
VERIFIED REBUTTAL TESTIMONY OF RYAN T. CARR

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

2 A1. My name is Ryan T. Carr. My business address is 880 Eastport Centre,
3 Valparaiso, Indiana 46383. I am employed by Northern Indiana Public
4 Service Company LLC ("NIPSCO") as Gas TDSIC E&C (Engineering and
5 Construction) Program Manager.

6 **Q2. Are you the same Ryan T. Carr that previously prefled direct testimony**
7 **in this Cause?**

8 A2. Yes.

9 **Q3. What is the purpose of your rebuttal testimony in this proceeding?**

10 A3. The purpose of my rebuttal testimony is to respond to issues raised in the
11 testimony of Brien R. Krieger filed April 30, 2020 on behalf of the Indiana
12 Office of Utility Consumer Counselor ("OUCC").

13 **Q4. Do you agree with Mr. Krieger's assertion that NIPSCO provided**
14 **inadequate information for RE1 and IM1 in its case-in-chief?**

1 A4. No. Mr. Krieger admits (page 5, Q/A starting at line 27) to using no less
2 than seven different sources of information from NIPSCO's case-in-chief.
3 Outside of the documents included in its case-in-chief, as Ms. Becker
4 addresses in her testimony, NIPSCO has a history of holding a stakeholder
5 meeting in advance of each plan update filing, as well as pre-filing and post-
6 filing technical meetings to discuss projects details. NIPSCO fully intends
7 to continue this level of communication, as we find it to be mutually
8 beneficial.

9 **Q5. Do you agree with Mr. Krieger's assertion that the cost estimate increases**
10 **were not correlated to the original scope for IM1?**

11 A5. No. For IM1, my direct testimony clearly identified both the quantity of
12 additional footage of main to be installed (300 feet) and the reason for the
13 additional footage (to achieve proper depth at the tie-in point). While it is
14 not the OUCC's responsibility to be an auditor of NIPSCO's construction
15 practices in requiring specific installation, fitting type, and welding
16 methods for every asset installed; NIPSCO is happy to have additional
17 discussions regarding construction methods and materials, as we did in this

1 filing, but that does not mean the information provided in its case-in-chief
2 was inadequate.

3 **Q6. Did NIPSCO change its methodology in incorporating the RE1 projects**
4 **from the approved TDSIC 10 plan?**

5 A6. No. The methodology, information available through the audit package
6 discussed by Ms. Becker, attachments, support documentation, and
7 testimony is at the same or greater detail as provided in previous TDSIC
8 plan update filings.

9 **Q7. Do you agree with Mr. Krieger's assertion that specific details are lacking**
10 **for project RE1?**

11 A7. No. RE1 is customer-demand driven and, as such, every project is different.
12 Rather than trying to forecast specific pipe sizes, required loads, and
13 geographic locations for the life of the plan, NIPSCO's estimates are
14 primarily based on historical demand, project costs, and customer interest,
15 which can and do fluctuate widely. Providing geographic locations for
16 roughly 300 projects and 3,304 services after the projects have been
17 approved and constructed serves little to no purpose. The details NIPSCO
18 already provided relating to increased demand of footage, trends towards

1 larger pipe sizes from increased customer demand, and information
2 provided to specifically detail three large projects that accounted for a large
3 portion of the budget seems to me to be much more relevant.

4 **Q8. Do you agree with Mr. Krieger's recommendation that projects exceeding**
5 **\$100,000 or 20% of the approved plan amount include variance**
6 **explanations against original scope including costs correlated against**
7 **reasons for additional costs?**

8 A8. No. NIPSCO already provides estimate support documentation, variance
9 explanations, Project Change Request ("PCR") forms, and testimony at the
10 requested threshold levels for both variances to scope and increased costs
11 realized on a project. NIPSCO has provided extensive testimony about how
12 projects develop both in scope and estimates through a process of
13 progressive elaboration as more information is known and further
14 engineering and other project details like environmental requirements, are
15 firmed up. Cost increases within the threshold levels should compare back
16 to the most recently approved project estimate (i.e., TDSIC-10), not the
17 original scope of the project (i.e., the Plan approval). Based on the
18 information that is already provided in each plan update filing, as further

1 described below, NIPSCO provides sufficient information to specifically
2 justify increases in project cost estimates. This information has been
3 accepted by the Commission as sufficient documentation to approve project
4 variances in previous TDSIC filings.

5 **Q9. Please describe the information NIPSCO provides to support project cost**
6 **increases.**

7 A9. The following information was provided in this filing to support project
8 cost increases above the threshold levels:

- 9 • **Confidential Exhibit Gas Plan Update-11:** Confidential Exhibit Gas
10 Plan Update-11 includes project detail pages for each year of the
11 plan. The 2019 project detail (page 16) identifies the variance
12 (Column C) between the approved project cost (Column A) and the
13 actual project costs (Column B). The 2020 project detail (page 18)
14 identifies the variance (Column C) between the approved project
15 cost (Column A) and the updated project costs (Column B). Both the
16 2019 and 2020 project detail pages (pages 17 and 19) include an
17 explanation of the variance for all projects.
- 18 • **Confidential Appendix 1:** Confidential Appendix 1 includes PCR
19 forms to support increases to project costs. A PCR form is prepared
20 by myself and the project manager for approval of any project
21 increases in excess of \$30,000 or 15%, whichever is greater, or any
22 variance that exceeds \$100,000 for any project whether or not it meets
23 the 15% threshold. Each PCR form identifies both the reason for the
24 change and the impact of the change on the estimate. The PCR form
25 also includes justification of the cost change, a description of the
26 project estimate change by cost category, such as labor and materials,
27 and the updated estimate. Company-Wide Transmission Crossing

1 Replacement [Project ID IM1], for example, had two PCRs in this
2 filing. In PCR 11-1, found on Page 8, a change in tapping crew
3 availability impacted the project schedule. NIPSCO explained that
4 the project timeline was extended due to the tapping crew's
5 availability which caused the need for the additional support
6 services resulting in an increase in the project cost. In PCR 11-2,
7 found on Page 9, a discovery in the field impacted the expected cost
8 of the project. NIPSCO stated that additional main was required to
9 be replaced in order to tie-in at the depth mandated by NIPSCO Gas
10 standards, which resulted in an increase in contracted service costs.
11 The combination of these two PCRs increased the approved
12 estimate.

- 13 • **Confidential Attachment 3-B:** Confidential Attachment 3-B shows
14 plan variances (moves and costs) by year, by project, specifically
15 showing the amount of the project move, the project cost variance,
16 and the percent of project cost variance. The purpose of Confidential
17 Attachment 3-B is to further break down the plan variances into
18 project moves and project cost variances. The "Total Variance"
19 (Column G) from Confidential Attachment 3-B is equal to the
20 "Variance by Project" (Column C) from Plan Update-11 on the
21 Project Detail Pages for each year. If a project moves into or out of a
22 year, the move is captured in "Move In" (Column H) or "Move Out"
23 (Column I). The sum of the "Move In" and "Move Out" columns is
24 included in the "Net Moves" column (Column J). The value of the
25 move in or out is equivalent to the previously approved plan. If the
26 cost estimate of a project has changed, either up or down, the change
27 in cost is captured in the "Project Cost Variance" column (Column
28 K). The percent change from the approved project cost after moves
29 is captured in the "% Total Variance" column (Column L). Detailed
30 testimony explanations are provided for all projects with a cost
31 variance greater than \$100,000 or 20% as reported in the "Project
32 Cost Variance" (Column K) and "% Total Variance" (Column L).
- 33 • **Petitioner's Confidential Exhibit No. 3:** Detailed testimony
34 explanations are provided for projects with a cost increase greater
35 than \$100,000 or 20%, whichever is greater, over the approved

1 project estimate. Testimony explanations are intended to provide
2 additional detail for project cost increases beyond that which can be
3 found on the PCR forms. Additional detail for the increase for the
4 Company-Wide Transmission Crossing Replacement project
5 [Project ID IM1] can be found on Page 37, Lines 11 through 16.

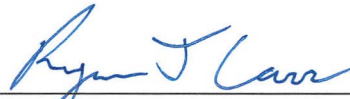
- 6 • **Audit Package Request 1-005:** In each filing NIPSCO provides the
7 OUCC with an Excel spreadsheet containing a detailed list of charges
8 by work order for all TDSIC trackable charges reported over the plan
9 update period. From this detailed list of charges, the OUCC selects
10 any number of work orders for which NIPSCO provides all
11 supporting documentation. This documentation includes a detailed
12 record of all charges by Cost Element as well as all associated source
13 documents, including all individual invoices. In this filing, three
14 work orders were selected. These work orders included work order
15 WOG0265-913 of Company-Wide Transmission Crossing
16 Replacements [Project ID IM1], work order WOG1075-914 of
17 Company-Wide Distribution Crossing Replacements [Project ID
18 DIM31], and work order WOG1330-914 of Rural Extensions [Project
19 ID RE1]. Cost Element detail supporting the TDSIC trackable
20 charges during the plan update period for the three selected work
21 orders, including 67 invoice packets, was provided to the OUCC.

22 **Q10. Does this conclude your prefiled rebuttal testimony?**

23 A10. Yes.

VERIFICATION

I, Ryan T. Carr, Gas TDSIC E&C Program Manager 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.



Ryan T. Carr

Date: May 8, 2020