
VERIFIED DIRECT TESTIMONY OF ERIN K. MEECE

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

2 A1. My name is Erin K. Meece. My business address is 801 E. 86th Avenue,
3 Merrillville, Indiana 46410. I am a Lead Regulatory Analyst for NiSource
4 Corporate Services Company ("NCSC").

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

6 A2. I am submitting this testimony on behalf of Northern Indiana Public Service
7 Company LLC ("NIPSCO").

8 **Q3. Please briefly describe your educational and business experience.**

9 A3. I graduated from the University of Southern Indiana with a Bachelor's of
10 Science Degree majoring in Accounting in 2002 and from Purdue University
11 with a Master's of Business Administration Degree in 2009. Prior to joining
12 NiSource, I was employed as a senior-level accountant working in multiple
13 industries, including rental services, gaming and property management. I
14 joined NIPSCO's Rates and Regulatory Finance Department in August of

1 2015 as a Senior Regulatory Analyst. On March 19, 2018 I accepted my
2 current position of Lead Regulatory Analyst for NCSC.

3 **Q4. What are your responsibilities as Lead Regulatory Analyst?**

4 A4. As Lead Regulatory Analyst, I am responsible for the preparation and
5 coordination of NIPSCO's Electric Transmission, Distribution and Storage
6 System Improvement Charge ("TDSIC") filings and Regional Transmission
7 Organization Adjustment semi-annual filings (Cause No. 44156-RTO-XX).
8 I am also responsible for the preparation and coordination of NIPSCO's
9 annual Attachments O, GG and MM postings to the Midcontinent
10 Independent System Operator, Inc. ("MISO"). I also support the
11 preparation and coordination of NIPSCO's electric Demand Side
12 Management annual filings (Cause No. 43618-DSM-XX).

13 **Q5. Have you previously testified before this or any other regulatory**
14 **commission?**

15 A5. Yes. I have testified before the Indiana Utility Regulatory Commission
16 ("Commission") in NIPSCO's most recent electric TDSIC tracker filings in
17 Cause No. 44733-TDSIC-X (beginning in TDSIC-7).

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

1 A6. The purpose of my direct testimony is to explain (1) NIPSCO's proposed
2 accounting and ratemaking treatment to be used to record and recover
3 TDSIC costs associated with NIPSCO's Electric TDSIC Plan for the period
4 June 1, 2021 through December 31, 2026 ("2021-2026 Electric Plan" or
5 "Plan"), including the recovery of operation and maintenance expenses
6 ("O&M"), (2) indirect capital and its treatment in the Plan, (3) an assessment
7 of the impact on retail revenue from the Plan, and (4) the process to be used
8 for allocating approved costs associated with the 2021-2026 Electric Plan.

9 **SUMMARY**

10 **Q7. Please summarize your direct testimony in this proceeding.**

11 A7. On July 12, 2016 in Cause No. 44733, pursuant to the provisions of Ind. Code
12 ch. 8-1-39,¹ the Commission approved NIPSCO's current 7-Year Electric
13 TDSIC Plan for the period January 2016 through December 2022 ("Electric
14 Plan 1").

15 On February 17, 2014 in Cause No. 44371, the Commission approved
16 NIPSCO's Rider 688 – Adjustment of Charges for Transmission,

¹ Ind. Code Ch. 8-1-39 (Transmission, Distribution, and Storage System Improvement Charges and Deferrals) was enacted as part of Senate Enrolled Act 560 and became effective on April 30, 2013, which was amended in House Enrolled Act No. 1470 and became effective on April 24, 2019 (the "TDSIC Statute").

1 Distribution and Storage System Improvement Charges and Appendix J –
2 Transmission, Distribution and Storage System Improvement Charges
3 Adjustment Factor (the “Electric TDSIC Mechanism”)² allowing for the
4 timely recovery of 80% of eligible and approved capital expenditures and
5 TDSIC costs and authorization to defer, until recovery through the TDSIC,
6 80% of the post in service TDSIC costs of the TDSIC project, including
7 carrying costs, depreciation and taxes (the “Ratemaking Order”).
8 Subsequent updates to Electric Plan 1 and recovery of approved costs
9 associated with Electric Plan 1 pursuant to Ind. Code § 8-1-39-9 have been
10 authorized by the Commission in a series of tracker proceedings in Cause
11 No. 44733-TDSIC-XX (“TDSIC Tracker Filings”).

12 In this proceeding, NIPSCO is proposing a successor to Electric Plan 1
13 consisting of a series of projects intended to continue enhancement of the
14 safety, reliability, and modernization of its electric transmission and
15 distribution systems. The Plan also makes provision for appropriate
16 economic development projects in the future, although none are proposed

² NIPSCO's Rider 888 – Adjustment of Charges for Transmission, Distribution and Storage System Improvement Charges and Appendix J – Transmission, Distribution and Storage System Improvement Charges Adjustment Factor were most recently approved by the Commission on December 4, 2019 in Cause No. 45159.

1 at this time. NIPSCO anticipates recovering approved capital expenditures
2 and TDSIC costs associated with the 2021-2026 Electric Plan through its
3 existing Electric TDSIC Mechanism.

4 **CURRENT RATEMAKING TREATMENT**

5 **Q8. Please describe NIPSCO's currently approved ratemaking treatment for**
6 **recovery of approved capital expenditures and TDSIC costs.**

7 A8. Ind. Code § 8-1-39-9(a) provides that an electric utility may establish a
8 TDSIC that will allow the periodic automatic adjustment of the public
9 utility's basic rates and charges to provide for timely recovery of 80% of
10 approved capital expenditures and TDSIC costs. In its Ratemaking Order,
11 the Commission approved the following ratemaking treatment for recovery
12 of approved capital expenditures and TDSIC costs:

Recovery of TDSIC Costs

13 In accordance with Ind. Code § 8-1-39-9(a), NIPSCO recovers, through the
14 TDSIC, 80% of its approved capital expenditures and TDSIC costs incurred
15 with respect to eligible transmission and distribution system improvements
16 incurred both while the improvements are under construction and post in
17 service. These costs include, but are not limited to, depreciation expense,
18 property taxes, pretax returns, allowance for funds used during

1 construction ("AFUDC") and post in service carrying costs ("PISCC"). *See*
2 Ind. Code §§ 8-1-39-7 and 8-1-39-9(c). These costs are recovered on a
3 historical basis subsequent to the date in which the actual costs were
4 incurred.

Construction Work in Progress ("CWIP") Ratemaking Treatment

5 In accordance with Ind. Code § 8-1-39-9, NIPSCO implemented CWIP
6 ratemaking treatment related to the recovery of financing costs incurred
7 during the construction of capital projects. Under CWIP ratemaking
8 treatment, NIPSCO recovers, through the TDSIC, financing costs incurred
9 during the construction period attributable to qualifying capital
10 investments. Given that the financing costs under CWIP ratemaking are
11 recovered as the capital costs are incurred (while the project is under
12 construction), the customer is able to avoid the negative effects of
13 compounding accrued AFUDC while the utility is able to avoid the
14 negative effects of regulatory lag, including negative cash flows and
15 earnings erosion. In connection with CWIP ratemaking, NIPSCO ceases
16 accruing AFUDC the earlier of the date in which such expenditures receive
17 CWIP ratemaking treatment through the TDSIC or the date the project is
18 placed in service.

PISCC

1 In accordance with Ind. Code § 8-1-39-9, NIPSCO recovers, through the
2 TDSIC, 80% of all PISCC incurred in connection with TDSIC projects. These
3 costs are determined based on NIPSCO's overall weighted cost of capital
4 and encompass all financing costs incurred from the in-service date until
5 such projects receive ratemaking treatment.

6 **Q9. Please explain how the TDSIC revenue requirement is calculated in**
7 **general.**

8 A9. In accordance with the Ratemaking Order, in each TDSIC Tracker Filing,
9 NIPSCO calculates a revenue requirement, consisting of two components:
10 (1) a return of financing costs related to capital expenditures including
11 AFUDC, PISCC and pretax returns; and (2) recovery of depreciation
12 expense, and property tax expense associated with the approved TDSIC
13 projects. NIPSCO then multiplies the total revenue requirement by 80% to
14 establish the TDSIC revenue requirement before tax gross up. Components
15 are then multiplied by a revenue conversion factor to reflect taxes. In each
16 TDSIC proceeding, NIPSCO provides evidence of actual costs incurred
17 during a historical period along with updated cost projections for the
18 approved TDSIC projects.

1 **Q10. Please explain how the return on capital costs included in the revenue**
2 **requirement are calculated in general.**

3 A10. In accordance with the Ratemaking Order, the return of financing costs
4 related to capital expenditures are calculated based on the actual TDSIC
5 project costs, net of accumulated depreciation. AFUDC, a subcomponent
6 of the capital costs, is calculated in accordance with Generally Accepted
7 Accounting Principles ("GAAP"), until such costs are given CWIP
8 ratemaking treatment or are otherwise reflected in NIPSCO's basic rates
9 and charges or the TDSIC projects are placed in service, whichever occurs
10 first. NIPSCO computes AFUDC amounts and relevant AFUDC rates for
11 Eligible TDSIC projects in accordance with the Federal Energy Regulatory
12 Commission ("FERC") or National Association of Regulatory Utility
13 Commissioners Uniform System of Accounts, which is consistent with
14 GAAP. PISCC is calculated and included in the revenue requirement after
15 such projects are placed in service and until such costs are given ratemaking
16 treatment through the TDSIC or are otherwise reflected in NIPSCO's basic
17 rates and charges. As required under Ind. Code § 8-1-39-3, NIPSCO
18 calculates the pretax return using the Company's weighted average cost of
19 capital ("WACC") as further described below.

1 Once the revenue requirement is calculated, NIPSCO reduces the revenue
2 requirement related to the recoverable PISCC and the pretax return to 80%
3 in accordance with Ind. Code § 8-1-39-9(a). NIPSCO grosses-up the revenue
4 requirement for all incremental taxes incurred as a result of the additional
5 revenues.

6 **Q11. Please explain how the expenses included in the revenue requirement are**
7 **calculated in general.**

8 A11. In accordance with the Ratemaking Order, NIPSCO recovers the
9 depreciation expense, and property tax expense on a historical basis.
10 NIPSCO typically includes six months of actual expense in each adjustment
11 proceeding after such costs have been incurred. Once calculated, NIPSCO
12 reduces the revenue requirement related to the recoverable expenses to 80%
13 in accordance with the TDSIC Statute.

14 **Q12. Please explain how NIPSCO includes the reconciliation of costs in the**
15 **revenue requirement calculation.**

16 A12. In each TDSIC Tracker Filing, the revenue requirement includes the
17 variances associated with the under- or over-collection of the revenue
18 requirement approved in a previous TDSIC Tracker Filing and actual

1 revenue received from customers for the associated period. The variance is
2 due to the difference between the forecasted bills and volumes used to
3 calculate the rates and actual bills and volumes.

4 **Q13. Please explain how NIPSCO defers, until recovery through the TDSIC,**
5 **80% of the post in service TDSIC costs of the TDSIC projects, including**
6 **carrying costs and pretax returns, depreciation, and taxes.**

7 A13. In accordance with the Ratemaking Order, NIPSCO defers and recovers
8 80% of the PISCC, including carrying costs and pretax returns,
9 depreciation, and property tax expense associated with its approved TDSIC
10 projects, through the TDSIC adjustment factor. NIPSCO defers such costs
11 as a regulatory asset until such costs are recognized for ratemaking
12 purposes through NIPSCO's TDSIC adjustment factor or included for
13 recovery in NIPSCO's basic rates and charges in its next general rate case.

14 **Q14. How does NIPSCO treat the remaining 20% of TDSIC capital**
15 **expenditures and costs that are not included for recovery through the**
16 **TDSIC adjustment factor?**

17 A14. Ind. Code § 8-1-39-9(c) provides that 20% of the approved capital
18 expenditures and TDSIC costs, including depreciation, pretax returns,

1 AFUDC, PISCC, and property taxes shall be deferred and recovered by the
2 public utility as part of the next general rate case filed by the public utility
3 with the Commission.

4 In accordance with the Ratemaking Order, NIPSCO defers, as a regulatory
5 asset, 20% of such costs including depreciation, pretax returns, AFUDC,
6 PISCC, and property tax expenses and requests to recover those costs as
7 part of NIPSCO's next general rate case. NIPSCO records ongoing carrying
8 charges based on NIPSCO's WACC on these costs until the costs are
9 included for recovery in NIPSCO's basic rates and charges in its next
10 general rate case.

11 In each TDSIC Tracker Filing, NIPSCO provides an illustrative ratemaking
12 schedule showing the deferred amounts until such time as the costs can be
13 recovered as part of NIPSCO's next general rate case. This schedule also
14 shows how NIPSCO will maintain a record of the ongoing carrying charges
15 accrued on the deferred balance. These amounts exclude tax gross up,
16 which would otherwise be included for recovery at the prevailing tax rates
17 when NIPSCO files a future general rate case. This calculation has no
18 impact on TDSIC rates in each TDSIC Tracker Filing.

1 **Q15. What depreciation rates are used for the TDSIC projects?**

2 A15. NIPSCO depreciates the TDSIC capital expenditures according to each
3 asset's designated FERC account classification. Upon being placed in
4 service, NIPSCO depreciates each asset according to the FERC account
5 composite remaining life approved in the Commission's most recent
6 electric rate case order (Cause No. 45159).

7 **Q16. Please describe how TDSIC costs are allocated among NIPSCO's rate**
8 **classes.**

9 A16. In each TDSIC Tracker Filing, NIPSCO allocates the transmission and
10 distribution system revenue requirements consistent with the revenue
11 allocation approved by the Commission in NIPSCO's most recent base rate
12 proceeding and recovers through a volumetric factor calculated in each
13 TDSIC Tracker Filing.

14 **PROPOSED CHANGES IN RATEMAKING TREATMENT**

15 **Q17. Is NIPSCO proposing any changes to the calculation of the TDSIC**
16 **revenue requirement associated with the 2021-2026 Electric Plan?**

17 A17. Yes. NIPSCO proposes to use the same methodology set out in the
18 Ratemaking Order for calculating the revenue requirement associated with
19 the 2021-2026 Electric Plan, except that NIPSCO is proposing to (1) recover

1 projected depreciation and property tax expenses, (2) exclude depreciation
2 expense related to plant retirements resulting from the new TDSIC
3 investments, and (3) recover O&M expenses.

4 **Q18. Please explain NIPSCO's proposal to recover projected depreciation and**
5 **property tax expenses.**

6 A18. NIPSCO is proposing to include projected depreciation and property tax
7 expense to reduce the regulatory lag that occurs when recovering these
8 costs on a historical basis. The projected expenses will also be reconciled to
9 actual amounts in a future filing. Any variance between the projected and
10 actual revenues will be recovered from or passed back to customers in that
11 future filing. This is the same process that the Commission approved in
12 Cause No. 45330-TDSIC-1 for use in NIPSCO's gas TDSIC tracker filings
13 (45330-TDSIC-X), Cause No. 45007 for use in NIPSCO's gas Federally
14 Mandated Cost Adjustment filings (45007-FMCA-X), and Cause No. 44340
15 for use in NIPSCO's electric Federally Mandated Cost Adjustment filings
16 (Cause Nos. 44340-FMCA-X). Approval of this proposed change will
17 therefore also allow NIPSCO to realize some efficiencies, as it will align the
18 recovery of depreciation and property tax expenses across all these filings.

1 **Q19. How does NIPSCO propose to calculate depreciation and property tax**
2 **expenses in future TDSIC Tracker Filings?**

3 A19. NIPSCO proposes to calculate depreciation and property tax expense by
4 only including projected depreciation and property tax expenses based on
5 projects completed as of the cut-off date for TDSIC expenditures. Thus, the
6 depreciation and property tax expenses will be based on fixed, known, and
7 measurable utility plant in service balances included in each filing. These
8 amounts are also aligned with the Indiana ratemaking principle of "used
9 and useful" assets and based only on the actual costs incurred. The most
10 recent month of depreciation and property tax expenses prior to the cut-off
11 date will be used and multiplied by the number of months included in the
12 revenue requirement.

13 **Q20. Is this method consistent with what was used and approved in NIPSCO's**
14 **Gas TDSIC proceeding and TDSIC proceedings for other Indiana**
15 **utilities?**

16 A20. Yes. NIPSCO's methodology is consistent with the methodology approved
17 for its Gas TDSIC proceeding (Cause No. 45330-TDSIC-1), as well as
18 Indianapolis Power & Light Company's TDSIC proceeding (Cause No.
19 45264-TDSIC-1), and Southern Indiana Gas and Electric Company d/b/a

1 Vectren Energy Delivery of Indiana, Inc.'s TDSIC proceeding (Cause No.
2 44910).

3 **Q21. Please describe NIPSCO's proposed methodology to reduce the recovery**
4 **of depreciation expense on assets that are retired due to TDSIC**
5 **investments.**

6 A21. NIPSCO is proposing to include a reduction to depreciation expense
7 representing the depreciation expense associated with the retirement of
8 assets replaced by TDSIC investments.

9 **Q22. How is the amount of the reduction to depreciation expense determined?**

10 A22. Given that the retirements will lag the placement in service of the new asset,
11 it is necessary to estimate the amount of the retirements. NIPSCO is
12 proposing to use a representative and historical method that relies on a
13 three-year average retirement rate by FERC account (the "retirement rate")
14 to determine the depreciation reduction adjustment to be applied to its
15 recovery of depreciation expense in its TDSIC Tracker Filings. The source
16 of this information is NIPSCO's FERC Form 1.³ The retirement rate is then

³ NIPSCO submits its FERC Form 1 to the Commission by April 30 each year. NIPSCO also provides its most recent FERC Form 1 in its audit package that is provided to both the OUCC and Industrial Group at the same time it files its case-in-chief in each TDSIC Tracker Filing.

1 applied to the amount of the TDSIC investments, resulting in a value
2 determined for retirement assets by FERC account. NIPSCO then applies
3 the depreciation rates as approved in NIPSCO's most recent electric rate
4 case to the retirement values by FERC account to determine depreciation
5 expense. The amount of depreciation expense represents the values to
6 reduce the recovery of depreciation expense associated with the 2021-2026
7 Electric Plan. This use of a three-year average is reasonable and sustainable,
8 and also addresses the difficulty of identifying the precise assets retired (as
9 a result of the lag previously mentioned). The effect of this reduction to
10 depreciation expense is a decrease in the revenue that would otherwise
11 have been recovered through the TDSIC tracker. This approach nets
12 depreciation expense to reflect the retirement of certain assets as a result of
13 the 2021-2026 Electric Plan. NIPSCO will provide its calculation in its
14 TDSIC Tracker Filings, including supporting workpapers.

15 **Q23. Why is NIPSCO's proposed methodology to reduce the recovery of**
16 **depreciation expense on assets that are retired due to TDSIC investments**
17 **reasonable?**

18 A23. NIPSCO's methodology represents an approach grounded in NIPSCO's
19 actual, historical experience to determine a reasonable retirement rate. The

1 historical amounts are available in public forms submitted to the
2 Commission. NIPSCO may make an adjustment to the historical
3 information if needed to address extraordinary or unusual items that skew
4 the calculation. If NIPSCO makes an adjustment, an explanation will be
5 included in the supporting workpapers that will be provided to all parties.
6 Periodic volatility will be dampened by using the average historical data.
7 NIPSCO proposes to calculate the retirement depreciation expense
8 reduction amount on both new and replacement asset values using the
9 capital amounts at the end of the test period. This approach benefits
10 customers because the highest capital amounts during the test period are
11 used in the calculation. This is in lieu of using only replacement assets,
12 ratably placed in service, for the revenue requirement months. These
13 calculations increase the depreciation expense associated with retirement
14 assets and therefore are likely to provide a larger reduction to the TDSIC
15 revenue requirement compared to trying to estimate the depreciation
16 expense associated with specific retired assets.

17 The proposed methodology is reliable and auditable because it relies on
18 data submitted annually to the Commission. NIPSCO follows the FERC
19 method of accounting for fixed asset additions, retirements, and associated

1 depreciation expense by FERC account asset group. The proposed
2 methodology aligns with the FERC method by reflecting actual history and
3 reducing variabilities over time by using a three-year average to be
4 representative of NIPSCO's retirement experience for each FERC account.
5 NIPSCO follows the FERC method of retirements and reduces the
6 appropriate FERC accounts. The timing of when these items are completed
7 introduces estimates throughout the process from the initiation of the work
8 order and evolves over time until final unitization. NIPSCO's proposed
9 methodology will mitigate these effects while also representing a simplified
10 method that includes information that is easily accessible and auditable.

11 Finally, this is the same methodology that NIPSCO proposed and the
12 Commission approved for NIPSCO's Gas TDSIC Plan (Cause No. 45330).

13 **Q24. Please explain NIPSCO's proposal to recover O&M expenses.**

14 A24. Consistent with the definition of "TDSIC costs" in section 7(2) of the TDSIC
15 Statute, NIPSCO is proposing to include the recovery of O&M expenses
16 incurred with respect to eligible transmission and distribution system
17 improvements through its TDSIC. The only O&M expenses included in the
18 Plan are actual O&M expenses associated with the Advanced Metering

1 3) Portions of payroll for NIPSCO employees involved in supporting
2 capital projects in either a project management function (i.e., project
3 engineering, operations) or an administrative and general function
4 (i.e., fixed asset accounting, financial planning).

5 Stores, freight, and handling charges are also indirect capital costs that must
6 be capitalized for GAAP purposes. This component of indirect capital
7 represents costs that NIPSCO incurs to procure materials and equipment.
8 Generally, this represents the payroll for NIPSCO's supply chain and
9 procurement functions. It also includes labor costs and other warehousing
10 expenses associated with NIPSCO's warehousing function for inventoried
11 materials and supplies.

12 The last component of NIPSCO's indirect capital is AFUDC. NIPSCO
13 computes AFUDC amounts and relevant AFUDC rates for eligible TDSIC
14 projects in accordance with the FERC Uniform System of Accounts.
15 NIPSCO's calculation of AFUDC is also consistent with GAAP. NIPSCO
16 also has a process to ensure that AFUDC is no longer recorded after such
17 costs are given CWIP ratemaking treatment, are otherwise reflected in base
18 rates, or the project is placed in service, whichever occurs first.

1 All three of the indirect capital components must be capitalized in order to
2 conform with GAAP for public utilities. NIPSCO has consistently followed
3 this approach internally for both direct and indirect capital costs for years,
4 including during the test year in its last general electric rate proceeding.

5 **Q26. What steps are used in determining the indirect capital costs?**

6 A26. Historical trends were used to set the Plan estimated indirect percentage at
7 13% and AFUDC at 3%. Once Plan execution begins, NIPSCO will only
8 seek recovery of actual indirect capital and AFUDC costs incurred.
9 NIPSCO's inclusion of these indirect capital costs and AFUDC is consistent
10 with NIPSCO's overhead capitalization and AFUDC methodologies which
11 have been in place for years including during the test year used in
12 NIPSCO's last general electric rate case.

13 **ASSESSMENT OF RETAIL REVENUE**

14 **Q27. Please provide an assessment of the impact of the 2021-2026 Electric Plan**
15 **on retail revenue.**

16 A27. Based on the projected investments of the 2021-2026 Electric Plan, NIPSCO
17 has calculated the retail revenue impact in Table 1 by comparing the
18 increase in TDSIC Plan revenues to be billed through the TDSIC adjustment

1 factor in a given year with the total retail revenue for the twelve months
2 ended March 31, 2021.

3 **Table 1**

NORTHERN INDIANA PUBLIC SERVICE CO.
Revenue Requirement Based on Proposed Update to the 6-Year Electric TDSIC Plan (in millions)

Line No.	Rate Code	Forecasted Revenues					Total	
		2021	2022	2023	2024	2025		2026
1	811	\$ -	\$ 9.4	\$ 17.1	\$ 24.4	\$ 37.8	\$ 48.3	\$ 137.0
2	820	-	0.0	0.1	0.1	0.1	0.2	0.5
3	821	-	3.4	6.2	8.7	13.5	17.3	49.2
4	822	-	0.0	0.1	0.1	0.1	0.2	0.5
5	823	-	2.1	3.8	5.4	8.3	10.7	30.4
6	824	-	2.4	4.3	6.1	9.4	12.0	34.2
7	825	-	0.1	0.2	0.3	0.4	0.5	1.5
8	826	-	1.4	2.5	3.5	5.4	7.0	19.8
9	831 - Tier 1	-	0.7	1.2	1.5	2.4	3.0	8.8
10	832	-	0.1	0.1	0.2	0.3	0.4	1.1
11	833	-	0.2	0.3	0.4	0.6	0.8	2.3
12	841	-	0.1	0.1	0.2	0.2	0.3	0.9
13	842	-	0.0	0.0	0.0	0.0	0.0	0.0
14	844	-	0.0	0.0	0.0	0.0	0.0	0.1
15	850	-	0.0	0.1	0.1	0.2	0.2	0.6
16	855	-	0.0	0.0	0.0	0.0	0.0	0.1
17	860	-	0.0	0.1	0.1	0.1	0.1	0.4
18	Total	\$ -	\$ 20.0	\$ 36.2	\$ 51.0	\$ 79.0	\$ 100.9	\$ 287.2

Projected Impact on Retail Revenue from TDSIC Rate Schedule (in millions)

	Forecasted Revenues						
	2021	2022	2023	2024	2025	2026	
19	Prior Year TDSIC Revenue	\$ -	\$ -	\$ 20.0	\$ 36.2	\$ 51.0	\$ 79.0
20	Incremental TDSIC Revenue	-	20.0	16.2	14.8	28.1	21.9
21	Total TDSIC Revenue	\$ -	\$ 20.0	\$ 36.2	\$ 51.0	\$ 79.0	\$ 100.9
22	Total Retail Revenue [1] [2]	\$ 1,495.9	\$ 1,515.9	\$ 1,532.1	\$ 1,546.9	\$ 1,575.0	\$ 1,596.9
23	Annual % Increase [3] (Current line 20 + prior line 22)	0.0%	1.3%	1.1%	1.0%	1.8%	1.4%
24	Average Annual % Increase						1.1%

[1] Actual Retail Revenues from the electric actual earnings test at each appropriate December 31.
[2] Forecasted Retail Revenues are based on the most current actual retail revenues adjusted for TDSIC forecasted incremental revenue.
[3] See Att. 1, Sch. 9 for 2% Retail Revenue Cap test calculation performed at each filing.

4
5 As reflected in Table 1, NIPSCO does not currently expect that the average
6 aggregate increase in its total retail revenue attributable to the Plan will
7 result in an average aggregate increase of more than 2% in a twelve month
8 period.

1 **Q28. How will NIPSCO calculate the average aggregate increase in its total**
2 **retail revenue attributable to the Plan to assure that the Plan will not**
3 **result in an average aggregate increase of more than 2% in a twelve month**
4 **period?**

5 A28. Consistent with Electric Plan 1, NIPSCO will provide a schedule in each
6 TDSIC Tracker Filing that identifies the projected effect of NIPSCO's Plan
7 updates on retail rates and charges to determine the average aggregate
8 increase percentage. If NIPSCO incurs TDSIC costs under the 2021-2026
9 Electric Plan that result in a revenue requirement that would exceed the
10 percentage increase in a TDSIC approved by the Commission, NIPSCO will
11 defer such costs as a regulatory asset for recovery as part of its next general
12 rate case filed with the Commission. "Retail revenues" used in this
13 calculation will be obtained from NIPSCO's "Operating Revenues" from
14 the most recent earnings test in NIPSCO's Fuel Adjustment Clause
15 proceeding. This methodology is the same as the methodology approved
16 by the Ratemaking Order.

17 **Q29. How will NIPSCO's transmission and distribution rate base grow**
18 **annually through the 2021-2026 Electric Plan horizon?**

1 A29. NIPSCO's transmission and distribution rate base will grow annually
 2 through the 2021-2026 Electric Plan horizon because of its investment under
 3 the Plan. The estimated rate base growth impacts are detailed in Table 2.⁴

Table 2

NORTHERN INDIANA PUBLIC SERVICE CO.							
Electric TDSIC Plan 2021-2026							
Calculation of Annual Rate Base Growth							
TDSIC Rate Base	2021	2022	2023	2024	2025	2026	
Transmission	\$ 51,618,651	\$ 86,770,822	\$ 74,983,458	\$ 113,451,416	\$ 98,853,638	\$ 100,736,048	
Distribution	70,625,282	167,996,267	180,006,872	186,208,571	192,900,130	192,864,974	
Total TDSIC Rate Base	\$ 122,243,933	\$ 254,767,089	\$ 254,990,330	\$ 299,659,987	\$ 291,753,768	\$ 293,601,022	
Total NIPSCO Rate Base	2020 *	2021	2022	2023	2024	2025	2026
Transmission	\$ 1,296,249,628	\$ 1,347,868,279	\$ 1,434,639,101	\$ 1,509,622,560	\$ 1,623,073,976	\$ 1,721,927,614	\$ 1,822,663,661
Distribution	1,380,916,986	1,451,542,268	1,619,538,535	1,799,545,406	1,985,753,977	2,178,654,107	2,371,519,082
Total TDSIC Rate Base	\$ 2,677,166,614	\$ 2,799,410,547	\$ 3,054,177,636	\$ 3,309,167,966	\$ 3,608,827,953	\$ 3,900,581,721	\$ 4,194,182,743
Rate Base	2021	2022	2023	2024	2025	2026	
Transmission	3.83%	6.05%	4.97%	6.99%	5.74%	5.53%	
Distribution	4.87%	10.37%	10.00%	9.38%	8.85%	8.13%	

* Per NIPSCO's 2020 FERC Form 1

CUSTOMER BILL IMPACT

7 **Q30. What is the estimated bill impact of the 2021-2026 Electric Plan for an**
 8 **average residential customer?**

9 **A30. The exact impact will be dependent on a number of different factors.**

10 **However, assuming approval of the Plan, NIPSCO currently estimates**

⁴ The annual TDSIC net plant balances are calculated based on the estimated TDSIC project costs, as presented in the Plan, net of accumulated depreciation, calculated by FERC account. These annual TDSIC balances were then compared to total NIPSCO rate base for Transmission and Distribution, with a beginning balance as filed in NIPSCO's 2020 FERC Form 1.

1 TDSIC costs in the first TDSIC Tracker Filing after approval would result in
2 a charge of approximately \$2.65 to an average residential customer using
3 700 kWh per month.⁵ This is slightly higher than the \$2.08 in TDSIC costs
4 proposed in NIPSCO's pending TDSIC-8 tracker filing and the \$2.61 in
5 TDSIC costs under NIPSCO's currently-effective TDSIC-7 tracker.

6 **Q31. Does this conclude your prefiled direct testimony?**

7 A31. Yes.

⁵ The average kWh per month usage in Cause No. 45159.

VERIFICATION

I, Erin K. Meece, Lead Regulatory Analyst of NiSource Corporate Service Company, affirm under penalties of perjury that the foregoing representations are true and correct to the best of my knowledge, information and belief.

A handwritten signature in black ink, appearing to read "Erin Meece", written over a horizontal line.

Erin K. Meece

Dated: June 1, 2021