

FILED
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INDIANA UTILITY
REGULATORY COMMISSION

VERIFIED DIRECT TESTIMONY OF STEPHEN HOLCOMB

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

2 A1. My name is Stephen Holcomb. My business address is 801 E. 86th Avenue,
3 Merrillville, Indiana 46410. I am the Director of Environmental Policy &
4 Sustainability for NiSource Corporate Services Company ("NCSC").

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

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

8 **Q3. Please describe your educational and employment background.**

9 A3. I received a Bachelor of Science in Chemistry and Meteorology from
10 Valparaiso University in 2007 and a Master of Science in Atmospheric
11 Science from Colorado State University in 2011. In 2012, I joined NCSC and
12 have held several positions with increasing levels of responsibility,
13 focusing primarily on environmental permitting, regulatory analysis and
14 compliance plan development.

15 **Q4. What are your responsibilities as Director of Environmental Policy &**
16 **Sustainability?**

1 A4. As Director of Environmental Policy & Sustainability, I have direct
2 responsibility for tracking and analyzing the development of
3 environmental regulations affecting the operating companies within the
4 NCSC, including NIPSCO. Additionally, I am responsible for sustainability
5 and development of environmental policy and strategy for NiSource
6 affiliates, including NIPSCO.

7 **Q5. Have you previously submitted testimony before this or any other**
8 **regulatory commission?**

9 A5. Yes. I previously provided testimony before the Indiana Utility Regulatory
10 Commission ("Commission") on behalf of NIPSCO in its request for
11 approval and issuance of a Certificate of Public Convenience and Necessity
12 ("CPCN") in Cause No. 45947 to construct a natural gas combustion turbine
13 plant on available property at NIPSCO's R.M. Schahfer Generation Station
14 site ("Schahfer").

15 **Q6. Are you sponsoring any attachments to your testimony in this Cause?**

16 A6. No.

17 **Q7. What is the purpose of your direct testimony?**

1 A7. The purpose of my direct testimony is to summarize changes in
2 environmental mandates since NIPSCO's last rate case (Cause No. 45772)
3 was filed in 2022 and discuss how these mandates impact NIPSCO coal
4 generating stations, namely Schahfer, the Michigan City Generating Station
5 ("Michigan City") and the site which formerly housed the Bailly Generating
6 Station ("Bailly"). NIPSCO Witnesses Bytnar and Spanos address recovery
7 of the costs.

8 **Q8. Please summarize the significant environmental mandates with which**
9 **NIPSCO must comply.**

10 A8. As with many electric utilities, NIPSCO has been faced with a number of
11 major environmental mandates, which have and will continue to result in
12 cost impacts. The most significant requirements include those related to the
13 management and disposal of coal combustion residuals ("CCR") and other
14 environmental remediation including asbestos remediation.

15 **Q9. Please discuss requirements related to CCR.**

16 A9. The United States Environmental Protection Agency's ("EPA") 2015 Coal
17 Combustion Residuals Rule ("2015 CCR Rule") is a federal rule
18 promulgated under the federal Resource Conservation and Recovery Act

1 ("RCRA") on April 19, 2015, with an effective date of October 19, 2015. The
2 2015 CCR Rule regulates management and disposal of CCR, which are the
3 materials generated from the combustion of coal to produce steam to power
4 a generator to produce electricity. CCR consists of fly ash, bottom ash,
5 boiler slag, and flue gas desulfurization materials. The 2015 CCR Rule sets
6 out nationally applicable minimum requirements for CCR landfills and
7 surface impoundments at generating stations active on or after October
8 2015. Compliance requirements include location restrictions,
9 impoundment design criteria, operating criteria, groundwater monitoring
10 and corrective action, closure and post-closure care and recordkeeping,
11 notification and posting of information online.

12 **Q10. How is NIPSCO complying with the 2015 CCR Rule?**

13 A10. NIPSCO continues to maintain compliance with the 2015 CCR Rule
14 obligations (e.g., groundwater monitoring, inspections, corrective
15 measures assessment, remedy selection, structural stability assessment,
16 safety factor assessment, etc.) at each of its generating stations regulated by
17 2015 CCR Rule. NIPSCO maintains a publicly accessible recordkeeping and

1 reporting site online where documentation of CCR Rule compliance
2 requirements may be viewed.¹

3 **Q11. Describe the closure requirements for NIPSCO's surface impoundments**
4 **under the 2015 CCR Rule.**

5 A11. Under the 2015 CCR Rule, there are certain events and conditions which
6 may require a CCR surface impoundment to cease operation and close. One
7 condition is if a CCR surface impoundment is unlined. All of NIPSCO's
8 CCR surface impoundments are unlined as that term is described in the
9 CCR Rule.² As such, NIPSCO was required to cease receipt and initiate
10 closure by April 11, 2021, of its CCR surface impoundments.³

11 Part A of the CCR Rule published on August 28, 2020, granted facilities the
12 option to submit a demonstration to EPA for an extension to the April 11,
13 2021, deadline for unlined CCR surface impoundments to stop receiving
14 waste and initiate closure. To qualify for the Part A provisions, an applicant
15 must demonstrate the following:

- 16 • No alternative disposal capacity is available on or off-site. An
17 increase in costs or the inconvenience of existing capacity is not

¹ <https://nipsco.com/our-company/about-us/our-environment/ccr-rule-compliance>

² See §257.71 of the 2015 CCR Rule

³ See §257.101 of the 2015 CCR Rule

1 sufficient to support qualification;

2 • Potential risks to human health and the environment from the
3 continued operation of the CCR surface impoundment have been
4 adequately mitigated;

5 • The facility is in compliance with all other requirements of the CCR
6 rule, including the requirement to conduct any necessary corrective
7 action; and

8 • The coal-fired boilers must cease operation and closure of the
9 impoundment must be completed within the following timeframes:

10 (A) For a CCR surface impoundment that is 40 acres or smaller,
11 the coal-fired boiler(s) must cease operation and the CCR
12 surface impoundment must complete closure no later than
13 October 17, 2023.

14 (B) For a CCR surface impoundment that is larger than 40 acres,
15 the coal-fired boiler(s) must cease operation, and the CCR
16 surface impoundment must complete closure no later than
17 October 17, 2028.

18 NIPSCO submitted a Part A Demonstration to EPA for the Schahfer Waste
19 Disposal Area ("WDA") on October 30, 2020. As of the date of this filing,
20 NIPSCO has not received a Part A Demonstration decision from EPA.

21 Further, the CCR Rule Part A provisions allow a CCR surface
22 impoundment to continue to operate if the owner certifies that the facility
23 will permanently cease operation of the boiler(s) and complete closure by
24 October 17, 2023 for a surface impoundment that is 40 acres or smaller, or
25 by October 17, 2028 for a surface impoundment that is greater than 40 acres.

1 The Schahfer WDA is approximately 85 acres. To comply with the CCR
2 Rule Part A provisions, the Schahfer Unit 17 and 18 boilers are planned to
3 cease operation by the end of 2025, and NIPSCO will complete closure of
4 the WDA by October 17, 2028.

5 **Q12. What are the closure methods allowed under the 2015 CCR Rule?**

6 A12. There are two closure methods available to NIPSCO under the CCR Rule:
7 (1) closure by removal and (2) closure in place. Closure by removal entails,
8 among other things, dewatering of the free liquids, followed by excavation
9 of all ash within the pond limits. The excavated ash must be properly
10 managed, and the pond backfilled and graded.

11 Closure in place entails, among other things, the removal of the free liquids
12 within the pond. Once the pond is dewatered, the remaining CCR must be
13 graded, and, in most circumstances, have additional fill materials brought
14 in for the cover system. The CCRs are capped with soil, clay, and/or an
15 engineered barrier, and then mulched and seeded with a vegetative cover.

16 **Q13. For each NIPSCO generating station, please describe the closure method**
17 **NIPSCO currently plans to implement, or has already implemented, for**

1 **the CCR surface impoundments and any anticipated groundwater**
2 **corrective measures that will be required.**

3 A13. In Indiana, the closure plan must be approved by the Indiana Department
4 of Environmental Management ("IDEM"). The closure method NIPSCO
5 currently plans to implement, or has already implemented, for the CCR
6 surface impoundments and any anticipated groundwater corrective
7 measures that will be required for each NIPSCO generating station are as
8 follows:

9 Bailly

10 At Bailly, four CCR surface impoundments must be closed based on the
11 2015 CCR Rule requirements. In a closure plan approved by IDEM on
12 March 28, 2024, these four CCR surface impoundments are being closed by
13 removing as much CCR as practicable, backfilling, and then installing a
14 cover system consistent with closure-in-place requirements. NIPSCO is
15 actively assessing groundwater, has identified impacts above groundwater
16 protection standards, and currently anticipates that groundwater corrective
17 measures will be necessary to address groundwater quality as required by

1 the 2015 CCR Rule.⁴

2 Schahfer

3 At Schahfer, four CCR surface impoundments are subject to the 2015 CCR
4 Rule. Three of the four CCR units are unlined but encircled by perimeter
5 slurry walls installed at the time of their construction. They are co-located
6 such that they are being closed as a single unit, called the Multi-Cell Unit
7 ("MCU"). Closure includes excavation of ash to the extent practicable,
8 retention of the slurry walls, backfilling, and the addition of a combination
9 geomembrane-soil cover system. IDEM approved the closure and post-
10 closure plans on March 17, 2023. NIPSCO has identified impacts above
11 groundwater protection standards, and in accordance with the
12 requirements of the CCR Rule has selected a groundwater corrective
13 measure necessary to address groundwater quality.

14 Schahfer's fourth CCR impoundment, the WDA, is the subject of a closure
15 application submitted to IDEM on December 22, 2023, that anticipates
16 closure by removal (i.e., clean closure) with design contingencies

⁴ NIPSCO's expectations with regard to the necessity for active groundwater corrective measures at Bailly, Michigan City, and Schahfer are based on currently available information and subject to change based on the effectiveness of its closure activities, collection of further groundwater data, and/or studies.

1 incorporating a final cover system if clean closure cannot be achieved as
2 planned. NIPSCO is actively assessing groundwater for potential impacts
3 above groundwater protection standards but currently does not anticipate
4 that groundwater corrective measures will be necessary to address
5 groundwater quality.⁵

6 Michigan City

7 At Michigan City, two CCR surface impoundments are subject to the 2015
8 CCR Rule. These surface impoundments have been closed by removing as
9 much CCR as practicable and installing a cover system in conformance with
10 a Closure Plan issued by IDEM on March 21, 2021. NIPSCO currently
11 anticipates that groundwater corrective measures will be necessary to
12 address groundwater quality.⁶ Further assessment, including treatability
13 studies, are in progress to advance the selection of remedy.

14 **Q14. Is NIPSCO subject to any other CCR-related requirements beyond the**
15 **2015 CCR Rule?**

⁵ See footnote 4 *supra*.

⁶ See footnote 4 *supra*.

1 A14. Yes. In addition to EPA's regulation under the 2015 CCR Rule, NIPSCO is
2 subject to orders addressing Solid Waste Management Units ("SWMUs")
3 under RCRA at Michigan City and Bailly.

4 For Michigan City, NIPSCO and IDEM entered into an Agreed Order
5 ("AO"), dated October 21, 2013. The AO requires NIPSCO to conduct a
6 multi-phase RCRA corrective action investigation, Corrective Measures
7 Study, and, if necessary, corrective measures design and implementation
8 processes to address releases.

9 For Bailly, the SWMU obligations are based on an order entered into
10 between NIPSCO and the EPA on March 31, 2005, which required NIPSCO
11 to investigate and, if needed, remediate areas at Bailly that were impacted
12 by historic waste handling. NIPSCO has completed and updated a
13 Corrective Measures Study which has identified some remedial actions, the
14 most significant and costly of which is remediation of CCR that has
15 impacted groundwater.⁷

⁷ EPA approved the proposed remedial approach presented in NIPSCO's Corrective Measures Study.

1 Further, one former CCR impoundment at Schahfer, called the Retired
2 Waste Disposal Area ("RWDA"), is subject to closure obligations under the
3 Indiana State Solid Waste Program (329 IAC 10).

4 The EPA finalized the Legacy CCR Rule⁸ on May 8, 2024, with an effective
5 date of November 8, 2024 (the "Legacy CCR Rule"). This Rule expands
6 upon the EPA's 2015 CCR Rule and establishes two new classes of regulated
7 CCR units: legacy CCR surface impoundments, which are inactive surface
8 impoundments at inactive generating stations, and CCR management units
9 ("CCRMUs"), which are defined as "any area of land on which non-
10 containerized accumulation of CCR is received, is placed, or is otherwise
11 managed, that is not a regulated CCR unit." Legacy CCR surface
12 impoundments and CCRMUs will be subject to similar requirements to
13 units regulated under the 2015 CCR Rule, i.e., groundwater monitoring,
14 corrective action, closure, and post-closure care requirements. As required
15 by the Rule, NIPSCO will submit to EPA applicability determinations for

⁸ See rule, Hazardous and Solid Waste Management System: Disposal of Coal Combustion Residuals from Electric Utilities; Legacy CCR Surface Impoundments

1 legacy surface impoundments by November 8, 2024, and facility evaluation
2 reports for CCRMUs, by February 2026 and 2027 (in two parts).

3 **Q15. To summarize, how many regulated units does NIPSCO have that are**
4 **currently subject to the 2015 CCR Rule or other CCR-related**
5 **requirements?**

6 A15. NIPSCO has a total of 11 regulated units subject to the 2015 CCR Rule, seven
7 CCR units subject to other RCRA closure requirements, and one CCR unit
8 subject to Indiana State Solid Waste Program requirements. Specifically,
9 the Bailly location has four surface impoundments regulated by the 2015
10 CCR Rule which are currently undergoing closure, as well as "Area C"
11 (RCRA SWMUs 14 & 15).

12 Michigan City Generating Station has five RCRA impoundments, two of
13 which are regulated by the 2015 CCR Rule. All five were certified closed in
14 2023. In addition, Michigan City has RCRA SWMUs 3 and 12.

15 Schahfer Generating Station has four CCR surface impoundments
16 regulated by the 2015 CCR Rule (three of which are currently undergoing
17 closure), a multi-phase CCR landfill regulated by the 2015 CCR Rule, and
18 the RWDA regulated by the Indiana State Solid Waste Program.

1 NIPSCO is conducting applicability determinations for legacy surface
2 impoundments and facility evaluations for CCRMUs to determine how
3 many units are subject to the Legacy CCR Rule.

4 **Q16. Has NIPSCO estimated the incremental cost to comply with EPA's**
5 **Legacy CCR Rule in this rate case?**

6 A16. No, but NIPSCO anticipates there will be additional work associated with
7 Legacy CCR Rule compliance in future rate cases once applicability
8 determinations and facility evaluations are complete and the impacts of the
9 rule are better known.

10 **Q17. Are there other significant requirements for environmental remediation**
11 **at NIPSCO's generating stations that you have not addressed?**

12 A17. Yes. Additional obligations exist for various regulated substances at each of
13 the electric generating units. One example is related to regulated asbestos
14 containing material ("RACM") located at Bailly, Schahfer, and Michigan
15 City. With respect to RACM obligations, there are federal and state
16 requirements that require NIPSCO to "remove all RACM from a facility
17 being demolished or renovated before any activity begins that would break
18 up, dislodge, or similarly disturb the material or preclude access to the

1 material for subsequent removal.”⁹ NIPSCO has identified RACM at Bailly,
2 Michigan City, and Schahfer and must, therefore, plan to remove it before
3 undertaking any decommissioning activities to ensure asbestos fibers do
4 not become airborne. Since Cause No. 45772, NIPSCO has updated the
5 asbestos remediation cost estimates that address the abatement of all
6 known RACM.¹⁰

7 **Q18. Is NIPSCO's request in this Cause consistent with the “environmental**
8 **sustainability” pillar of Indiana's Five Pillars codified in Ind. Code § 8-1-**
9 **2-0.6?**

10 A18. Yes. As it relates to environmental sustainability, Section 0.6 states that the
11 “impact of environmental regulations on the cost of providing electric
12 utility service, and demand from consumers for environmentally
13 sustainable sources of electric generation” must be considered. My
14 testimony summarizes changes in environmental mandates and describes
15 how these mandates impact NIPSCO coal generating stations, namely
16 Schahfer, Michigan City, and Bailly. NIPSCO Witnesses Bytnar and Spanos

⁹ This requirement is codified in National Emission Standard for a Hazardous Air Pollutant (“NESHAP”) regulations (40 CFR 61.145), as well as 326 Ind. Admin. Code 14-10-4 (1).

¹⁰ See Cause No. 45772, Petitioner's Ex. 10 at 27-29.

1 address the recovery of the costs related to these mandates. Further,
2 through the addition of four renewable projects and the retirement of
3 Schahfer Units 17 and 18 by the end of 2025, this case supports increasing
4 levels of renewable energy in the electric system which results in a more
5 environmentally sustainable and diverse generation mix for customers.

6 **Q19. Does this conclude your prefiled direct testimony?**

7 A19. Yes.

VERIFICATION

I, Stephen Holcomb, Director of Environmental Policy & Sustainability for NiSource Corporate Services Company, affirm under penalties of perjury that the foregoing representations are true and correct to the best of my knowledge, information, and belief.

Stephen Holcomb

Stephen Holcomb

Date: September 12, 2024