

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

**PETITION OF NORTHERN INDIANA PUBLIC)
SERVICE COMPANY LLC PURSUANT TO IND.)
CODE §§ 8-1-2-42, 8-1-2-42.7 AND 8-1-2-61 FOR (1))
AUTHORITY TO MODIFY ITS RETAIL RATES)
AND CHARGES FOR GAS UTILITY SERVICE)
THROUGH A PHASE IN OF RATES; (2))
APPROVAL OF NEW SCHEDULES OF RATES)
AND CHARGES, GENERAL RULES AND)
REGULATIONS, AND RIDERS (BOTH EXISTING)
AND NEW); (3) APPROVAL OF A NEW SALES)
RECONCILIATION ADJUSTMENT MECHANISM;)
(4) APPROVAL OF REVISED GAS)
DEPRECIATION RATES APPLICABLE TO ITS)
GAS PLANT IN SERVICE; (5) APPROVAL OF)
NECESSARY AND APPROPRIATE ACCOUNTING)
RELIEF, INCLUDING BUT NOT LIMITED TO)
APPROVAL OF CERTAIN DEFERRAL)
MECHANISMS FOR PENSION, OTHER POST-)
RETIREMENT BENEFITS, AND LINE LOCATE)
EXPENSES; AND (6) TO THE EXTENT)
NECESSARY, APPROVAL OF ANY OF THE)
RELIEF REQUESTED HEREIN PURSUANT TO)
IND. CODE CH. 8-1-2.5.**

CAUSE NO. 45967

INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR’S

**PUBLIC’S EXHIBIT NO. 4 – TESTIMONY OF OUCC WITNESS
ZACHARY D. LEINHEISER**

January 31, 2024

Respectfully submitted,



Thomas R. Harper
Attorney No 16735-53
Deputy Consumer Counselor

**NORTHERN INDIANA PUBLIC SERVICE COMPANY LLC
CAUSE NO. 45967
TESTIMONY OF OUCC WITNESS ZACHARY D. LEINHEISER**

I. INTRODUCTION

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

2 A: My name is Zachary D. Leinheiser, and my business address is 115 West Washington
3 Street, Suite 1500 South, Indianapolis, IN 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 a Utility
6 Analyst. I have worked as a member of the OUCC's Natural Gas Division since February
7 2023. For a summary of my educational and professional experience, as well as my
8 preparation for this case, please see Appendix ZDL-1 attached to my testimony.

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

10 A: I provide my analysis of Northern Indiana Public Service Company LLC's ("Petitioner" or
11 "NIPSCO") proposed operating revenue, specifically, forfeited discounts and
12 miscellaneous services. I recommend adjustments to:

- 13 1. Increase forfeited discount revenue by \$835,893 in 2023 and \$980,400 in 2024, for a
14 total increase of \$1,816,293; and
15 2. Increase miscellaneous service revenue by \$13,634 in 2022, \$249,135 in 2023, and
16 \$317,000 in 2024, for a total increase of \$579,769.

17 **Q: Are you sponsoring any attachments?**

18 A: Yes. I am sponsoring the following attachments:

- 19 1. Attachment ZDL-1 relating to forfeited discount revenue; and
20 2. Attachment ZDL-2 relating to miscellaneous service revenue.

1 **Q: To the extent you do not address a specific issue, item, or adjustment in this Cause,**
2 **should that be construed to mean you agree with Petitioner's proposal?**

3 A: No. Not addressing a specific issue, item, or adjustment NIPSCO proposes does not
4 indicate my agreement or approval. Rather, the scope of my testimony is limited to the
5 specific items addressed herein.

II. OPERATING REVENUE

A. Forfeited Discounts

6 **Q: What are forfeited discounts?**

7 A: Forfeited discounts are defined by the Uniform System of Accounts Prescribed for Natural
8 Gas Companies Subject to the Provisions of the Natural Gas Act as, "the amount of
9 discounts forfeited or additional charges imposed because of the failure of customers to
10 pay gas bills on or before a specified date." ([https://www.ecfr.gov/current/title-18/part-](https://www.ecfr.gov/current/title-18/part-201)
11 201.)

12 **Q: What adjustment does Petitioner propose for forfeited discounts revenue?**

13 A: Petitioner's witness Richard Weatherford proposes a decrease to forfeited discounts
14 revenue in the amount of \$1,016,907. (Petitioner's Exhibit No. 3, page 24, table at line 1.)

15 **Q: Do you agree with Petitioner's proposed adjustment to forfeited discounts?**

16 A: No. Petitioner forecasts forfeited discounts for forecasted 2023 based upon a four-year
17 average including the years 2018, 2019, 2021, and 2022. 2020 was not included in the
18 average due to an adjustment relating to the COVID-19 Pandemic. NIPSCO did not adjust
19 forecasted year 2024 which remains at the forecasted 2023 amount. (Petitioner's
20 Workpaper REV 10, pages [.1] and [.4].) Additionally, NIPSCO did not specifically

1 address the reasoning behind using a four-year average when forecasting forfeited
2 discounts.

3 **Q: Is there a discernable trend that can be recognized in forfeited discount revenue over**
4 **the analyzed years?**

5 A: Yes. Forfeited discounts have increased in all years (excluding 2020), rising by 15.35%
6 from 2018 to 2019, 9.16% from 2019 to 2021, and 27.34% from 2021 to 2022. (Attachment
7 ZDL-1, page 1.) The growth in forfeited discount revenue can partially be attributed to
8 prior approved rate increases per Indiana Utility Regulatory Commission ("IURC") orders
9 in Cause Nos. 44988 and No. 45621. When natural gas rates increased pursuant to the
10 orders, customer bills subsequently increased. The "Payment After Due Date of Bill"
11 mechanism (i.e., forfeited discounts) as defined by NIPSCO's Gas Service Tariff (Original
12 Volume No. 9) is based upon a calculation of 10% of the first \$3.00 and 3% of the
13 remaining billed amount. (Attachment ZDL-1, page 2.) Thus, as bills increased, the
14 forfeited discount due for late payment also subsequently increased. Additionally, the
15 increase in forfeited discount revenue stemming from increased natural gas rates would
16 occur even if the instances of a forfeited discount remained the exact same.

17 **Q: What is your recommendation?**

18 A: I recommend forfeited discounts be forecasted out through the years 2023 and 2024 using
19 an average historical growth percentage instead of a four-year historical average. Forfeited
20 discounts have shown consistent growth. A simple historical average does not accurately
21 capture the most likely outcome in the years for which NIPSCO is requesting relief and
22 disregards the evident growth in forfeited discount revenue. Furthermore, forecasting using
23 a historical average results in an adjustment that would decrease revenue for the forecasted
24 years, directly contradicting the growth trend over time. The average growth in forfeited

1 discount revenue for the analyzed years is 17.28%. (Attachment ZDL-1, page 1.) The
2 analyzed years, similar to NIPSCO's original analysis, include 2018, 2019, 2021, and 2022.
3 2020 is not included in the average due the COVID-19 Pandemic and ensuing IURC orders
4 in Cause No. 45380 which ordered a waiver of certain utility fees, including items such as
5 forfeited discounts. (Attachment ZDL-1, pages 3-4.) A forecast using the average historical
6 growth rate to arrive at revenue for 2023 and 2024 more accurately captures the historical
7 growth trend in addition to partially capturing the increase that will come due to a rate
8 increase in this Cause.

9 **Q: What are forfeited discount revenues in forecasted 2023 and forecasted 2024 based**
10 **upon the historical average growth percentage?**

11 A: Beginning with the actual revenue as of December 31, 2022, and applying the average
12 growth percentage of 17.28%, 2023 forecasted revenue for forfeited discounts would be
13 \$5,673,400 (rounded to the nearest \$100). Forecasted 2024 forfeited discount revenue is
14 then calculated by taking the forecasted 2023 revenue amount and applying the same
15 average growth percentage. The forecasted 2024 forfeited discount revenue would be
16 \$6,653,800 (rounded to the nearest \$100). (Attachment ZDL-1, page 1.)

17 **Q: What are the necessary adjustments to arrive at forecasted 2023 and forecasted 2024**
18 **amounts based upon the historical average growth percentage?**

19 A: The necessary adjustments would be an increase of \$835,893 for 2023 and \$980,400 for
20 2024 (Attachment ZDL-1, page 1.) The amounts would be replacing the adjustments on
21 Line 4 for 2023 and Line 6 for 2024 in NIPSCO's Workpaper REV 10, page [.1].
22 (Attachment ZDL-1, page 5.) The total adjustment to forfeited discount revenue would be
23 \$1,816,293. (Attachment ZDL-1, page 1.)

B. Miscellaneous Services

1 **Q: What adjustment does Petitioner propose for miscellaneous service revenue?**

2 A: Witness Weatherford proposes a decrease to miscellaneous service revenue in the amount
3 of \$282,773. (Petitioner's Exhibit No. 3, page 24, table at line 1.)

4 **Q: Do you agree with Petitioner's proposed adjustment to miscellaneous services?**

5 A: No. Petitioner forecasts miscellaneous services for forecasted 2023 based upon a four-year
6 average including the years 2018, 2019, 2021, and 2022. 2020 was not included. As
7 discussed below, this methodology does not accurately capture average year-over-year
8 changes to miscellaneous services revenue. Also, NIPSCO did not adjust forecasted year
9 2024 which remains at the forecasted 2023 amount. (Petitioner's Workpaper REV 11,
10 pages [.1] and [.4].)

11 **Q: Is there a discernable trend that can be recognized in miscellaneous service revenue**
12 **over the analyzed years?**

13 A: Yes. Miscellaneous service revenue includes seven different items; Choice, Purchased
14 Materials, Theft of Service, Turn on Charge, Customer Reconnect and Shut Off, Service
15 Charge Returned Checks, and Choice Service Revenues. There is discernible growth or
16 shrinking trends for each miscellaneous service item.

17 Choice revenues grew by 90.37% from 2018 to 2019, then proceeded to fade away
18 with decreases of 34.63% from 2019 to 2021, and 100% from 2021 to 2022. Purchased
19 Materials remained relatively stable over the analyzed years with a decrease of 1.62% from
20 2018 to 2019, followed by growth of 1.58% from 2019 to 2021, and growth of 2.19% from
21 2021 to 2022. (Attachment ZDL-2, page 1.)

22 Theft of Service declined by 27.68% from 2018 to 2019 and 31.96% from 2019 to
23 2021 (Attachment ZDL-2, page 1.) However, the decline from 2021 to 2022 cannot be

1 factored into the analysis due to revenue irregularities that occurred when NIPSCO reduced
2 the investigation work due to resource reprioritization. (Attachment ZDL-2, page 2;
3 NIPSCO Response to OUCC DR 12-002.)

4 Turn on Charge grew by 4.78% in 2018 to 2019, followed by a decline of 35.11%
5 from 2019 to 2021, and then again grew by 21.38%. Similarly, Customer Reconnect and
6 Shut Off grew by 4.85% from 2018 to 2019, declined by 33.05% from 2019 to 2021, then
7 grew by 15.33% from 2021 to 2022. (Attachment ZDL-2, page 1.)

8 Service Charge Returned Checks has seen consistently high growth, growing by
9 39.39% from 2018 to 2019, 31.70% from 2019 to 2021, and 27.13% from 2021 to 2022.
10 The growth in Service Charge Returned Checks cannot be attributed to an increase in the
11 charge itself as NIPSCO did not update the charge in either Cause No. 44988 or 45621.
12 Lastly, Choice Service Revenues declined by 0.82% from 2018 to 2019 and 5.63% from
13 2019 to 2021, but then grew by 31.04% from 2021 to 2022. (Attachment ZDL-2, page 1.)

14 **Q: What is your recommendation?**

15 A: I recommend miscellaneous services be forecasted out through the years 2023 and 2024
16 using an average historical growth percentage instead of a four-year historical average. The
17 analyzed years, similar to NIPSCO's original analysis, include 2018, 2019, 2021 and 2022.
18 2020 is not included due to the COVID-19 Pandemic.

19 Miscellaneous services have shown distinct trends, whether it be growth or decline,
20 and a simple historical average does not accurately capture the most likely outcome in the
21 years upon which NIPSCO requests to base its rates. The average growth for Choice
22 revenue is (14.75%), 0.72% for Purchased Materials, (2.98%) for Turn on Charge, (4.29%)

1 for Customer Reconnect and Shut Off, 32.74% for Service Charge Returned Checks, and
2 8.20% for Choice Service Revenues. (Attachment ZDL-2, page 1.)

3 Average growth for Theft of Service is (29.82%). However, this average is
4 calculated by only factoring in the growth from 2018 to 2019 and 2019 to 2021, excluding
5 growth from 2021 to 2022 due to the previously referenced irregularity. (Attachment ZDL-
6 2, page 2.)

7 These forecasts using the average historical growth rate to arrive at revenue for
8 2023 and 2024 more accurately capture the historical growth trends unique to each
9 miscellaneous service.

10 **Q: What are miscellaneous service revenues in forecasted 2023 and forecasted 2024**
11 **based upon the historical average growth percentages?**

12 A: For each miscellaneous service item, I began with the actual revenue as of December 31,
13 2022, and applied the unique average growth percentages for each respective service, to
14 forecast 2023 amounts; however, Theft of Service is forecasted differently and is addressed
15 in the following question. 2023 forecasted revenue for miscellaneous services would be
16 \$2,462,200 (rounded to the nearest \$100). (Attachment ZDL-2, page 1, line 14.) Forecasted
17 2024 miscellaneous service revenue is then calculated by taking the forecasted 2023
18 revenue amount and applying the same average growth percentages. The forecasted 2024
19 miscellaneous service revenue would be \$2,779,200 (rounded to the nearest \$100).
20 (Attachment ZDL-2, page 1, line 17.)

21 **Q: What methodology was used to forecast Theft of Service revenues in forecast 2023**
22 **and forecast 2024 based upon the historical average growth percentage?**

23 A: For Theft of Service, I began with the actual revenue as of December 31, 2022, then
24 increased revenue by \$13,634 to normalize 2022. (Attachment ZDL-2, page 1, line 10.)

1 Normalizing the revenue is necessary to properly account for the irregular decrease that
2 occurred in 2022. The normalization amount increases Theft of Service revenue to calendar
3 year 2021 amounts. 2021 calendar year amounts represent a conservative starting point for
4 forecasting as calendar year 2019 and 2018 were higher and would not capture the
5 declining trend in Theft of Service revenue. The unique average growth percentage was
6 then applied to the normalized 2022 revenue to arrive at forecast 2023 amounts. Forecasted
7 2024 Theft of Service revenue is then calculated by taking the forecasted 2023 revenue
8 amount and applying the same average growth percentage.

9 **Q: What are the necessary adjustments to arrive at forecasted 2023 and forecasted 2024**
10 **amounts based upon the historical average growth percentages?**

11 A: The necessary adjustments would be an increase of \$13,634 for 2022, \$249,135 for 2023,
12 and \$317,000 for 2024. (Attachment ZDL-2, page 1.) The amounts would be replacing the
13 adjustments on Line 2 for 2022, Line 4 for 2023, and Line 6 for 2024 in NIPSCO's
14 Workpaper REV 11, page [.1]. (Attachment ZDL-2, page 3.) The total adjustment to
15 miscellaneous service revenue would be \$579,769. (Attachment ZDL-2, page 1.)

III. RECOMMENDATIONS

16 **Q: Please summarize your recommendations to the Commission in this Cause.**

17 A: I recommend adjustments as follows:

- 18 1. Increasing forfeited discount revenue by \$835,893 in 2023 and \$980,400 in 2024, for
19 a total increase of \$1,816,293; and
- 20 2. Increasing miscellaneous service revenue by \$13,634 in 2022, \$249,135 in 2023, and
21 \$317,000 in 2024, for a total increase of \$579,769.

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

2 **A: Yes.**

**APPENDIX TO TESTIMONY OF
OUCC WITNESS ZACHARY D. LEINHEISER**

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

2 A: I graduated from the Kelley School of Business at Indiana University in Bloomington,
3 Indiana with a Bachelor of Science Degree in Business, with majors in accounting and
4 finance, in May 2020. From August 2020 through December 2022, I worked for Baker
5 Tilly, a CPA firm in Indianapolis, Indiana, as a consultant. I provided a variety of services
6 almost exclusively for municipally owned electric, sewer, and water utilities. I prepared
7 user fee analysis, cost of service studies, quarterly and annual financial reports, financial
8 forecasts, debt offering documents and attestation reports. Additionally, I drafted annual
9 reports filed with the Indiana Utility Regulatory Commission ("Commission") for water
10 utilities within the State of Indiana.

11 In February 2023, I began my employment with the OUCC as a Utility Analyst II.
12 My current responsibilities include reviewing and analyzing rate cases filed by Indiana
13 natural gas utilities with the Commission. I also review Gas Cost Adjustment ("GCA"),
14 certificate of public convenience and necessity, gas demand side management, Federal
15 Mandated Cost Adjustment Tracker, and Transmission, Distribution, and Storage System
16 Improvement Charge ("TDSIC") Tracker cases for natural gas utilities.

17 Lastly, while employed at the OUCC, I completed an Accounting and Ratemaking
18 course hosted by the Institute of Public Utilities at Michigan State University in April of
19 2023.

20 **Q: Have you previously testified before the Indiana Utility Regulatory Commission?**

21 A: Yes, I have testified in TDSIC and GCA cases.

1 **Q: Please describe the review and analysis you conducted in order to prepare your**
2 **testimony.**

3 A: I reviewed the petition, testimony, exhibits, workpapers, and supporting documentation
4 submitted in this Cause. I analyzed NIPSCO's responses to OUCC discovery requests.
5 Additionally, I reviewed the Commission's Final Order in NIPSCO's last rate case, Cause
6 No. 45621. Lastly, I participated in informal virtual meetings with Petitioner to discuss
7 revenue and cost of gas sold adjustments as presented in this Cause on November 29, 2023,
8 and December 6, 2023, respectively.

**NORTHERN INDIANA PUBLIC SERVICE COMPANY LLC
#45967 RATE CASE**

[OUCC]

Forfeited Discounts Analysis for the Test Year

<u>Line No.</u>	<u>Year</u>	<u>Forfeited Discounts</u>	<u>COVID Adjustment</u>	<u>Adjusted Forfeited Discounts</u>	<u>Annual Growth</u>
1	2018	\$3,046,675	\$ -	\$3,046,675	N/A
2	2019	3,514,464	-	3,514,464	15.35%
3	2020	1,181,627	(1,181,627)	-	N/A
4	2021	3,836,236	-	3,836,236	9.16%
5	2022	4,885,025	-	4,885,025	27.34%
6				Average Annual Growth	<u>17.28%</u>

Forecast of Forfeited Discounts

7	2022 Actual Forfeited Discounts				\$4,837,507
8	Average Annual Growth			x	<u>17.28%</u>
9	2023 Forecasted Forfeited Discounts Growth				<u>835,893</u>
10	2023 Forecasted Forfeited Discounts (Line 7 + Line 9)				5,673,400 ^
11	Average Annual Growth			x	<u>17.28%</u>
12	2024 Forecasted Forfeited Discounts Growth				<u>980,400</u>
13	2024 Forecasted Forfeited Discounts (Line 10 + Line 12)				<u>\$6,653,800</u> ^
14	Total OUCC Adjustment (Line 9 + Line 12)				<u>\$1,816,293</u>
15	Ratemaking Revenue for the Twelve Months Ending December 31, 2024				<u>\$6,653,800</u>

^ Values rounded to the nearest \$100

NORTHERN INDIANA PUBLIC SERVICE COMPANY
IURC Gas Service Tariff
Original Volume No. 9

Original Sheet No. 35

GENERAL RULES AND REGULATIONS
Applicable to Gas Service

11. RENDERING AND PAYMENT OF BILLS

11.1 Payment of Bills

Bills will be issued monthly at intervals of approximately thirty (30) days and must be paid by the due date specified on the Customer's Bill at an office or an established collection agency of the Company. Bills rendered on estimated readings for service in months in which meters are not read shall have the same force and effect as those based on actual meter readings. Failure to receive a Bill shall not entitle the Customer to pay the Bill after the designated due date has passed. Upon request, the Company will advise the Customer of the approximate date on which the Bill will be mailed each month, and if the Bill is lost, the Company will issue a duplicate.

11.2 Payment After Due Date of Bill

A Bill is delinquent unless payment is received by the due date printed on the Bill. The due date is seventeen (17) days from the next business day of the statement date printed on the Bill. A Delinquent Bill may be assessed a Late Payment Charge equal to ten percent (10%) of the first three dollars (\$3.00) and three percent (3%) of the remaining amount that is delinquent and the Company may disconnect service after complying with any applicable IURC Rules. The Company will not apply the Late Payment Charge to previous Late Payment Charges.

Failure to receive the Bill shall not entitle the Customer to relief from the deferred payment provisions of the Bill if the Customer fails to make payment within said seventeen (17) day period, nor shall it affect the right of the Company to disconnect service for non-payment as above provided.

Once in each half calendar year, but not more often, the Company will upon the Customer's request waive the Late Payment Charge on a Delinquent Bill, provided payment is tendered not later than the last date for payment of net amount of the next succeeding month's Bill.

11.3 Billing Disputes

A Customer shall not be disconnected for failing to pay an outstanding Bill in full if the unpaid portion of the Bill is disputed by the Customer and the Customer complies with the applicable IURC Rules.

11.4 Social Security Payment Plan

The Company may, upon request, revise the due date by up to ten (10) calendar days, provided that the Customer applies for and is accepted by the Company as a participant in the Social Security Payment Plan. In order to participate in the Social Security Payment Plan, the Customer must meet the following conditions:

Issued Date
07/27/2022

Effective Date
09/01/2022



ORIGINAL

STATE OF INDIANA

Commissioner	Yes	No	Not Participating
Huston	✓		
Freeman	✓		
Krevda	✓		
Ober	✓		
Ziegner	✓		

INDIANA UTILITY REGULATORY COMMISSION

VERIFIED JOINT PETITION OF DUKE ENERGY INDIANA,)
 LLC, INDIANA GAS COMPANY D/B/A VECTREN ENERGY)
 DELIVERY OF INDIANA, INC., INDIANA MICHIGAN POWER)
 COMPANY, INDIANA NATURAL GAS CORPORATION,)
 INDIANAPOLIS POWER & LIGHT COMPANY, MIDWEST)
 NATURAL GAS CORPORATION, NORTHERN INDIANA)
 PUBLIC SERVICE COMPANY, LLC, OHIO VALLEY GAS CORP.)
 AND OHIO VALLEY GAS, INC., SOUTHERN INDIANA GAS &)
 ELECTRIC COMPANY D/B/A VECTREN ENERGY DELIVERY)
 OF INDIANA, INC., AND SYCAMORE GAS COMPANY FOR (1))
 AUTHORITY FOR ALL JOINT PETITIONERS TO DEFER AS A)
 REGULATORY ASSET CERTAIN INCREMENTAL EXPENSE)
 INCREASES AND REVENUE REDUCTIONS OF THE UTILITY)
 ATTRIBUTABLE TO COVID-19; AND (2) THE)
 ESTABLISHMENT OF SUBDOCKETS FOR EACH JOINT)
 PETITIONER IN WHICH EACH JOINT PETITIONER MAY)
 ADDRESS REPAYMENT PROGRAMS FOR PAST DUE)
 CUSTOMER ACCOUNTS, APPROVAL OF NEW BAD DEBT)
 TRACKERS, AND/OR DETAILS CONCERNING THE FUTURE)
 RECOVERY OF THE COVID-19 REGULATORY ASSET)

CAUSE NO. 45377
(Consolidated under
Cause No. 45380)

PETITION OF INDIANA OFFICE OF UTILITY CONSUMER)
 COUNSELOR FOR GENERIC INVESTIGATION INTO COVID-19)
 IMPACTS TO BE CONDUCTED OVER TWO PHASES;)
 EMERGENCY RELIEF PURSUANT TO IND. CODE § 8-1-2-113)
 TO RELIEVE INDIANA RATEPAYERS OF THE THREAT OF)
 UTILITY SERVICE DISCONNECTION AND PAYMENT)
 ARREARAGES DURING GLOBAL HEALTH AND ECONOMIC)
 CRISIS)

CAUSE NO. 45380
APPROVED: JUN 29 2020

PHASE 1 AND INTERIM EMERGENCY ORDER OF THE COMMISSION

Presiding Officers:
James F. Huston, Chair
Loraine L. Seyfried, Chief Administrative Law Judge

On May 27, 2020, the Commission issued an Order (“May 27 Order”) under this consolidated Cause notifying all jurisdictional Indiana utilities of its decision to conduct a generic investigation to consider and address the impacts of the Coronavirus Disease of 2019 (“COVID-19”) and the Indiana

financial emergency to the utility that impacts its ability to provide safe and reliable service. No such financial emergency evidence has been provided here. As the OUCC and other intervenors point out, the Joint Utility Petitioners have provided no demonstration of the financial impact that decreased loads are having on utility operations or, more specifically, how such impacts have affected their access to capital markets.

Under the regulatory compact, at a base level, utilities are obligated to provide safe, reliable service and customers are obligated to pay just and reasonable rates for any such service they receive. The balance of this Order seeks to work toward allowing customers to meet their obligation while providing utilities the reasonable relief they need to help such customers do so. However, asking customers to go beyond their obligation and pay for service they did not receive is beyond reasonable utility relief based on the facts before us. A utility's customers are not the guarantors of a utility earning its authorized return. Instead, utilities are given the opportunity to recover their costs and a fair rate of return, which includes a certain level of risk attributable to variable sales. The approvals herein are intended to support the revenue recovery by utilities for the service they have provided pursuant to their approved rate designs by supporting a customer's ability to eventually pay for services received. We decline to move beyond this recovery based upon the facts presented.

Accordingly, we deny Joint Utility Petitioners' request for regulatory accounting related to lost revenues related to customer load reductions.

3. Other Matters. Although the Commission granted the OUCC's request to commence this investigation to address both immediate and future COVID-19 related issues, including the Joint Utility Petitioners' requests, a jurisdictional Indiana utility's decision not to seek rate relief at this time or participate in Phase 2 of this proceeding does not preclude that utility from seeking cost recovery or other related rate relief at any time in the future through existing regulatory avenues, such as through the filing of a base rate case.

In addition, any information required to be reported by this Order or our May 27 Order may be modified or terminated at the direction of the Presiding Officers.

IT IS THEREFORE ORDERED BY THE INDIANA UTILITY REGULATORY COMMISSION that:

1. If the statewide utility disconnection moratorium is not extended beyond June 30, 2020, all jurisdictional Indiana utilities shall comply with the temporarily amended utility practices and tariff rates and charges set forth herein. Utility service disconnections are prohibited through August 14, 2020, along with the collection of certain utility fees (i.e., late fees, convenience fees, deposits, and reconnection fees). Jurisdictional Indiana utilities shall offer extended payment arrangements to all customers.

2. All jurisdictional Indiana utilities are authorized to use regulatory accounting for COVID-19 related impacts directly associated with any prohibition on utility disconnections, collection of certain utility fees (i.e., late fees, convenience fees, deposits, and reconnection fees),

**Northern Indiana Public Service Company LLC
Pro forma Adjustment to Operating Revenue
Twelve Months Ending December 31, 2024**

This pro forma adjusts the twelve months ended December 31, 2022, revenue for forfeited discounts to reflect normalization adjustment(s), forecast changes for the twelve months ending December 31, 2023, and December 31, 2024, and ratemaking adjustment(s) for the twelve months ending December 31, 2024, as described below.

Line No.	Description	Adjustment	Amount	Page Reference
A	B	C	D	
1	Actual Revenue - December 31, 2022		\$ 4,837,507	[.2]
2	Normalization Adjustment N/A		-	
3	Normalized revenue for the twelve months ended December 31, 2022		<u>\$ 4,837,507</u>	
4	Pro Forma adjustment to Increase / (Decrease) revenue for the twelve months ending December 31, 2023	REV 10-23	<u>(1,016,907)</u>	
5	Forecasted revenue for the twelve months ending December 31, 2023		<u>\$ 3,820,600</u>	[.3]
6	Pro Forma adjustment to Increase / (Decrease) revenue for the twelve months ending December 31, 2024	REV 10-24	-	
7	Forecasted revenue for the twelve months ending December 31, 2024		<u>\$ 3,820,600</u>	[.3]
8	Pro Forma adjustment N/A		-	
9	Ratemaking revenue for the twelve months ending December 31, 2024		<u>\$ 3,820,600</u>	

NORTHERN INDIANA PUBLIC SERVICE COMPANY LLC
#45967 RATE CASE

[OUCC]

Miscellaneous Services Analysis for the Test Year

Line No.	Service	Calendar Year					2018 → 2019	2019 → 2021	2021 → 2022	Average Growth
		2018	2019	2020	2021	2022	Growth	Growth	Growth	
1	Choice	\$675	\$1,285	Not Included	\$840	\$0	90.37%	-34.63%	-100.00%	-14.75%
2	Purchased Materials	37,111	36,509	Not Included	37,084	37,897	-1.62%	1.58%	2.19%	0.72%
3	Theft of Service	47,982	34,701	Not Included	23,610	9,976	-27.68%	-31.96%	Not Included #	-29.82%
4	Turn on Charge	93,875	98,360	Not Included	63,830	77,480	4.78%	-35.11%	21.38%	-2.98%
5	Customer Reconnect & Shut Off	424,197	444,752	Not Included	297,754	343,397	4.85%	-33.05%	15.33%	-4.29%
6	Service Charge Returned Checks	228,548	318,567	Not Included	419,559	533,375	39.39%	31.70%	27.13%	32.74%
7	Choice Service Revenues	976,132	968,166	Not Included	913,666	1,197,306	-0.82%	-5.63%	31.04%	8.20%
8	Total	\$1,808,520	\$1,902,339		\$1,756,343	\$2,199,431				

Forecast of Miscellaneous Services

		Miscellaneous Service							Total	
		Choice	Purchased Materials	Theft of Service	Turn On Charge	Customer Reconnect & Shut off	Service Charge Returned Checks	Choice Service Revenues		
9	2022 Actual Miscellaneous Service		\$0	\$37,897	9,976	\$77,480	\$343,397	\$533,375	\$1,197,306	\$2,199,431
10	2022 Normalization Adjustment		0	0	13,634 *	0	0	0	0	13,634
11	2022 Normalized Miscellaneous Service		0	37,897	23,610	77,480	343,397	533,375	1,197,306	2,213,065
12	Average Annual Growth		-14.75%	0.72%	-29.82%	-2.98%	-4.29%	32.74%	8.20%	
13	2023 Forecasted Miscellaneous Service Growth		0	303	(7,010)	(2,280)	(14,697)	174,625	98,194	249,135
14	2023 Forecasted Miscellaneous Service (Line 11 + Line 13)^		0	38,200	16,600	75,200	328,700	708,000	1,295,500	2,462,200
15	Average Annual Growth		-14.75%	0.72%	-29.82%	-2.98%	-4.29%	32.74%	8.20%	
16	2024 Forecasted Miscellaneous Service Growth		0	300	(5,000)	(2,200)	(14,100)	231,800	106,200	317,000
17	2024 Forecasted Miscellaneous Service (Line 14 + Line 16)^		0	38,500	11,600	73,000	314,600	939,800	1,401,700	2,779,200
18							Total OUCC Adjustment (Line 10 + Line 13 + Line 16)			\$579,769
19							Ratemaking Revenue for the Twelve Months Ending December 31, 2024			\$2,779,200

2021 → 2022 Growth for Theft of Service (Line 3) is removed and not included in the average calculation due to irregular revenue in 2022 due to resource reprioritization (Attachment ZDL-2, page 2; NIPSCO Response to OUCC DR 12-002)

* Theft of Service is normalized in Line 10 to adjust 2022 Actual Theft of Service Revenue to the listed Calendar Year 2021 amount due to irregular revenue in 2022 due to resource reprioritization (Attachment ZDL-2, page 2; NIPSCO Response to OUCC DR 12-002)

^ Values rounded to the nearest \$100

Cause No. 45967
Northern Indiana Public Service Company LLC's
Objections and Responses to
Indiana Office of Utility Consumer Counselor's Twelfth Set of Data Requests

<u>OUC Request 12-002:</u>
Referring to Workpaper REV 11 – Misc Svs, Page [.4], in Column H, Line 3, please explain the decrease in revenue for “Theft of Service” from \$23,610 in 2021 to \$9,976 in 2022. If NIPSCO decided to decrease or temporarily discontinue the third-party service related to “Theft of Service” amounts or their determination, please explain why?
<u>Objections:</u>
<u>Response:</u>
During a portion of 2022, NIPSCO's third-party contractor for theft investigation work was reduced when resources were reprioritized, which impacted the miscellaneous charges from being assessed for theft investigation. ¹

¹ Resources are prioritized by focusing on (1) investing in needed infrastructure programs at NIPSCO to continue serving its customers safely and reliably; (2) enhancing processes, performance, safety and reliability across NIPSCO to provide improved customer service; and (3) investing in projects that would allow NIPSCO to comply directly or indirectly with one or more federal, state, or local mandated requirements.

**Northern Indiana Public Service Company LLC
Pro forma Adjustment to Operating Revenue
Twelve Months Ending December 31, 2024**

This pro forma adjusts the twelve months ended December 31, 2022, revenue for misc service revenue to reflect normalization adjustment(s), forecast changes for the twelve months ending December 31, 2023, and December 31, 2024, and ratemaking adjustment(s) for the twelve months ending December 31, 2024, as described below.

Line No.	Description	Adjustment	Amount	Page Reference
A	B	C	D	
1	Actual Revenue - December 31, 2022		\$ 2,199,431	[.2]
2	Normalization Adjustment N/A		-	
3	Normalized revenue for the twelve months ended December 31, 2022		<u>\$ 2,199,431</u>	
4	Pro Forma adjustment to Increase / (Decrease) revenue for the twelve months ending December 31, 2023	REV 11-23	<u>(282,773)</u>	
5	Forecasted revenue for the twelve months ending December 31, 2023		<u>\$ 1,916,658</u>	[.3]
6	Pro Forma adjustment to Increase / (Decrease) revenue for the twelve months ending December 31, 2024	REV 11-24	-	
7	Forecasted revenue for the twelve months ending December 31, 2024		<u>\$ 1,916,658</u>	[.3]
8	Pro Forma adjustment N/A		-	
9	Ratemaking revenue for the twelve months ending December 31, 2024		<u>\$ 1,916,658</u>	

AFFIRMATION

I affirm, under the penalties for perjury, that the foregoing representations are true.

Zachary D. Leinheiser

Zachary D. Leinheiser
Utility Analyst II
Indiana Office of
Utility Consumer Counselor
Cause No. 45967
Northern Indiana Public Service Company

01/31/2024
Date

CERTIFICATE OF SERVICE

This is to certify that a copy of the foregoing has been served upon the following counsel of record in the captioned proceeding by electronic service on January 31, 2024.

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