VERIFIED DIRECT TESTIMONY OF PATRICK M. D'ENTREMONT

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

A1. My name is Patrick M. d'Entremont. I am the Manager of Planning and Commercial Support for NiSource Corporate Services Company ("NCSC"). My business address is 801 E. 86th Avenue, Merrillville, Indiana 46410.

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

A2. I am submitting this testimony on behalf of Joint Petitioners Northern Indiana Public Service Company ("NIPSCO") and Gibson Solar Generation LLC ("Gibson LLC").

Q3. Please describe your educational and employment background.

A3. I graduated from The University of Calgary, with a Bachelor's Degree in Economics (2006). My past employment with NCSC was as a Planning Analyst, Energy Supply and Optimization (2019-2021). I accepted my current position of Manager of Planning and Commercial Support in November, 2021. Prior to NCSC, I was employed at Huntington National

Bank in Columbus, Ohio as a Derivatives Trader and prior to that, at the TransAlta Corporation in Calgary, Alberta, Canada as an Energy Trader.

Q4. What are your responsibilities as Manager of Planning and Commercial Support?

A4. As Manager of Planning and Commercial Support, I manage counterparty interactions and support negotiations to fulfill the Company's long-term capacity and energy needs. I am also responsible for leading the commercial execution of NIPSCO's generation strategy outlined within its Integrated Resource Plan.

Q5. Have you previously testified before the Indiana Utility Regulatory Commission ("Commission") or any other regulatory commission?

A5. Yes. I previously filed testimony before the Commission in NIPSCO's Fuel Adjustment Clause ("FAC") tracker filing in Cause No. 38706-FAC-142, and in recent Resource Adequacy Adjustment tracker filings in Cause No. 44155-RA-XX (RA-22 through RA24). I am currently testifying in Cause No. 46028 on behalf of NIPSCO and Fairbanks Solar Generation LLC in support of their request for a modification of the Commission's Cause No. 45511 order.

Q6. What is the purpose of your direct testimony in this proceeding?

A6. The purpose of my direct testimony is to support Joint Petitioners' request for an Order modifying pursuant to Ind. Code § 8-1-2-72 its November 22, 2023 Order in Cause No. 45926 (the "45926 Order") to approve changes to the CPCN granted therein to approve necessary changes to the ratemaking and accounting treatment for the Gibson Project (as defined below) and approve depreciation rates for the Gibson Project. Specifically, I describe how the Gibson Project remains a competitive, lower risk component of NIPSCO's overall generation portfolio.

Q7. Please summarize the other witnesses supporting NIPSCO's request.

A7. Patrick N. Augustine, Vice President in Charles River Associates' Energy Practice, (i) provides an overview of NIPSCO's resource planning activities over the last several years, including the findings from the 2018 IRP and the 2021 IRP, and how the Gibson Project continues to fit into NIPSCO's preferred plan and (ii) assesses how the costs of NIPSCO's revised ownership structure for the Gibson Project compare with the costs of the original project structure. Based on his levelized cost of energy ("LCOE") analysis, Mr. Augustine concludes that the Gibson Project, under direct

NIPSCO ownership with self-monetization of tax credits, is a lower cost source of energy for customers than an alternative tax equity partnership construct and a slightly higher source of energy than the equivalent market purchase cost but at a reduced risk of price volatility.

Jonathan Bass, Director of Income Tax Planning & Controversy for NiSource Corporate Services Company, describes NIPSCO's proposal to directly purchase and own the Gibson Project and how that ownership structure provides value to NIPSCO's customers through the pass back of tax credits, which NIPSCO proposes to conduct through its FAC beginning in 2026.

Kevin Stanley, Controller for NIPSCO, describes the proposed modifications to the accounting and ratemaking treatment for the Gibson Project originally approved pursuant to an Alternative Regulatory Plan ("ARP") in the 45926 Order, that are necessary to allow NIPSCO to defer for recovery through rates in a subsequent rate proceeding the costs incurred for the acquisition and operation of the Gibson Project. The costs NIPSCO proposes to defer for recovery through rates in a subsequent rate proceeding include costs associated with (1) capital investment to complete the purchase of the Gibson Project, including allowance for funds used during construction; (2) accrued post-in service carrying charges ("PISCC") on NIPSCO's investments in the Gibson Project; (3) depreciation expense associated with the Gibson Project; and (4) operations & maintenance ("O&M"), property tax, and income tax expense. He also describes NIPSCO's proposed mechanism for sharing tax credits and supports NIPSCO's request that the Commission approve depreciation rates for the Gibson Project.

Q8. Are you sponsoring any attachments to your testimony?

A8. Yes. I am sponsoring the following attachments, all of which were prepared by me or under my direction and supervision.

Attachment 1-A	Verified Petition
Attachment 1-B	NIPSCO's 2023 Generation Portfolio
Confidential Attachment 1-C	Residential Customer Bill Impact
Attachment 1-D	Illustrations of the Gibson wholly owned structure

GIBSON BACKGROUND

Q9. Please describe the Gibson Project as approved in the 45926 Order.

A9. The Gibson Project was being implemented through a Build Transfer

Agreement by and between Gibson LLC, as Purchaser and Gibson Solar CEI, LLC, as Seller ("Gibson BTA") using a contract for differences to pay for the energy and capacity, as well as an Equity Capital Contribution Agreement ("ECCA") and a Joint Venture Operating Agreement ("LLC Agreement"). Under the approved Gibson BTA, Gibson Solar CEI, LLC, through a special purpose entity known as Gibson Solar LLC (Gibson ProjectCo), is developing a solar system and associated Gibson-Francisco 345 kV electric interconnection transmission line in Gibson County, Indiana (utilizing MISO interconnect request J1295), having an aggregate nameplate capacity of approximately 200 MWs (the "Gibson Project"). The Gibson Project is expected to achieve commercial operation by mid-2025 and has an estimated purchase price of [redacted].

Q10. Please describe the relief granted in the 45926 Order.

A10. In Cause No. 45926, Joint Petitioners requested that the Commission issue NIPSCO a CPCN to purchase and acquire indirectly, through the Joint Venture, the Gibson Project. Joint Petitioners requested that the Commission approve the Gibson Project as a clean energy project under

Ind. Code § 8-1-8.8-11. Joint Petitioners also sought Commission approval of specified ratemaking and accounting treatment, including: (1) establishment of amortization rates for NIPSCO's investment in the Gibson Project through Joint Venture; (2) approval pursuant to Ind. Code § 8-1-2.5-6 of an alternative regulatory plan ("ARP") to establish Joint Venture and reflect NIPSCO's investment in Joint Venture in net original cost rate base; (3) authority for NIPSCO to defer amortization and accrue post-in service carrying charges ("PISCC") on NIPSCO's capital investments in Joint Venture; and (4) approval of purchased power agreements and contracts for differences through which NIPSCO would pay for the energy generated by the Gibson Project, including timely cost recovery, pursuant to Ind. Code § 8-1-8.8-11, through NIPSCO's Fuel Adjustment Clause ("FAC").

Based on the evidence presented, the Commission found in the 45926 Order (at 20) that "NIPSCO has shown a need for the requested Gibson Project and that it is reasonable and in the public interest." Accordingly, in the 45926 Order (at 26-27), the Commission granted NIPSCO a CPCN to acquire the Gibson Project through the Joint Venture, found the Gibson

Project to be a clean energy project, and approved NIPSCO's proposed accounting treatment and authorized NIPSCO to recover costs incurred for energy generated by the Gibson Project through the FAC. The Commission also approved an ARP pursuant to which NIPSCO would record its interest in Joint Venture as a regulatory asset in Account 182.3 and amortize the amounts so recorded using the amortization rates for the Gibson Project. As part of the ARP, the Commission authorized NIPSCO to defer amortization of the regulatory asset until such time as the recovery of the amortization expense on that portion is reflected in NIPSCO's rates and charges and to accrue PISCC with respect to that investment at NIPSCO's weighted average cost of capital ("WACC") until a return is recovered through NIPSCO's rates and charges. In short, the Commission authorized NIPSCO to reflect in rate base as a regulatory asset its costs to own an interest in the Joint Venture like it would have reflected the costs to build and own the generating assets in Utility Plant in Service had NIPSCO instead been the direct owner of the Gibson Project.

Q11. Please describe Joint Petitioners' proposed changes to the Gibson Project's CPCN approved in Cause No. 45926.

A11. As further discussed by Joint Petitioners Witnesses Bass and Augustine, following the enactment of the Inflation Reduction Act of 2022 ("IRA"), which extends the production and investment tax credits (the "PTC" and "ITC," respectively) for renewable and clean energy resources for an additional decade, NIPSCO began evaluating the benefits to customers of the ITC and PTC both on a project-by-project and on a portfolio basis to determine which ownership structure and tax monetization strategy drives the best customer value. This evaluation was ongoing while Cause No. 45926 was pending.

Based on that evaluation, NIPSCO determined customers will benefit from NIPSCO wholly owning the Gibson Project (rather than forming a joint venture with a tax equity partner as approved in the 45926 Order). NIPSCO's evaluation concluded that, in addition to other benefits that simplify the transaction to a more common direct utility ownership construct, the direct purchase and ownership of the Gibson Project will reduce costs to customers through realization of the PTC benefits. As such, pursuant to Ind. Code § 8-1-2-72, Joint Petitioners request that the Commission modify the CPCN granted in the 45926 Order to authorize

NIPSCO to directly purchase and own the Gibson Project, as opposed to acquiring the project company through the Joint Venture.

Q12. Is NIPSCO proposing to modify the best estimate of the Gibson Project approved in Cause No. 45926?

A12. No.

<u>NIPSCO DIRECT PURCHASE AND OWNERSHIP OF THE GIBSON PROJECT</u>

Q13. Has NIPSCO evaluated the benefits to customers of the ITC and PTC on a project-by-project and on a portfolio basis to determine which ownership structure and tax monetization strategy drives the best customer value?

A13. Yes. As described above, the IRA provided NIPSCO the opportunity to evaluate the Gibson Project, as well as other renewable projects in its portfolio, to assess whether claiming the ITC or PTC would make projects more economic and/or better serve the interest of customers. Because NIPSCO views the solar resources it plans to bring on-line from 2023 through 2025 as an integrated portfolio,[1] NIPSCO evaluated, and continues to evaluate, all projects independently and as part of a portfolio, as there

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[1] See <u>Attachment 1-B</u>.

are benefits to ensuring a variety of mechanisms to enable the least volatility for customers and to mitigate cost impacts in the near term and over the life of the projects. This evaluation has been conducted on a priority basis based on the expected in-service date of each project. The Gibson Project is expected to be in-service mid-2025 with closing of the transaction, or purchase, of the project occurring three to four months in advance of the expected in-service date.[2]

Q14. As it relates to the Gibson Project, what did NIPSCO's portfolio evaluation conclude?

A14. As discussed in more detail by Joint Petitioners Witnesses Bass and Augustine, NIPSCO determined that, in the case of the Gibson Project, customers will benefit from NIPSCO wholly owning the Gibson Project (rather than forming a joint venture with a tax equity partner as approved

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[2] The closing of the transaction, or purchase, of the project occurs at mechanical completion at which point commissioning and testing begin to achieve the expected in-service date. NIPSCO anticipates the purchase to occur in early Quarter 2, 2025 for the Gibson Project (to achieve mid-2025 in-service date).

In recognition of their earlier in-service dates, NIPSCO completed its tax structure analysis for the Cavalry and Bridge II joint ventures at an earlier date and made its related regulatory filing on August 24, 2023 (which was approved on January 17, 2024 in Cause No. 45936. NIPSCO also completed its tax structure analysis for the Gibson joint venture and anticipates making its related regulatory filing in March 2024.

in the 45926 Order). As shown below, NIPSCO also determined that customers will benefit from NIPSCO wholly owning, rather than forming a joint venture with a tax equity partner, for four of its solar projects. As discussed below, that conclusion is informed by LCOE analyses prepared by Joint Petitioners Witness Augustine.

Because NIPSCO determined a direct ownership structure for the Gibson Project is appropriate and reasonable, NIPSCO is not currently pursuing a tax equity partner for the Gibson Project, as doing so would be an imprudent use of time and resources. Also, NIPSCO would be seeking tax equity financing on the Project that it never intends to utilize, which would go against good faith financing practices and potentially damage banking relationships.

Q15. What did NIPSCO's portfolio evaluation conclude regarding which renewable projects provide the best customer value under a direct ownership structure?

A15. The results of NIPSCO's portfolio evaluation show that customers will benefit from NIPSCO wholly owning, rather than forming a joint venture with a tax equity partner as originally approved, for the following solar projects: (1) Dunn's Bridge II Solar Generation LLC ("Bridge II Project"), (2) Cavalry Solar Generation LLC ("Cavalry Project"), (3) Fairbanks Solar Generation LLC ("Fairbanks Project"), and (4) Gibson Project. NIPSCO determined that, on a project-by-project basis, as well as a portfolio basis, customers will benefit from NIPSCO wholly owning each of the projects. The table below compares the LCOE values of the four projects with the original project cost LCOEs in their underlying cases as calculated by Joint Petitioners Witness Augustine and the equivalent market purchase costs.

Project	Original Project Cost LCOE	Updated Project Costs		Equivalent Market Purchase Cost
		Tax Equity Partnership	NIPSCO Full Ownership	
Bridge II	[redacted]	[redacted]	[redacted]	[redacted]
Cavalry	[redacted]	[redacted]	[redacted]	[redacted]
Fairbanks	[redacted]	[redacted]	[redacted]	[redacted]
Gibson	[redacted]	[redacted]	[redacted]	[redacted]

For the Bridge II Project, the updated LCOE with NIPSCO self-monetization of the tax credits is lower cost than the alternative tax equity partnership construct, the equivalent market purchase cost, and the original project cost LCOE from Cause No. 45462. The Commission approved wholly owning the Bridge II Project in Cause No. 45926.

For the Cavalry Project, although higher than the original project cost LCOE from Cause No. 45462, the updated LCOE with NIPSCO self-monetization of the tax credits is lower cost than the alternative tax equity partnership construct and the equivalent market purchase cost. The Commission approved wholly owning the Cavalry Project in Cause No. 45926.

For the Fairbanks Project, the updated LCOE with NIPSCO self-monetization of the tax credits is lower cost than the alternative tax equity partnership construct and the equivalent market purchase cost. As a result of market conditions and world events that resulted in an increase to the underlying capital costs for the Fairbanks Project, the LCOE with NIPSCO self-monetization of the tax credits is higher than the original project cost LCOE from Cause No. 45511. However, the ability for NIPSCO to directly own the project and monetize the tax credits available under the IRA[3] partially offsets this cost increase for the benefit of

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[3] The IRA allows NIPSCO to do three things for the Gibson Project not available prior to the IRA's passage: (i) take the PTC for solar generation; (ii) realize the benefit of a 10% "energy

customers.

For the Gibson Project, the updated LCOE with NIPSCO self-monetization of the tax credits is lower cost than the alternative tax equity partnership construct and the LCOE from Cause No. 45926,[4] although slightly higher than the equivalent market purchase cost (but without the market fluctuation risk). Overall, the ability for NIPSCO to directly own the project and monetize the PTCs available under the IRA can provide a benefit for customers and mitigate the risks associated with relying on the market for replacement capacity and energy. Although the expected LCOEs of the full ownership structure and the equivalent market purchase cost are nearly identical, ownership of the Gibson Project will reduce customers' exposure to a range of market uncertainties and risks and thus, overall, is preferable to the joint venture structure.

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community" bonus due to the Gibson Project's proximity to retired coal mines; and (iii) monetize tax credits via transfer to a third party.

[4] Note that NIPSCO's updated analysis includes a regional capacity factor assumption that is different than the project-specific assumptions used in the original LCOE developed in Cause No. 45926. This updated capacity factor assumption has been used to calculate LCOEs under the tax equity partnership construct and the full ownership construct. The updated analysis also includes a revised estimate for the internal rate of return required by the tax equity partner, to reflect current market and interest rate conditions.

Q16. In addition to the project-by-project analysis you just described, how does the decision to wholly-own the foregoing projects benefit NIPSCO and its customers from a portfolio perspective?

A16. NIPSCO still is completing multiple other renewable generation projects using a joint venture structure and tax equity partners. In 2023, NIPSCO brought the Indiana Crossroads Solar and Dunns Bridge I solar projects online. Those projects represent 200 MW and 265 MW of additional solar capacity, respectively. Because NIPSCO used the joint venture structure to pursue those projects, customers benefited from the associated ITCs. In addition to those solar projects, NIPSCO has completed two wind projects using the joint venture structure. The 100 MW Rosewater Wind Project and the 300 MW Crossroad Wind Project utilize ITCs through a joint venture and tax equity partner structure.

NIPSCO believes it is prudent to diversify its investments in renewable generation resources to manage risks and ensure that customers benefit from the portfolio as a whole. In some respects, pursuing different tax credit structures is no different than pursuing BTAs for some projects and PPAs for others. A map showing NIPSCO's current portfolio and the diverse structures NIPSCO is using to pursue each of those generation assets is attached hereto as Attachment 1-B.

Q17. Is NIPSCO's approach of evaluating its generation projects on a portfolio basis and making modifications as appropriate to reduce risks to customers consistent with prior Commission directives?

A17. Yes. The Commission has consistently stressed the importance of a balanced and diverse mix of generating resources. For instance, in *S. Ind. Gas & Elec. Co.*, Cause No. 45501, the Commission stated: "the significance of a balanced, diverse portfolio cannot be over emphasized [because] a balanced and diversified portfolio offers risk mitigation by helping to protect customers from marketplace risks." *Id*. at 49. Taking advantage of the PTC for some projects and the ITC for others is consistent with the foregoing findings and will reduce customers' exposure to market uncertainties and risks.

Moreover, in *S. Ind. Gas & Elec. Co.*, Cause No. 45052, the Commission found: "[a] key consideration in long term resource planning is the need to retain maximum flexibility in utility resource decisions to minimize risks." *Id*. at 24 (IURC Apr. 24, 2019). The Commission noted "[t]he credibility of the analysis is critical to the efforts of Indiana utilities to maintain as many options as possible, which includes off ramps, to react quickly to changing circumstances and make appropriate changes in the resources." *Id*. Consistent with the foregoing findings, NIPSCO developed a diverse generation portfolio made up of resources that has preserved optionality and allowed NIPSCO to react quickly to changing circumstances. That portfolio structure allowed NIPSCO to identify an opportunity to modify the structure of the Gibson Project based on the changes in the PTC made through the IRA, while retaining the original joint venture structure for other projects. Although NIPSCO maintains full operational control of projects owned by joint ventures, full ownership of the Gibson Project provides NIPSCO greater flexibility and autonomy, as it does not have contractual commitments to a tax equity partner.

OVERVIEW OF THE STRUCTURE OF THE PROPOSED TRANSACTION

Q18. Has NIPSCO amended the approved Gibson BTA to reflect a direct ownership structure?

A18. Not at this time. The Gibson BTA governs the relationship between the Seller and Purchaser (the Gibson LLC) until the Gibson Project reaches

Mechanical Completion. Given the near-term anticipated in-service dates for the Gibson Project, NIPSCO will work with Arevon Energy, Inc. to dispense with any terms that do not apply to a direct ownership structure and make any other ministerial changes to facilitate that transaction path. All of the protections and pricing parameters of the contracts will stay in place. Once executed, NIPSCO will submit the updated Gibson BTA as a compliance filing in this Cause.

Q19. Have you provided an illustration of the transaction structure under direct ownership structure?

A19. Yes. Attachment 1-D illustrates the transaction under the direct ownership structure.

Q20. Please describe the benefits of a direct ownership structure as compared to a tax equity partnership structure.

A20. As a part of the implementation of NIPSCO's generation transition, NIPSCO has long valued the benefits of a diverse portfolio and the risk reduction a diverse portfolio affords. While NIPSCO has incorporated other types of diversification into its portfolio, including the use of different transaction structures via its mix of purchase power agreements and joint ventures to facilitate the generation transition, diversification in the portfolio is more than technological diversification.

As further discussed by Joint Petitioners Witness Bass, a direct ownership structure can drive value and financial benefits for NIPSCO customers through the realization of the PTC and optionality with regards to self-utilization or transfer of these tax credits. Self-utilization and/or direct transfer of tax credits afforded under the IRA can provide an additional layer of diversification NIPSCO can apply to its portfolio, as it already has in-service projects that utilize ITCs through a joint venture and tax equity partner structure (Bridge I Project and Crossroads Solar Project).

In addition to those benefits, a direct ownership structure provides operational management benefits to NIPSCO. For example, under a tax equity partnership, NIPSCO is required to have general operational decisions approved by the partner. Under a direct ownership structure, the operational decisions and asset management would be governed by NIPSCO's operational and risk management practices. By simplifying the ownership structure, NIPSCO can allocate more time and resources to initiatives that ultimately benefit our customers.

Q21. How does the Gibson BTA leverage the benefits of solar PTC afforded by the IRA?

A21. By opening up PTCs to solar production facilities and allowing for the transferability of credits, the IRA has done two important things: (1) acknowledged the benefits of solar production and incentivized further development of viable projects and (2) created a tax credit market that can be accessed by many investors with different investment appetites, which is beneficial to all parties involved. The Gibson Project is well positioned to provide customers the benefit of realization of PTCs over a ten-year period. The expected capacity factor for the Gibson Project is approximately 26.3%, and based on historical, regional production that expected factor can vary in a given year by only 1-3% absent significant weather, emergencies, or force majeure events. This range of expected capacity factors is a reasonable assumption when considering 10 years' worth of production and is consistent with how tax equity partners assess production risk within NIPSCO's joint venture transactions. As Joint Petitioners Witness Bass explains, the value of PTCs is expected to grow each year due to the annual inflation adjustment factor, and NIPSCO proposes to flow the PTC benefits to customers over a ten-year period.

Q22. Is the Gibson Project, under a direct ownership structure and the terms of the Gibson BTA, reasonable and necessary?

A22. Yes. The Commission's findings in the 45926 Order with respect to the necessity of the Gibson Project and its consistency with the 2018 IRP and Short Term Action Plan remain true, notwithstanding the modifications to the ownership structure. As the Commission found in Cause No. 45926 (p. 20), the Gibson Project is consistent with the 2021 IRP. The ownership structure does not change that finding, or the findings that the energy and capacity provided through the Gibson BTA continue to be reasonable and necessary additions to NIPSCO's portfolio of generating resources to meet the need for electricity within NIPSCO's service area while also mitigating the risk through the diversification and use of an economic mix of resources that provides flexibility (p. 22).

Additionally, the Commission found in Cause No. 45926 (p. 22) that "the Gibson BTA compares favorably to pricing observed in NIPSCO's 2022 RFPs for similar BTA products." The change in ownership structure further only serves to reduce the ultimate cost to customers, such that the Gibson BTA continues to be a reasonable, highly economic choice to serve the energy and capacity needs of NIPSCO's customers. Moreover, NIPSCO believes wholly owning the Gibson Project and passing the benefit of solar production PTC to customers through the FAC as proposed herein will mitigate the impact of the price increases on customer rates. Commission approval of the relief requested herein is in the public interest, will enhance or maintain the reliability and efficiency of service provided by NIPSCO, and is otherwise consistent with Ind. Code § 8-1-8.8-11.

Q23. The Commission declined jurisdiction over the Joint Venture in Cause No. 45926. What is being requested in this regard?

A23. Under the direct ownership structure proposed in this Cause, NIPSCO, either on its own or through the Gibson LLC, will own the electric generation facilities that provide electricity NIPSCO will use to serve the public. As such, the Gibson LLC could serve as a public utility. Therefore, NIPSCO has requested in its Verified Petition that the Commission terminate, to the extent necessary, those portions of the ARP approved in Cause No. 45926 declining to exercise jurisdiction over the Joint Venture and granting NIPSCO authority to record its investment in the Joint

Venture as a regulatory asset.

CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

Q24. Is the purchase and ownership of the Gibson Project consistent with NIPSCO's 2018 and 2021 IRPs and Short Term Action Plan?

A24. Yes, as mentioned above, the relief sought in this case does not change the Commission's findings in Cause No. 45926. As explained by Joint Petitioners Witness Augustine, the Gibson Project remains consistent with the 2018 and 2021 IRPs and Short Term Action Plan.

Q25. Ind. Code § 8-1-8.5-5(2) requires that the proposed construction, purchase, or lease be consistent with either the Commission's analysis for expansion of electric generating capacity or with a utility specific proposal. Is the purchase and ownership of the Gibson Project through the Gibson LLC consistent with Ind. Code § 8-1-8.5-5(2)?

A25. Yes. NIPSCO's purchase and ownership of the Gibson Project in this proceeding is consistent with its 2018 and 2021 IRPs. Within its IRP process, as further discussed by Joint Petitioners Witness Augustine, NIPSCO considered many different generation resources for modeling, including natural gas, coal, wind, solar, battery storage, and demand response. NIPSCO engaged and considered stakeholder input throughout its IRP process. NIPSCO utilized an array of best practices, including basing model inputs on the results of an RFP; transparent inclusion of input forecasts, outputs, and assumptions; a thorough description of most aspects of screening and portfolio selection; and fair consideration of a wide range of supply-side alternatives without arbitrary limitations on the amount of those resources that can be selected or unsupported cost additions.

Q26. Are Joint Petitioners requesting ongoing review of the construction of the Gibson Project pursuant to Ind. Code § 8-1-8.5-6?

A26. Yes. Arevon, as the developer for the Gibson Project, is already subject to quarterly construction reporting pursuant to and Paragraph 8 in Cause No. 45500 (Gibson Project) through commercial operation of the facility. These quarterly reports include many project and construction details, including, but not limited to, achievement of construction milestones, date of commercial operation, and, when commercial operation is achieved, the nameplate capacity of each facility. To satisfy ongoing review, NIPSCO will submit a report in this Cause by August 1, 2025, summarizing information related to the Gibson Project, which is expected to be in-service in 2025, including the actual total purchase price. Joint Petitioners will file a separate cause pursuant to Ind. Code § 8-1-2-72 seeking to modify the best estimates approved in this Cause to the extent approval of an increase to the cost of the facilities above the best estimate is needed.

Q27. What is the estimated bill impact of the requested relief in this Cause for a typical residential customer?

A27. As shown in Confidential Attachment 1-C, the estimated monthly bill impact as a result of the relief requested in this Cause for a residential customer that uses 668 kWh per month is a $2.46 increase. This amount includes an average annual offset for expected PTC in the first ten years of operation but does not include offsets such as renewable energy credit sales or other savings/credits such as off-system sales, which are also expected to lower customer bills or provide other savings associated with NIPSCO's generation transition strategy.

Q28. Is it reasonable to compare the estimated bill impact in this Cause to that provided in Cause No. 45926?

A28. No. The estimated customer bill impact provided in Cause No. 45926

(Attachment 1-F to NIPSCO Witness Becker's direct testimony) was based solely on the year one impact of the Gibson BTA PPA and did not reflect any rate base impact of the Gibson Project. There are a number of other critical differences between the two bill impact calculations that makes any comparison inappropriate, including differences between the residential allocation factor, the forecasted sales volumes, and the average residential kWh.

Q29. Does the public convenience and necessity require or will require the construction, purchase, and ownership of the Gibson Project?

A29. Yes. The Gibson Project is the result of a thorough RFP process and a quantitative and qualitative evaluation of the RFP responses. As the Commission found in Cause No. 45926, the energy provided through the Gibson Project is a reasonable and necessary addition to NIPSCO's portfolio of generating resources necessary to meet the need for electricity within NIPSCO's service area, while also mitigating the risk through the diversification and use of an economic mix of capacity resources that provides flexibility.

Q30. Does this conclude your prefiled direct testimony?

A30. Yes.

VERIFICATION

I, Patrick M. d'Entremont, Manager of Planning and Commercial Support for NiSource Corporate Services Company, affirm under penalties of perjury that the foregoing representations are true and correct to the best of my knowledge, information, and belief.

Patrick M. d'Entremont

Date: March 22, 2024

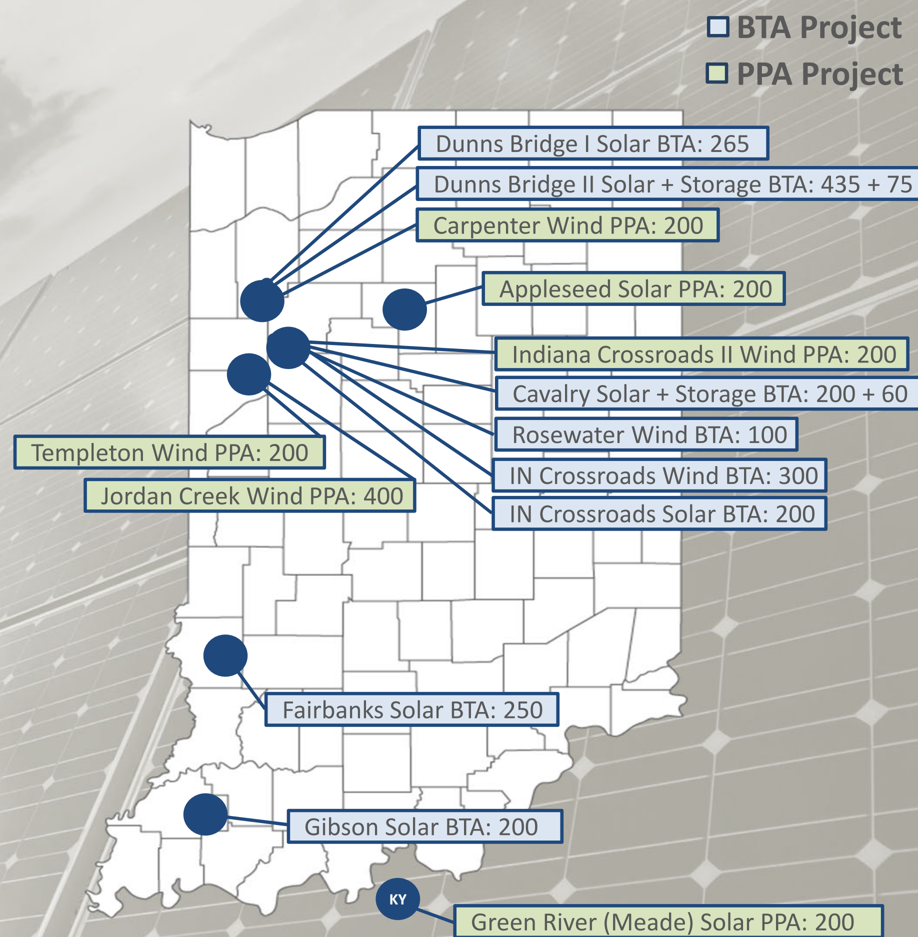
Attachment 1-A

[Verified Petition – Not duplicated herein]

Current Portfolio Update

BTA Projects	Installed Capacity (MW)	Structure	Estimated In Service	Status
Rosewater Wind	100	JV	2020	Complete
Indiana Crossroads Wind	300	JV	2021	Complete
Dunn's Bridge I Solar	265	JV	2Q23	Complete
Crossroads Solar	200	JV	2Q23	Complete
Transmission Projects	---	Owned	2Q23	Complete
Cavalry Solar + Storage	200 + 60	Owned	2Q24	Construction
Dunn's Bridge II Solar + Storage	435 + 75	Owned	4Q24	Construction
Fairbanks Solar	250	JV	2Q25	Construction
Gibson Solar	200	JV	2025	Construction
Total				

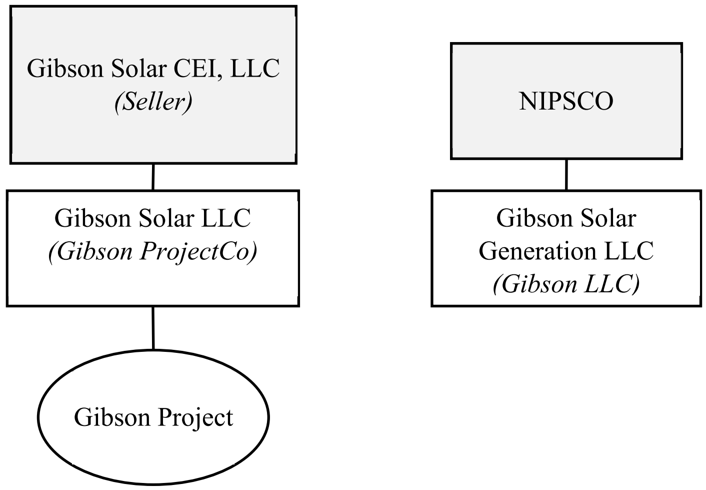
PPA Projects	Installed Capacity (MW)	Estimated In Service	Status
Jordan Creek Wind	400	2020	Complete
Crossroads II Wind	200	2023	Complete
Templeton Wind	200	2025	Construction
Carpenter Wind	200	2025	Construction
Appleseed Solar	200	2025	Construction
Green River Solar	200	2024	Construction



Confidential Attachment 1-C (Redacted)

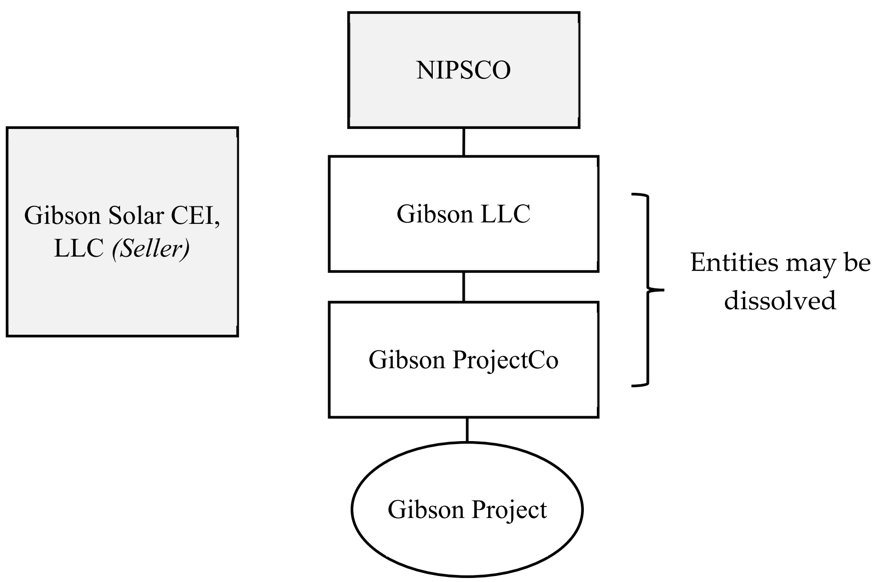
Figure 1 – July 2023

Gibson Solar Generation LLC (Purchaser) entered into agreements with Gibson Solar CEI, LLC (Seller)[1] to build Gibson Project through Gibson Solar LLC (Gibson ProjectCo).



Gibson LLC enters into the Build Transfer Agreement ("BTA") with the Seller to build the Gibson Project. On or before Closing in 2025, NIPSCO (through Gibson LLC) purchases Gibson ProjectCo (the Gibson Project).

Figure 2 – Quarter 2, 2025 – Purchase



1 Arevon Energy, Inc. ("Arevon") is the developer and is the ultimate owner of the Seller.