between 2006 and 2016. This data is divided into "Validated Groundwater Analytical Data" and "Validated Groundwater Analytical Data Exceedances" for 3 different areas (Areas A, B, and C). The final 12 pages contain "Validated Reference Area Groundwater Analytical Data" which is a summary of data collected from wells that represent background conditions.
2016 November MCGS GW Table 2	Contains groundwater sampling for Michigan City Generating Station between January of 2006 and November of 2016.
RMSGs GW Sampling 2012-16	Contains groundwater sampling for R.M. Schahfer Generating Station between March of 2012 and April of 2016.

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Objections and Responses to
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OUCC Request 2-004:

Does NIPSCO intend to use the Alternative Closure Requirements for closing any of its surface impoundments? Please identify the surface impoundment and explain why NIPSCO believes it would qualify under the Alternative Closure Requirements.

Objections:

NIPSCO objects to this Request on the grounds and to the extent that this Request seeks information protected from disclosure by the attorney/client privilege and the work product privilege. NIPSCO further objects to this Request on the separate and independent grounds and to the extent that this Request seeks information that is confidential, proprietary and/or trade secret information.

Response:

Subject to and without waiver of the foregoing general and specific objections, NIPSCO is providing the following response:

NIPSCO anticipates it may qualify under the Alternative Closure Requirements because it will be unable to locate suitable off-site or on-site alternative disposal capacity. NIPSCO cannot truck or otherwise transport wet CCR offsite. Two considerations supporting NIPSCO's belief that it will be unable to locate suitable on-site disposal capacity include, but are not limited to, not being able to (1) locate a compliant surface impoundment that can accommodate the volume of CCR generated; and (2) timely and effectively install a dry ash handling system. Please see the file attached hereto as OUCC Set 2-004 Confidential Attachment A for more information.

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Objections and Responses to
OUCC's Data Request Set No. 2

OUCC Request 2-009:

Is NIPSCO seeking to recover any of the costs of closing surface impoundments through the Federally-Mandated Costs Adjustment mechanism?

- a. If so, please describe the nature of these costs and their estimated annual cost.
- b. Please state whether any of the costs are associated with closing a surface impoundment through removal.

Objections:

Response:

No, NIPSCO is not seeking recovery of costs of closing surface impoundments as part of this proceeding; rather, NIPSCO is seeking recovery of the ongoing incremental O&M associated with maintaining such surface impoundments at the various locations to comply with the CCR requirements. Please also see Petitioner's Exhibit No. 4, page 7, line 11 through page 8, line 2.

Also, as discussed in Petitioner's Exhibit No. 4, page 13, lines 8 through 13, the actual closure of CCR units is considered to be a retirement activity, and not a part of this filing, but the costs for construction of a landfill to contain the CCRs removed when a CCR unit is closed is included in the Environmental Compliance Project. See Petitioner's Attachment 4-A, which includes a Total Capital cost of \$18,285,000 for Landfill-Pond Closure.

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Objections and Responses to
OUCC's Data Request Set No. 4

OUCC Request 4-009:

Refer to Petitioner's Attachment 4-A:

- a. Are the "Landfill-Pond Closure" costs included in Attachment 4-A solely for material removed from surface impoundments during their closure activities, or do these costs also include the ongoing cost of disposing of ash generated after Schahfer Units 14 and 15 and Michigan City Unit 12 are converted to dry bottom ash handling? Please explain.
- b. If both contribute to the Landfill-Pond Closure costs, how much of the \$18.285 million is attributable to surface impoundment closure activities?
- c. If both contributed to the Landfill-Pond Closure costs, how much of the \$18.285 million is attributable to ongoing disposal of bottom ash from Schahfer Units 14 and 15 and Michigan City Unit 12?
- d. If the ongoing disposal of bottom ash was not included in the "Landfill-Pond Closure" line item, is it included in any of the Environmental Compliance Projects listed in Attachment 4-A? Please identify the line item(s).
- e. If the ongoing disposal of bottom ash is not included in any of the projects listed in Attachment 4-A, please indicate how NIPSCO intends to recover such expenses.

Objections:

Response:

- a. The "Landfill-Pond Closure" costs included in Petitioner's Attachment 4-A are solely for the construction of a CCR landfill at R.M. Schahfer Generating Station to hold CCRs from all three of NIPSCO's coal-fired generating stations produced in the closure of CCR units. Please see Petitioner's Exhibit No. 4, page 12, line 16 through page 14, line 5.
- b. N/A
- c. N/A

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d. Yes. Ongoing disposal of bottom ash is included in the O&M cost for the Remote Ash Conveying systems. The cost consists of loading and transportation of the bottom ash.

e. N/A

NIPSCO will be filing a correction to Petitioner's Exhibit No. 4 in the near future to further explain and clarify the Landfill-Pond Closure Projects and their associated costs.

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OUCC Request 4-011:

What amount is currently embedded in base rates for ash disposal? Please provide all capital, O&M, and depreciation expenses associated with ash handling and disposal incurred during the test year in Cause No. 44688.

Objections:

NIPSCO objects to this Request on the grounds and to the extent that this Request seeks documents or information that are not relevant to the subject matter of this proceeding and are therefore not reasonably calculated to lead to the discovery of admissible evidence, as the compliance projects included in this filing are new and incremental to amounts included in Cause No. 44688.

NIPSCO further objects to this Request on the separate and independent grounds and to the extent that this Request solicits an analysis, calculation, or compilation which has not already been performed and which NIPSCO objects to performing.

Response:

Subject to and without waiver of the foregoing general and specific objections, NIPSCO is providing the following response:

NIPSCO has identified \$21,693 of fly ash removal O&M costs which were incurred in the test year in Cause No. 44688. However, NIPSCO is seeking to recover only incremental O&M costs in this filing above this amount. Therefore, on an annual basis, NIPSCO will only seek recovery of O&M costs in excess of the \$21,693 identified above.

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<u>OUCC Request 4-010:</u>
Prior to the final Coal Combustion Residuals Rule, when did NIPSCO expect that it would be necessary to expand the Schahfer landfill?
<u>Objections:</u>
<u>Response:</u>
The currently-active Schahfer landfill phase VI has estimated capacity through mid to late 2019. The phase VII of the landfill expansion is currently being engineered for construction in 2018 and use when the current cell is filled. Clean close of landfills is expected to begin at the earliest mid-2019, and receipt of CCRs from the bottom ash handling units will not begin until late 2018. The CCR from clean closures and bottom ash handling will not significantly impact the current expansion schedule. For the expansion following phase VII, NIPSCO expects the expansion schedule will be accelerated as a result of CCR material by approximately 1-2 years; this is heavily dependent on the operation of the units.

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OUCC Request 2-005:

How does NIPSCO intend to seek recovery of its surface impoundment closure costs?
When does the Company anticipate it will seek recovery of these costs?

Objections:

NIPSCO objects to this request on the grounds and to the extent that it seeks information protected from disclosure by the attorney/client privilege and the work product privilege. NIPSCO further objects to this request on the separate and independent grounds and to the extent that the Request calls for legal conclusions about, opinions on, and/or strategies for future compliance.

Response:

Subject to and without waiver of the foregoing general and specific objections, NIPSCO is providing the following response:

The specific method and timing of closure of all the applicable CCR surface impoundments have not been determined. As a consequence, NIPSCO has not finalized the total costs, including estimates, of CCR surface impoundment closure. Please see response to OUCC Request 2-009.

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OUCC Request 2-008:

For any of the surface impoundments NIPSCO plans to close through removal, state why in-place closure was not selected.

Objections:

NIPSCO objects to this Request on the grounds and to the extent that this Request seeks information protected from disclosure by the attorney/client privilege and the work product privilege. NIPSCO further objects to this Request on the separate and independent grounds and to the extent that this Request seeks information that is confidential, proprietary and/or trade secret information.

Response:

Subject to and without waiver of the foregoing general and specific objections, NIPSCO is providing the following response:

NIPSCO currently anticipates closing seven CCR surface impoundments using the closure through removal method ("clean closure"). These impoundments include four CCR surface impoundments located at the Bailly Generating Station and three at the R.M. Schahfer Generating Station. For each particular impoundment's closure methodology assumption, see NIPSCO's response to OUCC Request 2-007. Please see the file attached hereto as OUCC Set 2-008 Confidential Attachment A for more information.

THIS PAGE MARKED AS CONFIDENTIAL

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<u>OUCC Request 4-006:</u>
If NIPSCO closes surface impoundments through removal, will the Company remove the underlying soil that may have been contaminated by CCR? Please explain.
<u>Objections:</u>
NIPSCO objects to this Request on the grounds and to the extent that this Request is vague and ambiguous. For purposes of this Request, NIPSCO assumes that the Request is asking whether NIPSCO will remove the underlying soil that may have been contaminated by CCR if it closes units deemed to be CCR surface impoundments.
<u>Response:</u>
Subject to and without waiver of the foregoing general and specific objections, NIPSCO is providing the following response: For those impoundments scheduled for closure by removal, the extent of additional material to be removed, beyond the limits of the CCR materials, will be evaluated on a case-by-case basis taking into account the requirements of the federal CCR Rule, as well as applicable IDEM requirements. Currently, NIPSCO intends to remove the CCR materials that may have the potential to impact groundwater, to the extent required by the CCR Rule.

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OUCC Request 4-007:

If surface impoundments are closed through removal, does NIPSCO intend to close these surface impoundments in a manner that would allow the Company to avoid post-closure monitoring costs? Please explain.

Objections:

Response:

Based on information available today, NIPSCO is planning to attempt to close surface impoundments in a manner that would allow NIPSCO to avoid post-closure monitoring costs. Post-closure monitoring under the CCR Rule can potentially be avoided if closure achieves full source removal and a clean soil standard, and NIPSCO can show no exceedances of maximum contaminant levels and/or background in the groundwater detection monitoring program. Otherwise, post-closure monitoring under the CCR Rule cannot be avoided if the groundwater impact is associated with a CCR surface impoundment.

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<u>OUCC Request 4-008:</u>
Has NIPSCO received any formal or informal indication from IDEM that its closure plans for its surface impoundments will result in avoidance of post-closure monitoring? If so, please provide copies of such indication, if in writing.
<u>Objections:</u>
<u>Response:</u>
No, NIPSCO has not received and is not aware of any such indication from IDEM.

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OUCC Request 4-005:

Is it possible to use the material removed from the surface impoundments closed by removal to grade and cap the other impoundments that will be closed in place? If so, has this been taken into account in developing the cost estimate for the "Landfill-Pond Closure" costs included in Petitioner's Attachment 4-A? Please explain.

Objections:

Response:

Potentially. The material removed from one surface impoundment, once dewatered, could be used as a base (or sub-cap) for the final cap of a closed-in-place surface impoundment. The ability to utilize the CCR materials in this manner is contingent upon passing the beneficial use criteria and IDEM assurance that such use is acceptable and consistent with long term, final closure.

In regard to the second question, no, the estimate for "Landfill-Pond Closure" does not reflect the reuse of material that is removed from CCR units. To the extent the CCR materials pass the beneficial use criteria and IDEM approves, NIPSCO would consider this option if it provides a lower cost compliance option.