ORIGINAL

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

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

VERIFIED PETITION OF NORTHERN INDIANA PUBLIC SERVICE COMPANY LLC FOR APPROVAL OF GDSM FACTORS FOR GAS SERVICE RENDERED DURING THE MONTHS OF JANUARY THROUGH DECEMBER 2021, CONTINUED ACCOUNTING AUTHORITY IN ACCORDANCE WITH THE ORDER OF THE COMMISSION IN CAUSE NO. 45012, AND AUTHORITY TO CHANGE THE FILING DATE OF FUTURE ANNUAL GDSM TRACKER PROCEEDINGS.	)	**CAUSE NO. 44001 GDSM 14** **APPROVED: NOV 18 2020**

ORDER OF THE COMMISSION

Presiding Officers:
David L. Ober, Commissioner
Carol Sparks Drake, Senior Administrative Law Judge

On July 15, 2020, Northern Indiana Public Service Company LLC ("NIPSCO" or "Petitioner") filed a Verified Petition in this Cause requesting the Indiana Utility Regulatory Commission ("Commission") approve Gas Demand Side Management ("GDSM") Factors to be effective during January through December 2021. NIPSCO also requests continued authority to recover, through the GDSM Mechanism, program costs, lost revenues, and over- and under-recoveries associated with the GDSM Programs and ongoing authority to defer certain amounts on the balance sheet as a regulatory asset in Account 182.3 – Regulatory Asset or a regulatory liability in Account 254 – Other Regulatory Liabilities until these are recovered through rates. In addition, NIPSCO seeks authority to change the filing date of its future annual GDSM tracker proceedings from no later than July 15 to no later than August 15.

Petitioner prefiled its case-in-chief on July 15, 2020, including the testimony and exhibits of the following witnesses:

- Lisa A. Schneider, Lead Regulatory Analyst for NiSource Corporate Services Company, and
- Victoria A. Vrab, Director of Demand Side Management Programs for NIPSCO.

On September 28, 2020, the Indiana Office of Utility Consumer Counselor ("OUCC") prefiled the testimony and exhibits of Cinthia J. Sabillon, Utility Analyst in the OUCC's Natural Gas Division.

NIPSCO filed a notice on October 7, 2020, advising that Jennifer Staciwa, NIPSCO's Manager of Demand Side Management ("DSM") Reporting, was being substituted for Ms. Vrab and adopting Ms. Vrab's prefiled direct testimony and attachments. NIPSCO prefiled the direct testimony of Ms. Staciwa that same day, along with a redline version showing the changes made in Ms. Vrab's testimony as originally prefiled. On October 19, 2020, NIPSCO filed a notice confirming its intent to not file rebuttal testimony.

The Commission noticed this matter for an evidentiary hearing at 9:30 a.m. on November 6, 2020, in Hearing Room 224 of the PNC Center, 101 West Washington Street, Indianapolis, Indiana. A Docket Entry was issued on October 27, 2020, advising that due to the ongoing COVID-19 pandemic, the hearing would be conducted via WebEx and providing related participation information. NIPSCO and the OUCC, by counsel, participated in the evidentiary hearing via WebEx video, and the prefiled testimony and exhibits of NIPSCO and the OUCC were admitted without objection.

Based upon applicable law and the evidence presented, the Commission finds:

1. **Notice and Jurisdiction.** Notice of the public hearing was given and published by the Commission as required by law. Petitioner is a public utility as defined in Ind. Code § 8-1-2-1(a). Under Ind. Code §§ 8-1-2-4 and -42, the Commission has jurisdiction over changes in Petitioner's schedules of rates and charges and over Petitioner's DSM programs and associated recovery of lost revenues; therefore, the Commission has jurisdiction over Petitioner and the subject matter of this proceeding.

2. **Petitioner's Characteristics.** Petitioner is a public utility organized under the laws of the State of Indiana with its principal office located at 801 East 86th Avenue, Merrillville, Indiana. Petitioner renders natural gas and electric public utility service in Indiana and owns, operates, manages, and controls, among other things, plant and equipment within Indiana that are used for the distribution and furnishing of natural gas utility service. NIPSCO provides gas utility service to approximately 835,000 residential, commercial, and industrial customers.

3. **Background.** On December 30, 2015, the Commission issued an Order in Cause No. 44637 granting NIPSCO's request for: (1) approval of a gas energy efficiency ("EE") program effective from January 1, 2016, through December 31, 2018 (the "2016-2018 EE Program") and (2) authority to defer and recover associated start-up, implementation, and administrative costs, along with costs associated with the evaluation, measurement, and verification ("EM&V") of the programs associated with the 2016-2018 EE Program through Rider 472 – GDSM Rider (the "GDSM Mechanism") in accordance with Ind. Code § 8-1-2-42(a). The 2016-2018 EE Program expired on December 31, 2018.

On February 22, 2017, the Commission issued an Order in Cause No. 44001 GDSM 10 ("GDSM 10") authorizing NIPSCO's proposed transition from semi-annual to annual GDSM filings.

On September 19, 2018, the Commission issued an Order in Cause No. 44988 approving NIPSCO's Rider 172 – GDSM Factors to become effective October 1, 2018.

On November 21, 2018, the Commission issued an Order in Cause No. 45012 granting

NIPSCO's request for: (1) approval of the 2019-2021 EE Plan for gas service, (2) authority to defer and recover program costs associated with the 2019-2021 EE Plan along with recovery of certain lost revenues associated with measures installed as part of any gas EE program NIPSCO offers beginning in January 2019, and (3) authority to defer certain costs for future recovery in Petitioner's retail gas rates.

4. Requested Relief. NIPSCO requests Commission approval of GDSM Factors to be effective for the January through December 2021 billing cycles. The proposed GDSM Factors include: (1) projected program costs for January through December 2021; (2) actual EM&V costs incurred in 2019 for measures installed in January through December 2018 and January through December 2019; and (3) projected lost revenues for January through December 2021. This filing also includes the following reconciliations: (1) projected program costs to actual program costs for January through December 2019; (2) projected lost revenues to actual lost revenues for January through December 2019; and (3) the revenue requirement for January through December 2019.

NIPSCO also requests continued authority to defer, as a regulatory asset or regulatory liability, the over- and under-recoveries of projected program costs and lost revenues incurred implementing the DSM programs until the Commission issues an order authorizing recovery of these costs through the ratemaking process. As proposed, these costs will continue to be deferred on NIPSCO's balance sheet as a regulatory asset in Account 182.3 – Regulatory Asset or a regulatory liability in Account 254 – Other Regulatory Liabilities until recovered through rates.

Petitioner also requests authority to change the filing deadline for NIPSCO's future annual GDSM tracker proceedings to August 15, along with approval of a related proposed procedural schedule if this change is approved.

5. Implementation of NIPSCO's 2019-2021 Gas EE Program. Ms. Staciwa described NIPSCO's EE Program for 2020 (as approved in Cause No. 45012) and its administration. She provided the following overview regarding the performance of NIPSCO's 2019-2021 EE Program for gas service for the Program Year 2020 as of May 31, 2020:

- Residential Heating, Ventilation, and Air Conditioning Rebates ("HVAC") Program – This program achieved 87% of its savings goal and continues to perform well.

- Residential Home Energy Analysis Program – This program achieved 20% of its savings goal. Ms. Staciwa testified that for the safety of NIPSCO's customers, this program is currently suspended due to COVID-19, with interested participants being added to a waiting list to be contacted on a first-come, first-served basis once the program reopens.

- School Education Program – During the spring semester, 4,336 kits were delivered, and 36% of the savings goal was achieved as of May 31, 2020. Ms. Staciwa stated that once schools were closed due to the pandemic, the program was put on hold. To make up for the shortfall, the current program implementer, TRC Companies ("TRC")[1] plans to offer the program to sixth grade students who were not able to participate as fifth graders.

- Residential Multifamily Direct Install Program – This program achieved 0% of its savings goal through May 31, 2020, due to the inability to access residences during the pandemic. Ms. Staciwa stated the program is currently suspended, but TRC continues to communicate with interested customers.

- Residential Behavioral Program – This program achieved 103% of its savings goal.

- Residential New Construction Program – This program achieved 117% of its savings goal. Ms. Staciwa stated NIPSCO continues to monitor the budget in the context of the overall portfolio and will keep the OSB apprised.

- Residential HomeLife EE Calculator Program – This program achieved 12% of its savings goal. Ms. Staciwa testified the calculator is available on NIPSCO's website, and the program will have specific marketing efforts during the second half of 2020, with NIPSCO continuing to work with TRC on marketing opportunities to increase customer awareness and participation.

- Residential Employee Education Program – This program achieved 0% of its saving goal. For the safety of NIPSCO's customers, this program is currently suspended due to COVID-19. Employers are being added to a waiting list to be contacted on a first-come, first-served basis once the program resumes.

- Residential Income Qualified Weatherization Program – This program achieved 14% of its savings goal. As with many of the other programs, this program is currently suspended due to COVID-19, and interested participants are being placed on a waiting list to be contacted on a first-come, first-served basis when the program resumes

- Commercial and Industrial ("C&I") Prescriptive Program – This program achieved 5% of its savings goal. In addition to the achieved savings, TRC has a pipeline of anticipated savings of 32,406 therms. These anticipated savings are based on the applications that require preapproval due to the

[1] Ms. Staciwa testified that in November 2019, TRC Companies acquired Lockheed Martin Distributed Energy Solutions, the program implementer NIPSCO had previously selected with input from NIPSCO's Oversight Board ("OSB"). She stated that based on the understanding that TRC will retain the employees with whom NIPSCO had been working, Petitioner agreed to continue the contract.

larger incentive amount.

- C&I Custom Incentive Program – This program achieved 23% of its savings goal, with 314,954 therms in the pipeline.

- C&I New Construction Program – This program achieved 113% of its savings goal and has a pipeline of anticipated savings of 140,703 therms.

- C&I Small Business Direct Install Program – This program achieved 7% of its savings goal and has a pipeline of anticipated savings of 40,026 therms.

Ms. Staciwa described the role NIPSCO's OSB plays in gas EE program design and budget modifications. She testified the Commission established NIPSCO's OSB for its gas EE programs in the Order in Cause No. 43051 issued on May 9, 2007. Ms. Staciwa stated NIPSCO continues to build on its strong relationship with the OSB and works with OSB members on any changes to program designs, with NIPSCO's OSB providing general recommendations throughout the year and approving program designs and budgets within Commission approval and the OSB governance document. She stated that over the program year, the OSB monitors the EE programs and provides oversight. Ms. Staciwa described the OSB approved program changes for the EE programs included in year 2021.

6. Recovery and Reconciliation of Program Costs and Revenues. Ms. Staciwa sponsored a breakdown of projected and reconciled program costs for the recovery period of January through December 2021. The factors NIPSCO proposed in this proceeding reconcile the projected to actual program costs incurred for the period January through December 2019 and include projected costs for January through December 2021.

Ms. Staciwa testified the projected program costs for the January through December 2021 billing period are $6,070,716. Adding these costs to the under-recovery of projected costs from the reconciliation period of $579,523 from January through December 2019 results in total program costs of $6,650,240 to be collected in this filing. Ms. Staciwa testified the under-recovery of costs was the result of updating 2019 savings and expenditures to reflect 2018 projects that were processed in 2019, along with OSB-approved funding specifically for the IQW Program to achieve additional savings beyond the initial savings goal. She stated the portfolio achieved the increased savings goals for 2019.

Petitioner's Exhibit 2, Attachment 2-A, Schedule 6 reconciles the forecasted versus actual GDSM Factor revenue for January through December 2019, which adds up to an over-recovery of $328,672 to be refunded via the GDSM Factors.

In summarizing the accounting authority NIPSCO is requesting, Ms. Schneider testified that NIPSCO is requesting continued authority to recover through its Rider 172 – GDSM Rider and Appendix C – GDSM Factors, projected program costs (including EM&V), lost revenues, and over-and under-recoveries associated with its approved GDSM Programs. She stated NIPSCO is also requesting ongoing authority to defer these amounts on the balance sheet as a regulatory asset in Account 182.3 – Regulatory Asset or a regulatory liability in Account 254 – Other Regulatory

Liabilities until such amounts are recovered through rates.

7. **<u>Calculation and Reconciliation of Lost Revenues</u>.** NIPSCO requests projected lost revenues for January through December 2021 and NIPSCO's first annual reconciliation of lost revenues for January through December 2019, all intended to be recovered through this proceeding.

Ms. Staciwa explained Petitioner's Exhibit 2, Attachment 2-A, Schedule 3, which shows the projected cumulative net therm savings for measures installed or to be installed from January 2019 through December 2021. These savings projections were used in Petitioner's Exhibit 2, Attachment 2-A, Schedule 4 in determining that the allocation of lost revenues associated with measures installed or to be installed in 2019-2021 totals $1,295,363. Petitioner's Exhibit 2, Attachment 2-A, Schedule 5 shows the reconciliation of actual to projected lost revenues for the period January through December 2019 results in an under-recovery of $169,055. Ms. Staciwa testified this under-recovery is largely attributed to the Residential Behavioral Program, which was based on a significantly lower savings goal. OUCC witness Sabillon agreed with Ms. Staciwa's calculations and with her conclusion regarding the main contributor to the under-recovery of lost revenues. As shown on Petitioner's Exhibit 2, Attachment 2-A, Schedule 7 (Columns (d) and (e)), the total GDSM costs associated with lost revenues in this proceeding equal $1,464,418.

8. **<u>Resulting GDSM Factors</u>.** Ms. Schneider explained the calculation of NIPSCO's proposed GDSM Factors. She sponsored Attachment 2-A, Schedules 2, 4, 5, 6, and 7 showing NIPSCO's calculation of the proposed GDSM Factors. Ms. Schneider testified that the GDSM Factors are developed based on projected program costs and lost revenues, with the exception of EM&V costs which are recovered based on actual costs. She testified that projected program costs will be reconciled to actual program costs in a subsequent filing and that NIPSCO allocates the projected program costs by GDSM Program to the individual Rate Schedules based on the number of customers in each eligible class. The projected lost revenues are allocated by program to the individual Rate Schedules. NIPSCO reconciles the actual and projected lost revenues and the projected revenue requirement to the actual revenue collected during the biling period. Once NIPSCO allocates each revenue requirement component to the individual Rate Schedules, NIPSCO then calculates the GDSM Factors by dividing the cost per Rate Schedule by the respective forecasted usage. Ms. Schneider testified the resulting GDSM Factors are then adjusted to reflect Indiana Utility Receipts Tax on Retail Sales and Adjusted Gross Income Tax.

Ms. Schneider sponsored Attachment 1-B, which sets forth the proposed GDSM Factors for recovery in the period January through December 2021 as follows:

Rate Schedule (with associated Rate 151, Rider 180, and Rider 181)	GDSM Factor per Therm per Month
Rate 111	A charge of $0.008609
Rate 115	A charge of $0.003168
Rate 121	A charge of $0.006549
Rate 125	A credit of $0.000019

Ms. Schneider testified the estimated average monthly bill impact for a typical residential customer using 69 therms per month is a charge of $0.59, which is an increase of $0.07 compared to what a NIPSCO gas customer pays today using the current GDSM Factor.

OUCC witness Sabillon testified that based on her review of NIPSCO's testimony, exhibits, work papers, and supporting documentation, NIPSCO's proposed GDSM Factors were calculated correctly. She recommended the factors be approved. Ms. Sabillon testified that based on NIPSCO's last rate case (Cause No. 44988), an average NIPSCO residential customer uses 824 therms of gas per year. She stated an average residential customer will pay $7.0938 per year, or approximately $0.5912 per month, as a result of the proposed GDSM Factors.

9. <u>Annual GDSM Filings and Procedural Schedule</u>. Ms. Staciwa supported NIPSCO's request to prospectively make its annual GDSM tracker filings (starting with GDSM 15) by August 15 instead of by July 15 as ordered in GDSM 10. She testified this will allow additional time for the OSB to review the EM&V report and to update the numbers from the EM&V report needed for the tracker filing. Ms. Staciwa testified the OSB agreed to this filing date change, and if approved, NIPSCO and the OUCC have agreed upon the following proposed procedural schedule for NIPSCO's future annual GDSM tracker proceedings:

- NIPSCO will file its case-in-chief (including its verified petition, proposed tariff revisions, and supporting testimony) and provide the OUCC and any intervenors with copies of all supporting workpapers (Audit Package) by August 15 each year. NIPSCO's case-in-chief will not be considered complete until all items listed are filed (or provided in the Audit Package).

- The OUCC and any intervenors will file their respective cases-in-chief within 75 days after NIPSCO files its case-in-chief.

- NIPSCO will file its rebuttal testimony (if any) within 85 days after NIPSCO files its case-in-chief.

- Unless the parties otherwise agree, NIPSCO will use its best efforts to provide the OUCC with a draft proposed order at least seven business days before the evidentiary hearing, and the OUCC will use its best efforts to review and provide comments on the proposed order at or before the hearing.

- Any response or objection to a discovery request should be made within ten calendar days of receiving such request, and electronic discovery will be utilized.

- An evidentiary hearing will be held approximately 95 days after NIPSCO files its complete case-in-chief, leaving approximately four weeks after the hearing for the Commission to issue an order.

OUCC witness Sabillon testified the OUCC agreed to NIPSCO's proposal to change the GDSM tracker filing date and the new proposed procedural schedule, and she recommended the Commission approve the proposed procedural schedule for future filings to allow the OSB time to review the EM&V report and update the EM&V report numbers.

10. **<u>Commission Findings</u>.** The GDSM Factors presented for approval include projected costs, lost revenues, and over- and under-recoveries for the period January through December 2021 associated with NIPSCO's approved 2019-2021 EE Program for gas service. The evidence presented in this Cause, as discussed above, supports approval of Petitioner's proposed GDSM Factors as reasonable, with the OUCC recommending approval. Accordingly, the Commission approves the requested GDSM Factors and ongoing authority to defer certain amounts on the balance sheet consistent with current practice. The resulting GDSM Factors will become effective for gas service rendered during January 2021 and shall remain in effect through December 2021 or until replaced by different adjustment factors approved in a subsequent proceeding. After reviewing the evidence, the Commission is not, however, persuaded that Petitioner's requested change in the annual GDSM tracker filing date ordered in GDSM 10 is reasonable or appropriate.

In GDSM 10, the Commission approved NIPSCO's requested transition from semi-annual to annual GDSM filings to be made by July 15. In supporting this change, the OUCC's witness in that proceeding noted that changing to an annual GDSM filing will result in more information for the OUCC and the Commission to review in these filings. GDSM 10 Order at p. 3. The OUCC was afforded 75 days within which to conduct its review. In NIPSCO's current proposal, the OUCC is again afforded 75 days for its review, but the time periods for the Commission's review of the parties' prefilings before the evidentiary hearing and within which to issue an order after the hearing before year-end have been shortened. Ms. Staciwa supported changing NIPSCO's filing deadline from July 15 to August 15 to allow additional time for the OSB to review the EM&V report and update EM&V report numbers needed for the tracker filing. While the proposed new timeline will allow additional time for the OSB' review, since the programs which are the subject of this review end on December 31, we find the current July 15 timeline is already generous, that NIPSCO did not show otherwise, and it is not reasonable to make the GDSM tracker filing 30 days later and compress the procedural schedule as proposed. To approve this proposal would add 30 days to the July 15 filing date that we find NIPSCO did not show is inadequate. The Commission, therefore, finds NIPSCO's requested change in the annual GDSM tracker filing date should be denied.

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

1. NIPSCO's request for approval of GDSM Factors, as set out in Finding No. 8 above, is approved and will be effective for gas service rendered during January through December 2021 or until replaced by different approved factors.

2. NIPSCO is granted authority to recover, through the GDSM Rider, program costs, lost revenues, and over- and under-recoveries associated with the GDSM Programs and to continue to defer amounts on the balance sheet as a regulatory asset in Account 182.3 – Regulatory Asset or a regulatory liability in Account 254 – Other Regulatory Liabilities until these are recovered through rates.

3. NIPSCO shall continue to make its annual GDSM tracker filing by July 15 consistent with GDSM 10.

4. Prior to implementing the approved rates, NIPSCO shall file the tariff and applicable rate schedules under this Cause for approval by the Commission's Energy Division. Such rates shall be effective on or after the Order date subject to Division review and agreement with the amounts reflected.

5. This Order shall be effective on and after the date of its approval.

HUSTON, FREEMAN, KREVDA, OBER, AND ZIEGNER CONCUR:

APPROVED: NOV 18 2020

I hereby certify that the above is a true and correct copy of the Order as approved.

Regina K. Joyner Digitally signed by Regina K. Joyner Date: 2020.11.18 10:22:40 -05'00'

Mary M. Schneider
Secretary of the Commission