

Northern Indiana Public Service Company LLC
Cause No. 45621

FILED
September 29, 2021
INDIANA UTILITY
REGULATORY COMMISSION

VERIFIED DIRECT TESTIMONY OF RICK SMITH

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

2 A1. My name is Rick Smith. I am the Manager of Operations Compliance for
3 Northern Indiana Public Service Company LLC ("NIPSCO"). My business
4 address is 801 East 86th Avenue, Merrillville, Indiana 46410.

5 **Q2. Please describe your educational and employment background.**

6 A2. I am a graduate of Purdue University in West Lafayette, Indiana with a
7 Bachelor of Science degree in Aeronautical Technology. I have a Master of
8 Business Administration degree from Auburn University in Auburn,
9 Alabama. I began my employment with NIPSCO in 2010 as an
10 Underground Construction & Maintenance Supervisor (Valparaiso,
11 Indiana 2010-2012); Service Supervisor (Valparaiso, Indiana 2012-2013);
12 Superintendent of Gas Operations (Hammond, Indiana 2013-2015);
13 Manager of Pipeline Services, overseeing the leak survey department
14 (Merrillville, Indiana 2015-2017); Manager of Damage Prevention &
15 Operations Projects, overseeing damage prevention, corrosion, and the
16 prone to fail riser program (Merrillville, Indiana 2017-2020). I have been in

1 my current position of Manager of Operations Compliance (Merrillville,
2 Indiana) since 2020.

3 **Q3. What are your responsibilities as Manager of Operations Compliance?**

4 A3. As Manager of Operations Compliance, I have oversight and delivery of
5 support services for pipeline safety and compliance for all of NIPSCO's gas
6 operations. I am responsible for implementing an industry leading Pipeline
7 Safety Management System, driving a risk assessment and mitigation
8 strategy through NIPSCO's integrity management programs, and driving
9 improvements in public awareness of natural gas safety issues. In my role,
10 I am also NIPSCO's liaison with the Indiana Utility Regulatory
11 Commission's Pipeline Safety Division ("PSD") facilitating inspections,
12 collaborating on pipeline safety initiatives, and submitting required
13 compliance reports to the PSD and / or the Pipeline and Hazardous
14 Materials Safety Administration ("PHMSA"). I also provide strategic
15 guidance to NIPSCO's Damage Prevention Organization.

16 **Q4. Have you previously testified before the Indiana Utility Regulatory**
17 **Commission ("Commission") or any other regulatory commission?**

18 A4. No.

1 **Q5. Are you sponsoring any attachments to your testimony in this Cause?**

2 A5. Yes. I am sponsoring a portion of the workpapers included in Petitioner's
3 Confidential Exhibit No. 19-S2.

4 **Q6. What is the purpose of your direct testimony?**

5 A6. The purpose of my direct testimony is to provide an overview of NIPSCO's
6 Damage Prevention Organization, describe NIPSCO's ongoing focus on
7 damage prevention and to support adjustments to reflect changes in costs
8 associated with programs designed to continue to mitigate the risk of third
9 party damages to NIPSCO's underground facilities ("Damage Prevention
10 Program").

11 **NIPSCO's Damage Prevention Organization**

12 **Q7. What is the greatest threat to the integrity of the NIPSCO gas system?**

13 A7. The greatest threat to the integrity of NIPSCO's gas systems is the risk of
14 third-party damages to its underground facilities during third party
15 excavations. In order to protect its facilities and comply with pipeline safety
16 regulations, including providing the location of its facilities to excavators,
17 NIPSCO has created a Damage Prevention Organization.

1 Q8. Please provide an overview of NIPSCO's Damage Prevention
2 Organization.

3 A8. NIPSCO's Damage Prevention Organization is responsible for helping to
4 manage and mitigate the risk of damage through a variety of activities
5 including underground facility locating, excavator engagement and
6 outreach, and damage investigation. Increasingly, the damage prevention
7 function also entails the capture and evaluation of data related to
8 excavation activities and damage events. NIPSCO has a dedicated staff of
9 21 employees charged with working with NIPSCO's locate contractors and
10 with the excavator community to reduce the risk of damage to NIPSCO's
11 underground gas facilities. NIPSCO's Damage Prevention Organization
12 also audits its underground locate contractors to detect any locator training
13 deficiencies by performing field audits of random locates. Members of this
14 organization also work with NIPSCO's communications group to assist
15 with public awareness efforts. The Damage Prevention Organization holds
16 meetings with employees, excavators, and the public to raise awareness of
17 damage prevention and promote public safety. The organization also
18 gathers, organizes and retains data to look for trends that could help
19 improve the Damage Prevention Program. I will further explain the

1 function performed by the members of the Damage Prevention
2 Organization later in my testimony where I provide a detailed description
3 of the proposed adjustments to the costs of the organization that are
4 designed to further improve efforts to prevent damages and thereby
5 improve the safety of NIPSCO's system.

6 **Q9. Please describe what actions NIPSCO has taken to improve its Damage**
7 **Prevention Program.**

8 A9. Since 2017, NIPSCO has improved its Damage Prevention Program in a
9 number of ways including through the implementation of a safety
10 management system, and ongoing collaboration with the PSD in reviewing
11 damage information and discussing ways to continue to improve damage
12 prevention efforts. In terms of the process for locating its underground
13 facilities, NIPSCO transitioned from using one primary locate contractor to
14 using two locate contractors. This was done to ensure NIPSCO has a more
15 diverse contractor pool and to give NIPSCO the ability to shift resources, if
16 needed, based on performance or a surge of regional locate requests. In
17 addition, a data analytical risk model was developed to help ensure that
18 locator resources were deployed at excavation sites representing the
19 highest probability of a damage. In regards to implementing its safety

1 management system, NIPSCO completed a gap analysis in 2016 consistent
2 with the American Petroleum Institute ("API") Recommended Practice
3 1173 ("RP 1173"),¹ identified leadership competencies, rolled out a
4 Corrective Action Program ("CAP"), is refining certain processes and
5 procedures, and is using the safety management system framework to
6 further promote a culture focused on safety. In 2019, the American Gas
7 Association (AGA) Board of Directors approved a resolution
8 recommending that all members implement RP 1173. Collaboration with
9 the PSD, including quarterly meetings and frequent communications, has
10 facilitated the exchange of ideas, discussions regarding damage prevention
11 data and damage trends NIPSCO and the PSD are observing.

¹ API RP 1173, Pipeline Safety Management Systems, is a recommended practice establishing a pipeline safety management systems framework for organizations that operate hazardous liquids and gas pipelines jurisdictional to the US Department of Transportation. RP 1173 provides pipeline operators with safety management system requirements that, when properly applied, provide a framework to reveal and manage risk, promote a learning environment, and continuously improve pipeline safety and integrity. At the foundation of a pipeline safety management system is the operator's existing pipeline safety system, including the operator's pipeline safety processes and procedures. RP 1173 provides a comprehensive framework and defines the elements needed to identify and address safety for a pipeline's life cycle. These safety management system requirements identify what is to be done and leaves the details associated with implementation and maintenance of the requirements to the individual pipeline operators.

1 **Q10. Please describe how NIPSCO's Damage Prevention Program complies**
2 **with pipeline safety regulations.**

3 A10. Under 49 CFR 192.614 – Damage prevention program – each operator of a
4 buried pipeline must carry out a written program to prevent damage to its
5 pipelines from excavation activities. NIPSCO's Damage Prevention
6 Program satisfies the requirements of 49 CFR Part 192.614 and consists of
7 four main components: (1) participation in a one-call system operated in
8 accordance with 49 CFR Part 198.37; (2) execution of line locate requests
9 governed by the Indiana Dig Law; (3) excavator outreach pursuant to
10 Section 6.3 of API Recommended Practice 1162 ("RP 1162");² and (4)
11 damage prevention and public awareness guidance on one-call center
12 outreach under Section 6.3 of RP 1162. Federal pipeline safety regulations
13 (49 CFR 192.616 and 49 CFR 195.440) require pipeline operators to develop
14 and implement public awareness programs that follow the guidance
15 provided by RP 1162. RP 1162 is an industry consensus standard that
16 provides guidance and recommendations to pipeline operators for the
17 development and implementation of enhanced public awareness programs.

² American Petroleum Institute, Public Awareness Programs for Pipeline Operators, API Recommended Practice 1162, First Edition, December 2003. This API guidance has been incorporated into Title 49 of the Code of Federal Regulations.

1 It addresses various elements of such programs, including the intended
2 audiences, the kinds of information to be communicated, frequencies and
3 methodologies for communicating the information, and evaluation of the
4 programs for effectiveness.

5 **Q11. Please provide a more detailed explanation of NIPSCO's ongoing efforts**
6 **to reduce the risk of third-party damages to its underground facilities?**

7 A11. In an effort to prevent third-party damages that pose a potential threat to
8 the public, excavators, and NIPSCO's employees, NIPSCO participates in
9 the Indiana Underground Plant Protection Service, Inc.'s one-call system
10 ("Indiana 811"). Any party conducting excavation work is required to call
11 Indiana 811 at least two business days before excavation is scheduled to
12 commence. *See* Ind. Code ch. 8-1-26 (the Indiana "Dig Law"). Indiana 811
13 notifies NIPSCO if its facilities are impacted and NIPSCO pays 95¢ per
14 ticket to Indiana 811 for each locate request. NIPSCO then routes the
15 information to its underground locate contractors or internal employees so
16 that the Company's facilities can be marked.

17 **Q12. What is the function of the locate contractors?**

18 A12. The locate contractors use specialized equipment and maps to locate and

1 mark the location of NIPSCO's underground facilities on the ground prior
2 to excavation. In the event the contractor cannot successfully locate the
3 facilities, NIPSCO personnel go out to the excavation site to assist in the
4 performance of the locate using maps, records, and system knowledge.

5 **Q13. Please describe NIPSCO's participation in a one-call system.**

6 A13. NIPSCO provides maps of its gas infrastructure to the one call system
7 provider, Indiana 811. When an excavator notifies Indiana 811 where they
8 intend to excavate, the location of the excavation is referenced to the maps
9 provided to Indiana 811. If there is a possible conflict between the proposed
10 excavation and NIPSCO's facility, Indiana 811 creates a "dig ticket" and
11 sends it to NIPSCO for field execution.

12 **Q14. Please describe NIPSCO's execution of line locate requests.**

13 A14. When NIPSCO receives a dig ticket, the ticket is evaluated and assigned a
14 risk score which is then sent to NIPSCO's locate contractor for field
15 execution. The locate contractor completes the locate request (places paint
16 and flags marking the approximate location of NIPSCO's facility), captures
17 pictures of the completed locate request, and creates a sketch of the
18 approximate location of NIPSCO's facilities in relation to the proposed

1 excavation. The locate contractor then notifies Indiana 811 that the ticket
2 has been completed and submits the pictures and sketch to the excavator
3 by email (if an email is provided).

4 **Q15. Is excavator error a leading cause of damages to NIPSCO's facilities?**

5 A15. Yes. Excavator error remains the highest root cause of damages to
6 NIPSCO's facilities and accounts for approximately 40% of all NIPSCO
7 damages. As discussed below, NIPSCO's Damage Prevention Program has
8 driven significant improvements in terms of reducing damage to its
9 facilities, even as the volume of excavation around its system has increased.

10 **Q16. Please describe NIPSCO's excavator outreach program.**

11 A16. NIPSCO's excavator outreach program is designed to educate excavators of
12 safe excavation best practices, assist with complex locate projects, and
13 provide training on the requirements under the Indiana Dig Law. The risk
14 score of a dig ticket is used to prioritize or dictate the level of outreach
15 needed on each ticket. High risk tickets could result in "Watch and Protect"
16 where a dedicated resource remains onsite for the duration of the
17 excavation to provide oversight and assistance. Medium risk tickets could
18 result in extra audits, phone calls with the excavators covering the scope of

1 the ticket and any conflicts, or a visit from NIPSCO's Damage Prevention
2 Coordinators.³ The sheer volume of locate requests presents a challenge in
3 terms of the ability to perform such functions in every instance.

4 **Q17. Please explain NIPSCO's Watch and Protect program.**

5 A17. NIPSCO's Watch and Protect program is a way of mitigating damages to
6 distribution pipelines by remaining on site for the duration of the
7 excavation. During Watch and Protect, the employee ensures all active and
8 abandoned pipelines are accounted for, reviews NIPSCO's infrastructure
9 with the excavator, educates the excavator on safe digging best practices,
10 and stops work if any unsafe digging practices are observed.⁴

11 **Q18. Please describe NIPSCO's damage prevention and public awareness**
12 **program.**

13 A18. NIPSCO's Damage Prevention Organization and Public Awareness team

³ During the audits, the employee ensures the scope of the dig ticket is completed, the lines are accurately located in accordance with the Indiana Dig Law, and observes the excavator's dig practices while onsite.

⁴ The Watch and Protect work by the Damage Prevention Organization is performed on identified high risk excavations in proximity to distribution pipelines. As discussed in the testimony of NIPSCO Witness Sylvester, the Watch and Protect work by the GMT Department is performed on all excavations around transmission pipelines given the high pressure nature of these facilities.

1 work very closely together. A key activity for the Damage Prevention
2 Organization is a thorough investigation of each incident of damage.
3 During the investigation, several data points are collected. Some of these
4 data points are evaluated by the Public Awareness team. Trends are
5 identified and suggested actions to mitigate the damages are developed to
6 further reduce the risk of a damage. Media campaigns, targeted excavator
7 outreach, and targeted industrial education are examples of the mitigation
8 activities. Safe dig practices are an important component of NIPSCO's
9 public awareness program. A key performance indicator of the
10 effectiveness of NIPSCO's damage prevention/public awareness program
11 is the number of damages that occur to NIPSCO's pipeline due to "Failure
12 to Call" Indiana 811. A "Failure to Call" is a situation where NIPSCO was
13 never notified to locate the pipeline and a damage occurred. "Failure to
14 Call" is the second leading root cause of damages to NIPSCO's facilities and
15 accounts for approximately 33% of all NIPSCO damages. NIPSCO
16 mitigates this by complying with RP 1162 initiatives and by educating and
17 engaging the public by participating in local trade shows, community
18 events, advertising campaigns, social media, mailers, having messaging
19 available in English and Spanish, an enhanced emergency responder

1 outreach program, and by providing safety education programs targeted to
2 professional excavators and elementary school students within NIPSCO's
3 footprint.

4 **Q19. Please explain how the risk of excavator damage is incorporated into and**
5 **identified in NIPSCO's Distribution Integrity Management Program**
6 **("DIMP") and Transmission Integrity Management Program ("TIMP").**

7 A19. Enacted in 2002, 49 CFR Part 192 Subpart O mandated the creation of a
8 TIMP plan covering the higher pressure transmission pipeline and
9 corresponding systems. Enacted in 2011, 49 CFR Part 192 Subpart P
10 mandated the creation of a DIMP plan covering the lower pressure
11 distribution system. These integrity programs provide a mandated
12 regulatory structure for the assessment of system risks and progressive
13 implementation of solutions and continuous improvements based upon
14 those system risks over time. Excavation damage is the highest system risk
15 identified by NIPSCO's DIMP and TIMP plans.

16 **Q20. As part of the implementation of its DIMP and TIMP plans, has NIPSCO**
17 **engaged in continuous improvement initiatives designed to reduce the**
18 **risk of excavation damage to its underground facilities?**

1 A20. Yes. In response to the high DIMP and TIMP risk scores related to
2 excavation damages, NIPSCO implemented several continuous
3 improvement initiatives to help further reduce damages to its
4 infrastructure. A few examples of these initiatives include, creation of a
5 damage prevention risk model, enhanced partnership and accountability
6 with its locate contractors, increased field presence of damage prevention
7 coordinators, increased Watch and Protect activities, collaboration with the
8 Commission's PSD on important key performance indicators to provide
9 data over time related to damage prevention, and a prioritized audit
10 program based on the risk score of dig tickets.

11 **Q21. Have NIPSCO's continuous improvement initiatives resulted in a**
12 **reduction in facility damages?**

13 A21. Yes. NIPSCO has reduced damages per 1,000 locate tickets (Damages per
14 Thousand) from 3.75 in calendar year 2013 to 1.90 as of July 31, 2021.
15 NIPSCO has also reduced the number of damages for "Locating Practices
16 Not Sufficient" from 292 in calendar year 2013 to 139 as of July 31, 2021,
17 which occurred at a time when there was an increase of locate ticket
18 requests. While NIPSCO's damage prevention efforts have resulted in
19 fewer damages since 2013, NIPSCO must comply with CFR 49 Part

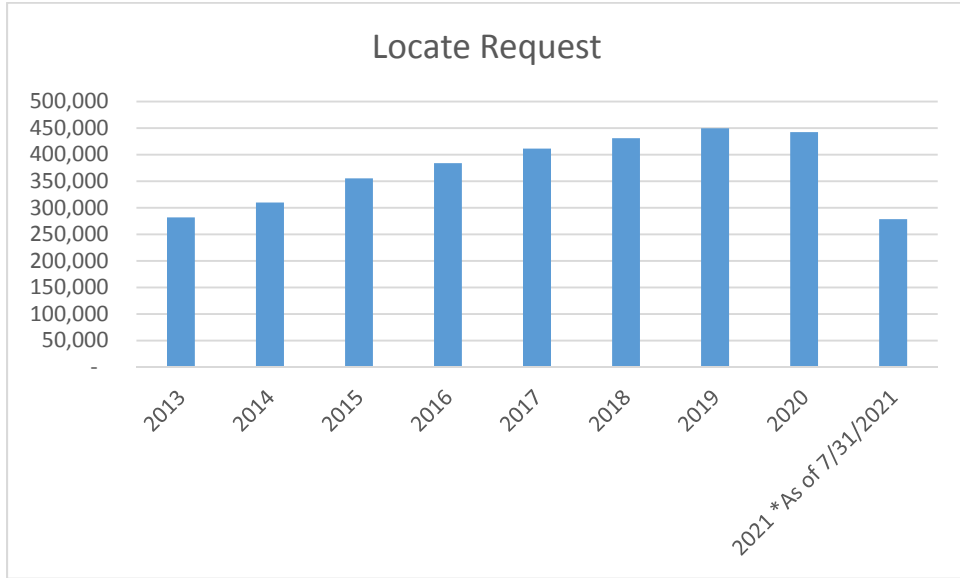
1 192.907(a) by making continual improvements. The level of risk associated
2 with excavation activities, as well as the ongoing collaboration with the
3 PSD, also drives NIPSCO's continued efforts to improve in this area. Based
4 on an evaluation of its practices, NIPSCO has identified additional
5 measures that could be implemented to achieve further safety
6 improvements, including, an increase in excavator outreach and education
7 coupled with additional audits, to further reduce damages to its
8 infrastructure.

9 **Q22. Please explain NIPSCO's excavator error damage prevention initiatives.**

10 A22. As noted above, 40% of all damages to NIPSCO's facilities are from
11 excavator error. This is usually the result of an excavator not visually
12 verifying the depth of a utility before using a bore machine, operating
13 mechanized equipment within two feet of the marked gas line, or not safely
14 planning excavation. Excavator education sessions, field observations,
15 planning sessions, Watch and Protect, and collaboration with the excavator
16 community for innovative damage prevention techniques are initiatives
17 that NIPSCO has taken to reduce excavator error. The Watch and Protect
18 initiative has been used on high risk excavations on distribution pipelines,
19 as it provides the highest level of oversight. Table 1 below shows the

1 number of Indiana 811 dig tickets within NIPSCO's service territory.

2 **Table 1**



3
4 For 2021, roughly 42,500 excavators and homeowners submitted more than
5 250,000 Indiana 811 dig tickets. In 2021, NIPSCO's 14 Damage Prevention
6 Coordinators were able to reach out to 7,164 of the excavators that submitted
7 tickets and provided education. However, to further NIPSCO's efforts to
8 reduce excavator errors on our system, it would be preferable to enhance our
9 abilities to reinforce the Indiana Dig Law, promote best practices for
10 excavators to follow, and to educate them on the resources available through
11 NIPSCO, should they need assistance. NIPSCO's 14 Damage Prevention
12 Coordinators have only been able to reach out to 7,164 excavators to provide
13 education and outreach, which amounts to only 17% of the 42,500 different

1 excavators / homeowners.

2 **Q23. Is NIPSCO proposing enhancements to its existing Damage Prevention**
3 **Program in order to further prevent damages to its facilities resulting**
4 **from excavator error?**

5 A23. Yes. As discussed above, the risk of third-party damage to facilities
6 resulting from excavation activities remains the single greatest threat to
7 NIPSCO's system and the public. In response to pipeline safety regulations,
8 its commitment to safety, and in order to build upon and continuously
9 improve its Damage Prevention Program, NIPSCO has evaluated the state
10 of its Damage Prevention Program and the ongoing damages and near
11 misses that impact its system, and has identified the following seven
12 initiatives to further reduce the number of damages associated with
13 excavator error:

- 14 • Add 11 Damage Prevention Coordinators for a total of 25. This will
15 allow NIPSCO to respond to all dig tickets with a risk score of 95
16 and higher. 18% of NIPSCO's damages occur on tickets with a risk
17 score of 95 or higher.
- 18 • Add three Assigners for a total of seven. Additional support staff is
19 needed to efficiently route the Damage Prevention Coordinators.
- 20 • Increase the number of quality control audits conducted by
21 NIPSCO's locate contractors from 5% of the annual ticket volume to
22 15%. This additional quality control will impact the terms and

1 pricing of NIPSCO's locate contracts by approximately \$2.3 million.

- 2 • Add two Frontline Leaders for a total of four. Additional staff are
3 needed to ensure the productivity and safety of the expanded
4 department.
- 5 • Add 16 Watch and Protect staff for a total of 24. This activity will
6 reduce damages to NIPSCO's facilities and enhance safety.
- 7 • Add two full time Enhanced Emergency Responder Outreach
8 trainers. The training educates officials on gas safety and is another
9 voice in the community around safe digging practices.
- 10 • Complete an additional 40 in person natural gas safety education
11 sessions annually. Students learn important messages like the
12 purpose and meaning of 811 utility flag markers and what to do if
13 someone is going to excavate in their yard. Equally important,
14 students naturally share their new knowledge with peers and their
15 families at home.

16 **Q24. Please provide a description of the work performed by Damage**
17 **Prevention Coordinators.**

18 A24. Damage Prevention Coordinators perform audits on NIPSCO's contract
19 locators, provide onsite excavator assistance, audit excavators for
20 adherence to the Indiana Dig Law (Ind. Code ch. 8-1-26), provide training
21 to excavators (jobsite and office settings), complete root cause
22 investigations on all gas damages, and attend various community events
23 promoting safe digging practices. Additional Damage Prevention
24 Coordinators will allow NIPSCO to increase the ability to reach
25 approximately 25% of the new excavators. This additional outreach is

1 instrumental in preventing damages. In October of 2017, NIPSCO added 7
2 Damage Prevention Coordinators. This helped NIPSCO see a reduction of
3 0.43 damages per 1,000 tickets in 2018 from 2017. Increasing these damage
4 mitigation activities will provide benefits in terms of further reducing
5 facility damages.

6 **Q25. Please provide a description of the work performed by Assigners.**

7 A25. Assigners evaluate all the dig tickets received by their risk score, evaluate
8 data related to excavation activities and damage events, and create
9 assignments for the Damage Prevention Coordinators to execute in the
10 field. This position requires constant visibility to the excavator history and
11 the plant conditions. An example of this is keeping track of the projects and
12 the amount of site visits we have conducted to observe the contractor.
13 Water/Sewer excavation tickets are inherently risky to the gas industry
14 because the facilities are typically under the gas main. When a water main
15 replacement project is started, there is a high likelihood that each of their
16 tickets will be rated as a high risk. The Assigners role is to keep track of
17 where they send the Damage Prevention Coordinator and how often they
18 send them to the location. Excavator history, foreman history, and plant
19 conditions are all items that the Assigner must keep in mind to be effective.

1 An effective Assigner will send resources out as needed, allowing NIPSCO
2 to visit new excavators that may not know the law or other best practices.
3 The additional Assigners will allow NIPSCO to dedicate the necessary time
4 doing this research and properly support the additional 11 Damage
5 Prevention Coordinators.

6 **Q26. Please provide a description of the work performed by Frontline Leaders.**

7 A26. Frontline Leaders ensure safety of their employees, provide oversight of the
8 Damage Prevention Coordinators and Assigners, interact with high risk
9 excavators as needed, and ensure assistance of difficult to locate facilities.
10 The additional two supervisors are needed to ensure proper span of control.

11 **Q27. Please provide a description of NIPSCO's Quality Control initiative as it**
12 **relates to damage prevention.**

13 A27. As noted earlier, locator error accounts for 17% of NIPSCO's facility
14 damages. The added quality control fosters a quality conscious employee,
15 drives process improvements, builds credibility with the excavator
16 community, and proactively identifies issues. The Quality Control
17 program will provide increased field evaluations on a regular basis. The
18 incremental volume of audits would increase by approximately 44,000

1 tickets at a cost of \$2,302,628 (see Adjustment OM 2A-22R in Petitioner's
2 Confidential Exhibit No. 19-S2 for supporting detailed calculations).
3 NIPSCO's locate contractors will need to hire additional staff to complete
4 the additional quality control audits. This cost is incrementally added to
5 the cost to locate a ticket. By increasing the amount of audits our locate
6 contractors complete from 5% of the ticket volume to 15%, facility damages
7 should be further reduced and this increase also ensures compliance to the
8 Indiana dig law.

9 **Q28. Please provide a description of NIPSCO's Watch and Protect initiative.**

10 A28. Watch and Protect is an activity that can be performed by either our contract
11 locators or internal NIPSCO resources. This activity involves participating
12 in the pre-job briefing with the excavator, completing an audit of locates,
13 identifying any retired facilities that may be indicated on NIPSCO's maps
14 and records, and remaining onsite for the duration of the excavation. While
15 onsite, the technician will stop any unsafe activity that may occur as it
16 relates to safe excavation. The Watch and Protect activity is used on high
17 risk excavations on distribution pipelines. Factors that can cause a ticket to
18 be considered high risk include but are not limited to: higher pressure gas
19 lines, the excavator's facility damage history, excavation method, pipe

1 material type, and critical facilities (hospitals, police stations, fire
2 departments, etc). An example of the effectiveness of Watch and Protect is
3 a water main replacement project completed in the NIPSCO footprint. In
4 the first 6 months of the project, two contractors accounted for 14 damages
5 on the project. NIPSCO invested in Watch and Protect for the remainder of
6 the project (six months) and only had one damage related to those
7 contractors. The increase in Watch and Protect activities on the most high-
8 risk tickets will support increased interaction with excavators on the
9 highest risk tickets.

10 **Q29. Please describe the incremental activities NIPSCO is proposing for the**
11 **Watch and Protect initiative.**

12 **A29.** The Watch and Protect program will provide increased oversight to ensure
13 safe excavation practices in the field for high risk activities. The incremental
14 resources to perform these services are expected to be 16 additional
15 resources available through NIPSCO contractors. The estimated cost of the
16 additional resources is \$2,010,573 (see Adjustment OM 2A-22R in
17 Petitioner's Confidential Exhibit No. 19-S2 for supporting detailed
18 calculations). These additional services will reduce damages to NIPSCO's
19 assets to ensure NIPSCO will continue to deliver safe and reliable services

1 during high risk excavations on distribution pipelines. By increasing the
2 amount of Watch and Protect services, NIPSCO will be able to cover a
3 greater percentage of the highest risk excavation tickets. As of July 31, 2021,
4 NIPSCO has eight contracted employees mitigating risk through this
5 activity.

6 **Q30. Please describe Petitioner's Exhibit No. 3, Attachment 3-C-S2,**
7 **Adjustment OM-2A-22R and the amounts included in the Forward Test**
8 **Year.**

9 A30. Adjustment OM 2A-22R increases to the Forward Test Year (the period
10 beginning January 1, 2022 and ending December 31, 2022) operating
11 expenses in the amount of \$5,993,237 for the addition of 11 Damage
12 Prevention Coordinators, three Assigners, two Frontline Leaders, 16
13 resources to perform watch and protect services, and includes additional
14 investments in quality control. This pro forma adjustment increases the
15 Forward Test Year O&M expense to reflect certain incremental expenses
16 that NIPSCO is seeking to recover in base rates. If this adjustment is not
17 included, the Forward Test Year gas operating expenses will be
18 understated.

1 **Q31. Please describe NIPSCO's Enhanced Emergency Responder Outreach**
2 **Program.**

3 A31. The Enhanced Emergency Responder Outreach Project was undertaken to
4 comply with 49 CFR § 192.1007(d)(2), which requires that a distribution
5 integrity management program ("DIMP") Plan "determine and implement
6 measures to reduce the risks from failure of its gas distribution system" and
7 49 CFR § 192.615, which establishes the minimum Code expectation and
8 requires "establishment of written procedures to minimize the hazard
9 resulting from a gas pipeline emergency" including "[e]stablishing and
10 maintaining adequate means of communication with appropriate fire,
11 police, and other public officials." The Enhanced Emergency Responder
12 Outreach Project is intended to fund Emergency Responder Liaisons and to
13 fund support materials for an expanded outreach to first responders. The
14 NIPSCO trainers travel to fire departments and educate the local officials
15 on gas safety, safe digging techniques, unified command, collaboration on
16 Incident Command Structure (ICS), and engage in a collaborative review of
17 emergency response procedures and expected roles. The National
18 Transportation Safety Board ("NTSB") recommends this training to be
19 recurrent.

1 **Q32. Is this the same program NIPSCO implemented as Project PS5 as part of**
2 **the Pipeline Safety Compliance Program approved in Cause No. 45007?**

3 A32. Yes. The Pipeline Safety Compliance Program will conclude on December
4 31, 2021. This program should be included in base rates as an ongoing
5 expense in order to continue this program as part of the pipeline safety
6 education initiative. This will be a recurring cost that NIPSCO will incur in
7 compliance with federal regulations and as part of its best practices.
8 Further, as described below, NIPSCO is enhancing the program going
9 forward.

10 **Q33. Please explain the incremental activities NIPSCO is proposing for the**
11 **Enhanced Emergency Responder Program.**

12 A33. The program has been successful to improve education and actions by
13 liaisons for pipeline operators alongside emergency responders. NIPSCO
14 will further prepare the communities served for appropriate reaction to
15 emergency pipeline situations and unified command during such incidents.
16 The program entails the addition of two full-time Public Safety Trainer
17 positions, the production of appropriate materials to support the outreach
18 effort, and the maintenance and marketing of an online certificate training
19 program for First Responders. NIPSCO is anticipating hiring two retired

1 public safety officials (such as a fire department official or someone with
2 similar knowledge and background) who can act as a liaison for NIPSCO
3 to enhance outreach and education to fire departments and others. Fire
4 departments and police officers are most often the first to arrive on the
5 scene of a gas emergency and their initial actions can make a significant
6 difference in preventing a federally reportable incident (an incident that
7 causes \$122,000 dollars of property damage, an injury resulting in
8 hospitalization, fatality). This program at NIPSCO has been recognized as
9 best in class in the state and industry.

10 **Q34. Please describe Petitioner's Exhibit No. 3, Attachment 3-C-S2,**
11 **Adjustment OM 4-22R and the amounts included in the Forward Test**
12 **Year.**

13 A34. Adjustment OM 4-22R is to increase the Forward Test Year gas operating
14 expenses in the amount of \$348,000 to reflect the ongoing level of NIPSCO's
15 enhanced emergency response program expenses. If this adjustment is not
16 included, the Forward Test Year gas operating expenses would be
17 understated.

18 **Q35. Please describe NIPSCO's School Safety Program.**

1 A35. NIPSCO's school safety is a program that delivers innovative educational
2 experiences for students about natural gas safety. Schools are selected based
3 on their proximity to High Consequence Areas (HCA's) and trends of home
4 owner failure to call for locates. Teachers have the ability to receive gas
5 safety educational learning guides to aid in curriculum development.
6 Students learn important messages like the purpose and meaning of 811
7 utility flag markers and what to do if someone is going to excavate in their
8 yard. Equally important, students naturally share their new knowledge
9 with peers and their families at home. The parents and their child will
10 complete homework targeted to help educate the parents about safe
11 digging practices, natural gas characteristics, and how to recognize a
12 potential carbon monoxide or gas leak.

13 **Q36. Please describe the incremental activities NIPSCO is proposing for the**
14 **School Safety Program.**

15 A36. The current School Safety Program reaches approximately 7,500 students
16 through 100 presentations throughout the school year. NIPSCO will
17 increase the reach of the program by 20% thereby increasing outreach to
18 approximately 9,000 students through 140 presentations. There are also
19 other enhancements included to add a poster contest for children with all

1 materials provided to teachers. The contest also includes coordination,
2 printing, entry processing, judging, and prizes. A calendar compiling top
3 entries would also be included.

4 **Q37. Please describe Petitioner's Exhibit No. 3, Attachment 3-C-S2,**
5 **Adjustment OM 2D-22R and the amounts included in the Forward Test**
6 **Year.**

7 A37. Adjustment OM 2D-20 is to increase the Historic Base Year (the period
8 beginning January 1, 2020 through December 31, 2020) to reflect that the
9 School Safety Program is now managed and budgeted as part of NIPSCO
10 Gas Operations directly. Adjustment OM 2D-22R is to increase the Forward
11 Test Year gas operating expenses in the amount of \$75,000 to reflect certain
12 incremental expenses related to NIPSCO's School Safety program. If these
13 adjustments are not included, the Forward Test Year gas operating
14 expenses would be understated.

15 **Q38. Does this complete your prefiled direct testimony?**

16 A38. Yes.

VERIFICATION

I, Rick L. Smith, Manager of Operations Compliance, affirm under penalties of perjury that the foregoing representations are true and correct to the best of my knowledge, information and belief.

Rick L Smith

Rick L. Smith

Dated: September 29, 2021