

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

VERIFIED PETITION OF NORTHERN INDIANA)
PUBLIC SERVICE COMPANY LLC FOR (1))
APPROVAL OF AN ADJUSTMENT TO ITS GAS)
SERVICE RATES THROUGH ITS)
TRANSMISSION, DISTRIBUTION, AND STORAGE)
SYSTEM IMPROVEMENT CHARGE ("TDSIC"))
RATE SCHEDULE; (2) AUTHORITY TO DEFER)
20% OF THE APPROVED CAPITAL)
EXPENDITURES AND TDSIC COSTS FOR)
RECOVERY IN PETITIONER'S NEXT GENERAL)
RATE CASE; AND (3) APPROVAL OF)
PETITIONER'S UPDATED 2020-2025 TDSIC PLAN,)
INCLUDING ACTUAL AND PROPOSED)
ESTIMATED CAPITAL EXPENDITURES AND)
TDSIC COSTS THAT EXCEED THE APPROVED)
AMOUNTS IN CAUSE NO. 45330, ALL PURSUANT)
TO IND. CODE § 8-1-39-9)

CAUSE NO. 45330 TDSIC-2

IURC
PUBLIC'S
EXHIBIT NO. 2
3-18-21
DATE REPORTER

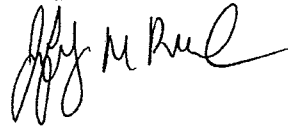
INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR'S

PUBLIC'S EXHIBIT NO. 2 – PUBLIC (REDACTED) TESTIMONY OF
OUCC WITNESS BRIEN R KRIEGER

With the current requirement that all staff work from home, signatures for affirmations are not available at this time.

April 23, 2021

Respectfully submitted,



Jeffrey M. Reed
Attorney No 11651-49
Deputy Consumer Counselor

**NORTHERN INDIANA PUBLIC SERVICE COMPANY LLC
CAUSE NO. 45330 TDSIC-2
PUBLIC (REDACTED) TESTIMONY OF
OUCC WITNESS BRIEN R. KRIEGER**

NOTE - [REDACTED] INDICATES CONFIDENTIAL INFORMATION

I. INTRODUCTION

1 **Q:** Please state your name and business address.

2 A: My name is Brien R. Krieger, and my business address is 115 West Washington
3 Street, Suite 1500 South, Indianapolis, Indiana 46204.

4 **Q:** By whom are you employed and in what capacity?

5 A: I am employed by the Indiana Office of Utility Consumer Counselor ("OUCC"), as
6 a Utility Analyst for the Natural Gas Division. My educational background and
7 experience are detailed in Appendix BRK-1. Also detailed in Appendix BRK-1 is
8 the background of my testimony analysis for this case.

9 **Q:** What is the purpose of your testimony?

10 A: The purpose of my testimony is to provide my analysis and recommendation
11 regarding 2020-2025 project costs included in Northern Indiana Public Service
12 Company LLC's ("NIPSCO" or "Petitioner") Updated 6-Year Gas Plan (2020-
13 2025). I reviewed all projects and specifically analyzed two approved projects that
14 experienced increased actual costs greater than the approved estimate by more than
15 20% or \$100,000 ("OUCC threshold").

16 **Q:** Please summarize Petitioner's request and your recommendations.

17 A: I reviewed Petitioner's case-in-chief, found no new "best estimates" for projects
18 that have commenced, and no proposed new projects. Two approved projects that
19 were started (Project ID's TP8 and IM36) in 2020 have costs exceeding the

1 OUCC's threshold. Petitioner also requests approval for schedule changes where
2 approved estimates move from one year to another year ("Move In" and "Move
3 Out").

4 I am satisfied with Petitioner's justification for the additional costs for
5 projects TP8 and IM36. I have no concerns about the Move In or Move Out dollars
6 within projects because these are timing issues that accelerated purchases for
7 materials within the project, or rescheduled specific components within a project,
8 and do not change the prior approved best estimate for the entire project.

9 Petitioner has satisfied Indiana Code § 8-1-39-9(g) for justifying the
10 increased costs of all approved projects. I recommend approval of Petitioner's
11 updated Transmission, Distribution, Storage Improvement Charge ("TDSIC") 6-
12 Year Gas Plan ("Plan Update-2"). I also recommend in future filings Petitioner
13 provide a 20-year margin test for the actual customers connected to rural main
14 extensions ("RE1") on a calendar year basis.

II. OVERVIEW OF PETITIONER'S 2020-2025 PLAN UPDATE-2

15 **Q: Please describe your understanding of annual project cost, annual project**
16 **variances, and total project costs in Plan Update-2.**

17 **A:** Thirty-three projects were approved in Cause 45330, NIPSCO's 2020-2025 TDSIC
18 Plan. Two additional regulator station rebuild projects serving Arcelor Mittal
19 (Projects IM41 and IM42) were approved in Update-1 for a total of thirty-five (35)
20 approved projects. In Plan Update-2, Petitioner made annual project cost
21 adjustments for different reasons but does not seek approval for any new projects.
22 Plan Update-2 contains variances for approved project estimates such as

1 rescheduling (called a "Move In" or "Move Out") that do not change total project
2 estimates, scope changes that could cause variances, and requests for approval of
3 specific costs greater than the approved estimate.

4 NIPSCO's internal process for approval of these Plan changes is a request
5 and review of a Project Change Request ("PCRs"). NIPSCO includes the PCRs in
6 its TDSIC filing when it wants to move forward and communicate these variances
7 in the TDSIC Plan. The OUCC reviews the filed PCRs along with the entirety of
8 Petitioner's case-in-chief looking for project changes that may increase a project's
9 prior approved best estimate by more than 20% or \$100,000 or the addition of a
10 new project.

11 **Q: Please summarize Petitioner's case-in-chief for the TDSIC projects and the**
12 **rural extension project.**

13 **A:** Petitioner filed Cause No. 45330 TDSIC-2 ("TDSIC-2") with the Indiana Utility
14 Regulatory Commission ("Commission") on February 23, 2021. Petitioner requests
15 recovery of capital expenditures incurred through December 31, 2020. NIPSCO's
16 Updated 2020-2025 TDSIC Gas Plan Update-2 have cost and scheduling variances
17 from approved amounts in Cause No. 45330 TDSIC-1.

18 In Petitioner's Exhibit No. 3, Petitioner witness Mr. Ryan T. Carr discusses
19 the 2020 to 2025 Plan years. Petitioner submitted project updates for the 35 projects
20 approved in Cause No. 45330 and Update-1. Some project costs changed, others
21 did not. There were dollars moved from out years, on a per project basis, for five
22 projects in 2020 and three projects for 2021. The Move In and Move Out dollars
23 from various years are without any increase to the specific project total estimate.

24 Two (2) approved 2020 projects (TP8 and IM36) exceed the OUCC

1 threshold in this period and Mr. Carr's testimony provides reasons, costs, and
2 quantity for the additional expenditures. Confidential PCRs were provided for these
3 projects containing summary estimates for material, labor, and contracted services
4 along with the justification for additional funds.

5 Through an OUCC data request ("DR"), Petitioner explained variances of
6 subcategory costs in the PCR forms for Projects IM39 and SD15. Projects IM39
7 and SD15 do not exceed the OUCC threshold but large shifting of subcategory costs
8 initiated further review. Through a DR, Petitioner also supplied additional
9 information for the actual number of customers connected in 2020 for RE1.

10 There are eleven projects with zero dollars estimated for 2021 through 2024
11 indicating these projects were scheduled for completion in 2020. These eleven
12 projects are in final stages of accounting accrual for 2020 with approximately 75%
13 of project work orders in service. Many of these projects are returning approved
14 funds not spent.

15 I found project contingency and project cost escalation included in the Plan
16 Update-2 future years followed the Commission's final order in Cause No. 45330:
17 NIPSCO, Cause No. 45330 Final Order p. 23-24, (Ind. Util. Regul. Comm'n July
18 22, 2020).

19 **REQUIREMENTS**

20 **Q: What are the requirements for adding projects to a Plan?**

21 A: An added project must meet the same requirements as already approved projects in
22 a Plan. If the projects of the Plan are approved, the Commission shall issue an order
23 as described in Indiana Code § 8-1-39-10(b) that includes:

- A finding of the best estimate of the cost of the eligible improvements.
- A determination the plan projects meet public convenience and necessity.
- A determination the estimated costs of the eligible improvements are justified by incremental benefits attributable to the plan.

Q: What are the Indiana Code requirements when updated project costs exceed the best estimate of the project?

A: Indiana Code § 8-1-39-10(b) requires Petitioner to provide a best estimate for each Plan project and receive Commission approval of the original or updated Plan. Indiana Code § 8-1-39-9(g) provides:

Actual capital expenditures and TDSIC costs that exceed the approved capital expenditures and TDSIC costs require specific justification by the public utility and specific approval by the commission before being authorized for recovery in customer rates.

Q: Please describe your approach in analyzing NIPSCO's project cost estimate support and its justification for project cost increases.

A: For my analysis of project cost increases, I relied on the Indiana Code section cited above, and Commission Orders for what can be considered a best estimate of original costs based on the original project definition.

The Commission's Order dated June 22, 2016 in Cause No. 44403 TDSIC-4, page 27, states "...in a Section 9 proceeding, a utility must update its approved plan and explain any changes in the best estimate of costs, necessity, or incremental benefits." The Order also states "[a] TDSIC best estimate should reflect, at a minimum, costs a utility reasonably could or should have foreseen at the time the estimate was created." (*Id.*, page 28.)

With regard to showing satisfactory reasons for increased cost estimates, the Commission states in its Order dated March 30, 2016 in Cause No. 44430 TDSIC-3, page 5:

1 [B]ecause our approval of the plan as reasonable was based on our
2 determination of the best estimate of the cost of the eligible
3 improvements, whether public convenience and necessity require
4 the eligible improvements, and whether the estimated costs of the
5 eligible improvements are justified by the incremental benefits, it
6 seems reasonable that any update to the plan include changes to
7 those factors we considered in approving the plan, i.e., changes in
8 an eligible improvement's cost estimate, necessity, and associated
9 benefits.

10 In its Order dated January 28, 2015 in Cause No. 44403 TDSIC-1, page 20, the
11 Commission also addressed this topic, saying, "[t]his does not mean that the utility
12 may simply detail the reasons why the increase occurred. Rather, the utility must
13 explain why the increase in best estimated costs (i.e., costs that were considered to
14 be highly reliable) is reasonable or warranted under the circumstances presented."

15 In the Commission's Order dated June 22, 2016 in Cause No. 44403
16 TDSIC-4, page 28, the Commission stated:

17 Whether the utility seeks to provide specific justification for
18 approval of an increase in the best estimate at the time it seeks cost
19 recovery or prior to incurring actual costs, the standard is the same.
20 As we explained in the TDSIC-1 Order at 20, a utility may not
21 simply detail the reasons for the increase in costs. Instead, it must
22 explain why the increase in the best estimated cost, which was
23 considered to be better than all others in quality or value, is
24 reasonable or warranted under the circumstances presented.

25 These three Commission Orders address the detail needed in order to
26 determine whether cost increases for specific TDSIC projects are justified in the
27 update process. Cost increases are allowed but need to be verified. Within this
28 context, I reviewed each project, paying particular attention to projects with
29 increased estimates, or if a project's actual costs exceeded NIPSCO's previously
30 approved best estimate.

III. ANALYSIS OF PLAN UPDATE-2: (JULY 1, 2020 – DECEMBER 31, 2020)

1 NEW PROJECTS

2 **Q: Has Petitioner added TDSIC Projects in Plan Update-2?**

3 A: No. Petitioner has no new projects in Plan Update-2.

4 PROJECT ESTIMATES: MOVE IN and MOVE OUT

5 **Q: Are there prior approved capital estimates moved into 2020 from other years?**

6 A: Yes, there are a total of five (5) projects with estimated dollars moved into 2020.

7 Four of the five projects (TP10, SD15, DSD13, and SLNG3) had estimated dollars
8 moved into 2020 from subsequent years due to a change or acceleration of material
9 purchases. Three accelerated material purchases had dollars moved from 2021 to
10 2020. These three are: Churubusco HP System Improvement (SD15) moved
11 <Confidential [REDACTED] Confidential>, Shipshewana Distribution Headers
12 (DSD13) moved <Confidential [REDACTED] Confidential> and Replace Unit #2 Tank
13 Foundation Heating System (SLNG3) moved <Confidential [REDACTED]
14 Confidential> for materials and engineering. The fourth accelerated purchase is
15 Aetna to Tassinong (TP10) and had <Confidential [REDACTED] Confidential> for
16 valve purchases moved into 2020 from 2024. The fifth project shifting dollars into
17 2020 is TP11 Aetna to 483#. TP11 moved <Confidential [REDACTED] Confidential>
18 into 2020 for preliminary engineering and environmental work charges from 2022.

19 In testimony, Mr. Carr states the shifting of dollars, move in or out, does
20 not change the total approved project costs. (Petitioner's Exhibit No. 3, page 19,
21 lines 11-12.) The movement of dollars are from the individual Plan years contained
22 in TDSIC Plan Update-2, Gas 2020-2025 Project Detail.

1 **Q: Are there prior approved capital estimates moved out of 2020 project**
2 **estimates to other years?**

3 A: Yes. Two (2) projects had dollars moved out of 2020 and both of these projects
4 (IM24 and RE1) removed 2020 dollars and placed those dollars into 2021. Project
5 IM24 Corrosion Rectifiers Install/Replace needed to delay one rectifier project
6 because of other utility relocation efforts at project location and moved
7 <Confidential [REDACTED] Confidential>. Project RE1 Rural Extensions moved
8 <Confidential [REDACTED] Confidential> from 2020 into 2021 due to a delay in
9 acquiring an easement for one large rural extension project.

10 In testimony, Mr. Carr states the shifting of dollars, move in or out, does
11 not change the total approved project costs. (Petitioner's Exhibit No. 3, page 19,
12 lines 11-12.) The movement of dollars are from the individual Plan years contained
13 in TDSIC Plan Update-2, Gas 2020-2025 Project Detail and Petitioner's Exhibit
14 No.2, Confidential Attachment 3-E.

15 **Q: Are there prior approved capital estimates moved out of 2021 project**
16 **estimates to other years or moved into 2021 from other years?**

17 A: Three (3) of the 2021 projects had dollars moved from 2021 into 2020 without
18 affecting total cost of the project or project schedule as discussed above (SD15,
19 DSD13, and SLNG3).

20 There are a total of three projects that had dollars moved into 2021 from
21 other years. As discussed in the prior question two projects (IM 24 and RE1) moved
22 2020 estimates into 2021 because of delays but no changes to estimates. Corrosion
23 Rectifiers Install/Replace (IM24) delayed one rectifier moving <Confidential
24 [REDACTED] Confidential> into 2021. Rural Extensions (RE1) moved <Confidential

1 [REDACTED] Confidential> from 2020 into 2021 due to a delay in acquiring an
2 easement for one large rural extension project. TP11 Aetna to 483# has
3 <Confidential [REDACTED] Confidential> moved into 2021 from 2023 for
4 contractual obligated purchases of pipe. (TDSIC Plan Update-2, Gas 2020-2025
5 Project Detail.)

6 **Q: Are there prior approved capital estimates Moved Out of 2022-2025 project**
7 **estimates into other years?**

8 A: Yes. These estimates were all discussed in the 2020 and the 2021 estimate moves
9 contained in the prior two questions and answers. Two projects (TP10 and TP11)
10 were affected by moving estimates out of these four years. TP10 and TP11 had
11 project dollars moved forward in the schedule.

12 **Q: Are there prior approved capital estimates Moved In to 2022-2025 project**
13 **estimates from other years?**

14 A: No. There were no dollars moved into these four years of the Plan.

15 **Q: Please summarize your analysis of estimated costs moving from one year to**
16 **another in Plan Update-2.**

17 A: I do not contest the project Move In or Move Out of approved estimates to different
18 years. The estimated dollars are based upon approved Plan estimates and Petitioner
19 describes the reasons for the schedule changes in its case-in-chief and attachments.
20 (Individual Plan Year tables of Plan Update-2, Gas "Plan Year" Project Detail –
21 Direct Capital Dollars Only, and Petitioner's Exhibit No, 2, Confidential
22 Attachment 3-E.)

1 **BEST ESTIMATE CHANGES TO APPROVED PROJECTS**

2 **Q: In your analysis of NIPSCO's TDSIC Projects, are there estimated costs that**
3 **increased by \$100,000 or 20% in this period?**

4 **A:** No. There are no new estimates for project years 2021-2025 exceeding the OUCC's
5 threshold as compared to the previously approved Update 1. There are actual cost
6 variances to prior approved estimates for 2020 projects and Move In or Move Out
7 estimates that do not change the project prior approved estimate.

8 **ACTUAL COST INCREASES**

9 **Q: Are there TDSIC Projects with actual costs that exceed the previously**
10 **approved best estimate by \$100,000 or 20%, other than the Move In and Move**
11 **Out shifting of annual project estimates?**

12 **A:** Yes, there are two (2). I reviewed all the Plan's projects and specifically analyzed
13 Petitioner's testimony on these two - TP8 and IM36. (Table 1 below and
14 Petitioner's Exhibit No. 3, Confidential Attachment 3-E, Gas 2020 Plan Project
15 Variance (Moves & Cost.)

16 **Table 1: TDSIC Projects with Actual Cost Variances Exceeding**
17 **the OUCC Threshold**

Project ID	Project Title	Previous Capital Estimate (Confidential)	Actual Spend (Confidential)	Variance (\$) (Confidential)	Variance (%) (Confidential)
TP8	Highland Junction. To Grant St.				
IM36	2G/3G Cellular Modem Replacement				

1 **Q: Did Petitioner supply justification for the additional costs for the two 2020**
2 **projects in Plan Update-2 that exceeded the OUCC threshold?**

3 A: Yes. Petitioner explained why these additional costs were not part of the approved
4 estimate for the two projects. (Petitioner's Exhibit No. 3, page 23, line 19 – page
5 24, line 20.) For TP8, new 8" and 16" pipe near the outlet pipe area of the Grant St.
6 regulator station needed to circumvent an unknown, "cast in place," culvert
7 necessitating 20' deep bores. For IM36 2G/3G Cellular Modem Replacement,
8 additional communication grounding was required for equipment protection and to
9 prevent stray voltage according to new design standards.

10 Petitioner provided PCRs in its exhibits for these two projects which include
11 the reason for the requested change, the associated itemized dollar variances, and
12 the justification for the change request. The OUCC discussed TP8 with Petitioner
13 on March 31, 2021 confirming Petitioner's written testimony, explaining TP8 has
14 not experienced additional large magnitude cost variances, and Project TP8 is in
15 service. My review and analysis of TP8 and IM36 using Mr. Carr's testimony, Plan
16 Update-2, and discussions with NIPSCO indicate Petitioner has justified all project
17 variances and has satisfied Indiana Code § 8-1-39-9(g).

18 **PROJECTS NEEDING FURTHER CLARIFICATION**

19 **Q: Are there any projects where the PCR needed clarification?**

20 A: Yes. Two projects needed additional clarification on project PCR estimates, Project
21 IM39-Wakarusa Station Replacement and Project SD15-Churubuso HP System
22 Improvement. Both projects have two PCRs for 2020 and both projects have a net

1 reduction of total projects costs in 2020. Both projects had increases in Contract
2 Service offsetting the reduction in Contracted Material.

3 In Plan Update-2 (Updated Gas 2020 Project Detail – Direct Capital Dollars
4 Only) Petitioner provided reasons for a net reduction in total capital costs for IM39
5 of <Confidential [REDACTED] Confidential> with Contracted Material cost being
6 reduced by <Confidential [REDACTED] Confidential>. Petitioner did not discuss a
7 net increase of <Confidential [REDACTED] Confidential> for Contracted Services.

8 My analysis of IM39 indicates the increase to Contracted Services, without
9 the reduction in material cost, is a 48% increase to the total project approved
10 estimated cost of <Confidential [REDACTED] Confidential>. Contracted Services
11 originally had zero dollars in the PCR estimate.

12 Mr. Carr discusses SD15 on page 23, lines 7-9 concerning a material
13 purchase acceleration moved from 2021 into 2020. The Justification section of the
14 two SD15 PCRs indicate the change of timing for the External Material costs.
15 However, I found the November 24, 2020 PCR has a <Confidential [REDACTED]
16 Confidential> increase for Contracted Services, followed by a reduction of
17 <Confidential [REDACTED] Confidential> in Contracted Services on the December 31,
18 2020 PCR. The combination of the two PCR's is a net increase of <Confidential
19 [REDACTED] Confidential> for Contracted Services. The two changes to Contracted
20 Services was not discussed in the PCR Justification or in testimony,

21 The OUCC reviewed SD15 because the increase in Contracted Services in
22 the first PCR was not discussed in testimony and initially appeared similar to cost
23 increases in the PCR for IM39. The Contracted Services portion represents 16% of

1 the approved estimate for 2020 and an increase of more than \$100,000, but this
2 increase was offset by material cost rescheduling.

3 **Q: Did Petitioner resolve the issues concerning IM39 or SD15?**

4 A: Yes. On March 31, 2021 Petitioner discussed with the OUCC two main reasons for
5 the materials and services variances. It was explained for station rebuilds (IM39)
6 that Petitioner typically includes material cost in the first estimate for construction
7 of a natural gas flow bypass. As project construction nears (6-months out) Petitioner
8 refines engineering defining bid requests for materials and labor. IM39 eliminated
9 the pipe material for station bypass but increased services related to station design.
10 (Confidential Attachment BRK-1, OUCC DR 1.4.)

11 Project SD15 Churubusco HP System Improvement cost variances were
12 also a function of engineering refinement and bid release based upon the project
13 nearing the construction phase of the schedule and did not elicit testimony by
14 Petitioner. (Confidential Attachment BRK-2, OUCC DR 1.5.) My analysis of SD15
15 indicates the increase to Contracted Services does not warrant additional
16 explanation because it represents less than 1% of the total approved cost and was
17 explained by Petitioner in tech-to-tech discussions.

18 I am satisfied with Petitioner's justifications for IM39 and SD15. These two
19 projects do not need further explanation for Plan Update-2.

20 **Q: Are there any projects where Petitioner's supporting appendices or**
21 **attachments need clarification?**

22 A: Yes. RE1-Rural extensions needed further clarification. Petitioner discusses an
23 estimated average service cost reduction for years 2021 through 2025. (Updated
24 Gas 2021 Project Detail – Direct Capital Dollars Only through Updated Gas 2025

1 Project Detail – Direct Capital Dollars Only pages.) Separately, Confidential
2 Appendix 5 (Rural Extension Metrics) indicates an increasing unit cost for Services
3 and Meter Loops. I asked Petitioner to clarify the service cost estimate discrepancy
4 in OUCC DR 1, and in a meeting with Petitioner on 3/31/21. The baseline cost for
5 the average service cost has dropped from <Confidential [REDACTED] Confidential> per
6 service to <Confidential [REDACTED] Confidential> per service for the 2021 estimate.
7 (Attachment BRK-3, OUCC DR 1.2.)

8 Project RE1 Rural Extensions removed a total of <Confidential [REDACTED]
9 Confidential> from 2020. This total reduction is for three reasons: one cancelled
10 project, one delayed project, and a reduction in estimated service costs. The service
11 cost reduction was also removed from 2021 and from all subsequent years of the
12 Gas Plan. (TDSIC Plan Update-2, Gas 2020-2025 Project Detail.)

13 A second issue with RE1 involves comparing actual rural customers
14 connected versus estimated number of customers connected. Confidential
15 Appendix 5 (Rural Extension Metrics) Project RE1 does not contain actual data for
16 2020. In testimony, Petitioner did not provide the actual number of customers
17 connected and a margin test for the customers connected in 2020. Petitioner
18 discussed the omission of the actual customer count on March 31, 2021 and intends
19 to include the actual data in future Updates.

20 **Q: Did Petitioner resolve the issues concerning RE1?**

21 A: Yes. Petitioner clarified my understanding of future costs for services that was
22 provided in Petitioner's testimony. The baseline cost for the average service cost

1 has dropped per service for the 2021 estimate. However, there remains an increase
2 of 3% escalation of base cost per year.

3 Mr. Carr's Confidential Attachment 3-C of Cause No. 45330 TDSIC-1
4 indicated there were <Confidential [REDACTED] Confidential> new customers estimated
5 to be connected in 2020. The actual number of new rural extension customers
6 installed was 3,267. The 20-year margin test exceeds the 2020 RE1 project costs.
7 (Attachment BRK-4, OUCC DR 1.3.)

8 I am satisfied with Petitioner's responses and do not have any issues in Plan
9 Update-2 for RE1 Rural Extensions, but recommend actual data be supplied in
10 future updates for RE1 customers connected on a calendar year basis.

IV. RECOMMENDATIONS

11 **Q: Please summarize your recommendations.**

12 A: After analyzing NIPSCO's Plan Update-2 for the 2020-2025 Gas Plan and with the
13 additional information NIPSCO provided, I recommend the following:

- 14
- Approval of 2020-2025 Gas Plan, Plan Update-2.
 - In future TDSIC filings, Petitioner provide a clarified RE1 annual summary
15 in testimony, indicating separately the estimated customers and actual
16 customers connected for the year including the margin test for actual
17 customers connected.
18

19 **Q: Does this conclude your testimony?**

20 A: Yes.

APPENDIX BRK-1 TO THE TESTIMONY OF
OUCW WITNESS BRIEN R. KRIEGER

I. PROFESSIONAL EXPERIENCE

1 **Q: Please describe your educational background and experience.**

2 A: I graduated from Purdue University in West Lafayette, Indiana with a Bachelor of Science
3 Degree in Mechanical Engineering in May 1986, and a Master of Science Degree in
4 Mechanical Engineering in August 2001 from Purdue University at the IUPUI campus.

5 From 1986 through mid-1997, I worked for PSI Energy and Cinergy progressing to
6 a Senior Engineer. After the initial four years as a field engineer and industrial
7 representative in Terre Haute, Indiana, I accepted a transfer to corporate offices in
8 Plainfield, Indiana where my focus changed to industrial energy efficiency implementation
9 and power quality. Early Demand Side Management (“DSM”) projects included ice storage
10 for Indiana State University, Time of Use rates for industrials, and DSM Verification and
11 Validation reporting to the IURC. I was an Electric Power Research Institute committee
12 member on forums concerning electric vehicle batteries/charging, municipal
13 water/wastewater, and adjustable speed drives. I left Cinergy and worked approximately
14 two years for the energy consultant, ESG, and then worked for the OUCW from mid-1999
15 to mid-2001.

16 I completed my Master’s in Engineering in 2001, with a focus on power generation,
17 including aerospace turbines, and left the OUCW to gain experience and practice in
18 turbines. I was employed by Rolls-Royce (2001-2008) in Indianapolis working in an
19 engineering capacity for military engines. This work included: fuel-flight regime

1 performance, component failure mode analysis, and military program control account
2 management.

3 From 2008 to 2016 my employment included substitute teaching in the Plainfield,
4 Indiana school district, grades 3 through 12. I passed the math Praxis exam requirement for
5 teaching secondary school. During this period, I also performed contract engineering work
6 for Duke Energy and Air Analysis. I started working again with the OUCC in 2016.

7 Over my career I have attended various continuing education workshops at the
8 University of Wisconsin and written technical papers. While previously employed at the
9 OUCC, I completed Week 1 of NARUC's Utility Rate School hosted by the Institute of
10 Public Utilities at Michigan State University. In 2016, I attended two cost of service/rate-
11 making courses: Ratemaking Workshop (ISBA Utility Law Section) and Financial
12 Management: Cost of Service Ratemaking (AWWA). In 2017, I attended the AGA Rate
13 School sponsored by the Center for Business and Regulation in the College of Business &
14 Management at the University of Illinois Springfield and attended Camp NARUC Week 2,
15 Intermediate Course held at Michigan State University. I completed the Fundamentals of
16 Gas Distribution on-line course developed and administered by Gas Technology Institute
17 in 2018. In October 2019, I attended Camp NARUC Week 3, Advanced Regulatory Studies
18 Program held at Michigan State University by the Institute of Public Utilities.

19 My current responsibilities include reviewing and analyzing Cost of Service
20 Studies ("COSS") relating to cases filed with the Commission by natural gas, electric and
21 water utilities. Additionally, I have taken on engineering responsibilities within the

1 OUCC's Natural Gas Division, including participation in "Call Before You Dig-811"
2 incident review and natural gas emergency response training.

3 **Q: Have you previously filed testimony with the Commission?**

4 A: Yes. I have provided written testimony concerning COSS in Cause Nos. 44731, 44768,
5 44880, 44988, 45027, 45072, 45116, 45117, 45214, 45215, 45447, and 45468.
6 Additionally, I have provided written testimony for Targeted Economic Development
7 ("TED") projects in 2017/2018/2020 and various Federal Mandate Cost Adjustment
8 ("FMCA") and TDSIC petitions. I filed testimony or provided analysis in the following
9 FMCA or TDSIC 7-Year Plan or Tracker petitions: Cause Nos. 44403, 44429, 44430,
10 44942, 45007, 45131, 45264, 45330, and 45400.

11 While previously employed by the OUCC, I wrote testimony concerning the
12 Commission's investigation into merchant power plants, power quality, Midwest
13 Independent System Operator, and other procedures. Additionally, I prepared testimony
14 and position papers supporting the OUCC's position on various electric and water rate
15 cases during those same years.

II. BACKGROUND OF TESTIMONY ANALYSIS

16 **Q: Please describe the review you conducted to prepare this testimony.**

17 A: I reviewed NIPSCO's Petition, Testimony, TDSIC Plan Update-2, Attachments, TDSIC
18 Plan Update-1 and participated in discussions with Petitioner for this Cause. I participated
19 in OUCC case team meetings concerning Petitioner's case, and reviewed responses to
20 OUCC data requests. I focused on Petitioner's direct testimony of Ryan T. Carr, which
21 included project status, scope, costs, and estimates.

1 **Q: Please describe your analysis of the support provided by NIPSCO for project estimate**
2 **and cost updates in this Cause.**

3 A: My analysis is to verify if Petitioner's project changes in TDSIC Update-2 for the 6-Year
4 Gas Plan (2020-2005) satisfy the requirements of Ind. Code § 8-1-39. My analysis focuses
5 on whether Petitioner has justified additional costs greater than approved estimates and if
6 new projects should be approved as TDSIC projects. I evaluated all projects discussed in
7 Petitioner's testimony and the data contained in Petitioner's case-in-chief, reviewing
8 estimates, project descriptions, project changes, and project cost justification.

9 I primarily reviewed the Direct Testimony of Ryan T. Carr and Confidential
10 Attachments 3-A, 3-B, 3-C, 3-D, 3-E, and 3-F, along with Petitioner's Confidential Exhibit
11 TDSIC Plan Update-2 which includes, (1) Confidential Appendix 1: Transmission Risk
12 Comparison, (2) Confidential Appendix 2 and 2.1: Filing Project Change Requests
13 ("PCR's"), (3) Confidential Appendix 3: Estimate/Unit Cost Summary, (4) Confidential
14 Appendix 4 and 4.1: Summary of Unit Cost Estimates, and (5) Confidential Appendix 5:
15 Rural Extensions. Additionally, I reviewed the Commission's Final Order for Cause No.
16 45330 and NIPSCO's Cause No. 44430 TDSIC-1 filing and Final Order.

17 The OUCC and Petitioner met on January 27, 2021 with NIPSCO presenting a draft
18 of TDSIC-2. Petitioner filed 45330 TDSIC-2 on February 23, 2021. On March 31, 2021
19 the OUCC and Petitioner discussed projects ending in 2020, new customers served by the
20 rural extensions, and reviewed PCR's. Subsequently, NIPSCO provided additional
21 information through OUCC DR responses supporting the rural extension project (RE1)
22 margin test and detailed explanations of costs contained in the PCR's for projects IM39
23 and SD15.

1 My testimony discusses projects that met or exceeded the OUCC's threshold over
2 previously approved estimates in NIPSCO's Cause No. 45330 Plan Update-1, and my
3 analysis focuses on whether Petitioner should have reasonably foreseen the actual cost
4 increases at the time the estimates were approved.

5 **Q: Have you reviewed NIPSCO's Updated Plan on a project basis?**

6 A: Yes. I reviewed NIPSCO's entire Petition, testimony, exhibits, formal, and informal data
7 request responses. I asked questions of Petitioner to better understand Petitioner's scope
8 changes, schedule changes, and to specifically discuss new projects. Petitioner was
9 responsive to the OUCC's questions through the process and provided additional and
10 satisfactory detail for project costs when requested.

Note: Attachment BRK-1, Page 1 is Confidential.

Note: Attachment BRK-2, Page 1 is Confidential.

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OUCS Request 1-002:

In Plan Update-2 (Updated Gas 2021 Project Detail – Direct Capital Dollars Only through Updated Gas 2025 Project Detail – Direct Capital Dollars Only pages) Petitioner discusses an estimated average service cost reduction for RE1-Rural Extensions for Plan years 2021 through 2025. Separately, Confidential Appendix 5 (Rural Extension Metrics) indicate an increasing unit cost for Services and Meter Loops. Please answer the following:

- a. Please explain the reasons for the difference in costs for these two different sources in Plan Update-2.
- b. Please provide the average service costs on a per installation basis for the prior estimates in Plan Update-1 and for the new estimates as discussed in the Updated Project Detail in Plan Update-2.
- c. Please provide the reasons the new estimates for service costs were reduced in Updated Project Detail in Plan Update-2.
- d. Confirm the accuracy or inaccuracy of Confidential Appendix 5 (Rural Extension Metrics) which indicates an increasing unit cost for Services and Meter Loops which is contrary to Updated Project Detail in Plan Update-2 for a decreased average unit cost for services. Please provide reasons for your determination.

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.

Response:

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

- (a.) Please see OUCS Request 1-002 Confidential Attachment A showing that while the Service & Meter Loop Cost / Unit increases annually due to NIPSCO's standard 3% escalation per year, the estimated cost provided in Plan Update-2 has decreased from the estimated cost provided in Plan Update-1 for each year of the plan. The estimated average service cost reduction for Plan years 2021 through 2025 resulted in an overall \$(13,407,935) decrease to the overall service line cost.
- (b.) See OUCS Request 1-002 Confidential Attachment A.

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- (c.) NIPSCO has committed to updating the service cost, up or down, annually to reflect current experience. While there are many factors that impact cost across hundreds of work orders, the main drivers for cost fluctuations are labor costs.
- (d.) Confidential Appendix 5 (Rural Extension Metrics) is accurate. While the Service & Meter Loop Cost / Unit increases annually due to NIPSCO's standard 3% escalation per year, the estimated cost provided in Plan Update-2 has decreased from the estimated cost provided in Plan Update-1 for each year of the plan.

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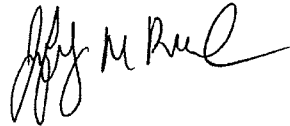
<u>OUCS Request 1-003:</u>
In Confidential Appendix 5 (Rural Extension Metrics) Project RE1 does not contain data for 2020. Please provide actual number of rural extension customers connected and the total margin test for these customers installed in 2020.
<u>Objections:</u>
<u>Response:</u>
NIPSCO installed approximately 3,267 rural services in 2020 that totaled \$11,059,891 in actual service line cost with \$13,956,501 in actual main line cost. Please see OUCS Request 1-003 Attachment A for the 2020 approximate margin calculation. The Total Cost of Services and Mains installed in 2020 was \$25,016,392. The Total 20 year Margin Projection for customer installed in 2020 is \$34,693,604. In addition, future years forecast has been adjusted based on 2020 actuals.

CERTIFICATE OF SERVICE

This is to certify that a copy of the foregoing **OUCC'S PUBLIC REDACTED TESTIMONY OF BRIEN R. KRIEGER** has been served upon the following parties of record in the captioned proceeding by electronic service on April 23, 2021.

Robert E. Heidorn
NiSource Corporate Service Company
Email: rheidorn@nisource.com

Alison Becker
NIPSCO LLC
Email: abecker@nisource.com



Jeffrey M. Reed
Attorney No 11651-49
Deputy Consumer Counselor

INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR

115 West Washington Street
Suite 1500 South
Indianapolis, IN 46204
infomgt@oucc.in.gov
317/232-2494 – Telephone
317/232-5923 – Facsimile