

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

VERIFIED PETITION OF NORTHERN INDIANA)
PUBLIC SERVICE COMPANY FOR (1) APPROVAL)
OF AND A CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY FOR A)
FEDERALLY MANDATED NERC COMPLIANCE)
PROJECT; (2) AUTHORITY TO RECOVER)
FEDERALLY MANDATED COSTS INCURRED IN)
CONNECTION WITH THE NERC COMPLIANCE)
PROJECT; (3) APPROVAL OF THE ESTIMATED)
FEDERALLY MANDATED COSTS ASSOCIATED)
WITH THE NERC COMPLIANCE PROJECT; 4))
AUTHORITY FOR THE TIMELY RECOVERY OF)
80% OF THE FEDERALLY MANDATED COSTS)
THROUGH RIDER 787 – ADJUSTMENT OF)
FEDERALLY MANDATED COSTS AND APPENDIX I)
– FEDERALLY MANDATED COST ADJUSTMENT)
FACTOR; (5) AUTHORITY TO DEFER 20% OF THE)
FEDERALLY MANDATED COSTS FOR RECOVERY)
IN NIPSCO’S NEXT GENERAL RATE CASE; (6))
APPROVAL OF SPECIFIC RATEMAKING AND)
ACCOUNTING TREATMENT; (7) APPROVAL TO)
DEPRECIATE THE NERC COMPLIANCE PROJECT)
ACCORDING TO PREVIOUSLY APPROVED)
DEPRECIATION RATES; AND (8) APPROVAL OF)
ONGOING REVIEW OF THE NERC COMPLIANCE)
PROJECT; ALL PURSUANT TO IND. CODE §§ 8-1- 8.4-)
1 ET SEQ., 8-1-2-19, 8-1-2-23 AND 8-1-2-42.)

CAUSE NO. 44889

OUCC TESTIMONY

OF

STACIE R. GRUCA – PUBLIC’S EXHIBIT #2

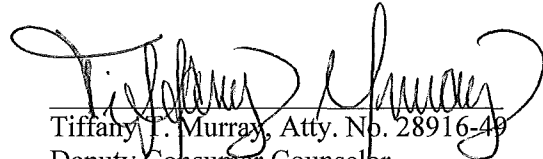
ON BEHALF OF THE

INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR

February 28, 2017

Respectfully submitted,

INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR

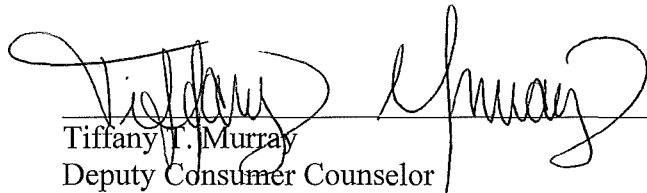


Tiffany L. Murray, Atty. No. 28916-49
Deputy Consumer Counselor

CERTIFICATE OF SERVICE

This is to certify that a copy of the foregoing *Office of Utility Consumer Counselor Testimony of Stacie R. Gruca* has been served upon the following counsel of record in the captioned proceeding by electronic service on February 28, 2017.

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DIRECT TESTIMONY OF STACIE R. GRUCA
CAUSE NO. 44889
NORTHERN INDIANA PUBLIC SERVICE COMPANY ('NIPSCO')

I. INTRODUCTION

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

2 A: My name is Stacie R. Gruca, and my business address is 115 West Washington
3 St., Suite 1500 South, Indianapolis, Indiana 46204. I am employed by the Indiana
4 Office of Utility Consumer Counselor ("OUCC") as a Senior Utility Analyst in
5 the Electric Division. For a summary of my educational and professional
6 background and my preparation for this case, please see Appendix SRG-1
7 attached to my testimony.

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

9 A: I address and ultimately recommend approval of Northern Indiana Public Service
10 Company's (hereafter "NIPSCO" or "Petitioner") proposal to recover its North
11 American Electric Reliability Corporation ("NERC") Compliance Project costs
12 through its Federally Mandated Cost Adjustment ("FMCA") mechanism. In
13 particular I address and make recommendations regarding the FMCA mechanism
14 structure and ratemaking treatment, estimated annual operation and maintenance
15 ("O&M") expenses, and depreciation rates.

II. FMCA STRUCTURE AND RATEMAKING TREATMENT

16 **Q: Does NIPSCO propose any structural changes to its current FMCA mechanism,**
17 with respect to the proposed recovery of NERC Compliance Project costs?

1 A: No. NIPSCO is not requesting any changes to the structure of the FMCA
2 mechanism currently in place and approved in Cause No. 44340.¹

3 **Q: Will the ratemaking treatment approved in Cause No. 44340 continue to be**
4 **used for NERC Compliance Project costs?**

5 A: Yes.

6 **Q: Does NIPSCO plan to continue to update its capital structure in each FMCA**
7 **semi-annual filing consistent with the current and approved method used to**
8 **calculate the capital structure in each of NIPSCO's FMCA filings?**

9 A: Yes. NIPSCO will continue to use an updated capital structure in its NERC
10 Compliance Project cost recovery calculations.²

11 **Q: Has Petitioner filed any other pending cases in which it proposes ratemaking**
12 **and accounting treatment through its FMCA tracking mechanism?**

13 A: Yes. In the pending Cause No. 44872, NIPSCO is requesting ratemaking and
14 accounting treatment for costs related to its Environmental Compliance Project
15 through its FMCA tracking mechanism. Should Petitioner's request be approved,
16 it will likely result in an increase to the overall dollar amount and a change to the
17 types of project costs that have historically been included in Petitioner's FMCA
18 filings. These future changes could have a significant impact on NIPSCO's next
19 FMCA tracker proceeding and coordination of such changes may require a
20 discussion between the parties in advance of NIPSCO's filing in its next FMCA
21 tracker proceeding.

22 **Q: Does the OUCC address ratemaking and accounting treatment related to**
23 **NIPSCO's Cause No. 44872 Environmental Compliance Project in the**
24 **current proceeding?**

25 A: No. Ratemaking and accounting treatment for NIPSCO's Environmental
26 Compliance Project will be addressed in Cause No. 44872.

¹ See OUCC Attachment SRG-1, NIPSCO's Response to OUCC DR 1-007.

² See OUCC Attachment SRG-2, NIPSCO's Response to OUCC DR 1-006.

II. ESTIMATED O&M EXPENSES

1 **Q: Does the OUCC have concerns with NIPSCO's proposed estimated annual**
2 **ongoing O&M costs?**

3 **A:** No. NIPSCO provided a detailed breakdown and support for its proposed
4 estimated annual ongoing O&M costs. NIPSCO supported its Critical
5 Infrastructure Protection ("CIP") Version 6 Compliance Project with estimates of
6 annual O&M expenses (Labor/Salary, Computer Software Equipment, Outside
7 Services and Telecommunications). NIPSCO also provided support for its
8 Interconnection Reliability Operations ("IRO") and Transmission Operations
9 ("TOP") Reliability Standards Compliance Project, including estimated annual
10 O&M expenses associated with the Real-Time Operations Engineers ("RTOE").

11 The estimated O&M expenditures for NIPSCO's CIP Version 6
12 Compliance Project are generally comprised of annual license fees for new capital
13 assets being installed and monthly communication fees for locations receiving a
14 commercial data connection.³ In its response to the OUCC's formal data request,
15 NIPSCO explained in greater detail what comprised the estimated annual O&M
16 expenses for the Telecommunications and Computer & Software Equipment
17 O&M Expense Groups, as identified on Petitioner's Attachment 2-A. The
18 expense for Telecommunications includes leased lines (commercial network
19 connections) for 14 of the total 51 CIP Version 6 Compliance Project substation
20 sites where inadequate network communications infrastructure exists today.
21 NIPSCO further explained that these leased lines will enable NISPCO's use of the

³ NIPSCO Witness Mr. Matthew G. Holtz Testimony, Page 29, Lines 1-3.

1 card reader technology at these 14 sites.⁴ The expense for Computer & Software
2 Equipment includes annual license, maintenance, and support fees for new capital
3 assets being installed under the CIP Version 6 Compliance Project. NIPSCO
4 indicated that these costs are for support of physical security assets and
5 incremental annual maintenance/license fees to integrate new sites into NIPSCO's
6 existing security system and for network equipment, such as maintenance/license
7 fees for equipment to integrate new sites into the existing NIPSCO network and
8 provide protection for the new sites.⁵ The increase in CIP Version 6 Compliance
9 Project estimated O&M expenses from year 2018 to 2019 and increase from year
10 2019 to 2020 is based on a 10% inflation increase per year for both
11 Telecommunications and Computer & Software expense groups. NIPSCO
12 explained in its response to the OUCC's formal data request that this rate is based
13 on previous experience of annual license fee inflation increases and the
14 uncertainty of the estimates early in the scoping process. NIPSCO further
15 indicated that it will update all years' O&M estimates as additional, more certain
16 information becomes available.⁶

17 The estimated O&M expenditure for NISPCO's IRO/TOP Compliance
18 Project is primarily comprised of labor costs (including indirect, overhead, and
19 benefits expenses) associated with six new RTOE positions (in 2016 dollars).⁷ In
20 response to the OUCC's formal data request, NIPSCO provided the job
21 description for the RTOE positions for levels 1, 2, and 3 and indicated that the six

⁴ 2018 - \$30,857.14 per site multiplied by 14 sites equals approximately \$432,000.

⁵ 2018 - \$6,136.76 per site multiplied by 51 sites equals approximately \$312,975.

⁶ See OUCC Attachment SRG-3, NIPSCO's Response to OUCC DR 2-001(a) and (b).

⁷ NIPSCO Witness Mr. Matthew G. Holtz, Page 45, Lines 10-13.

1 RTOE positions for its IRO/TOP Compliance Project all have the same job
2 description and the job description for these positions have not changed since
3 work has begun on these projects. NIPSCO indicated that the variance in the
4 estimated annual salaries among these six positions is due to difference in
5 experience level of the candidate hired for the position.⁸ Additionally, in response
6 to the OUCC's formal data request, NIPSCO provided documentation supporting
7 the estimated O&M expense for the six RTOE positions, which included a base
8 salary and a benefits adder. NIPSCO indicated that the benefit adder was
9 calculated in a manner consistent with other NIPSCO docketed cases in front of
10 the Commission.⁹

11 Based on my review, these costs appear reasonable and will be reconciled
12 in each of NIPSCO's semi-annual FMCA filings.

III. DEPRECIATION RATES

13 **Q: Does the OUCC have concerns with NIPSCO's proposed depreciation rates?**

14 **A:** No. NIPSCO's depreciation study in Cause No. 44688 included capital assets
15 similar to the CIP Version 6 Compliance Project capital assets included in this
16 proceeding.¹⁰ As such, NIPSCO is proposing to record, defer, and recover
17 depreciation related to the CIP Version 6 Compliance Project according to the
18 depreciation rates approved by the Commission in its Cause No. 44688 Rate Case
19 Order.

⁸ The table in Petitioner's Attachment 2-A includes both salaries and benefits. The salaries excluding benefits range from \$65,000 to \$106,000 and relate to the experience level of the candidate hired for the position.

⁹ See OUCC Attachment SRG-4, NIPSCO's Response to OUCC DR 3-003(a) and (b).

¹⁰ See OUCC Attachment SRG-5, NIPSCO's Response to OUCC DR 1-002.

1 In response to the OUCC's formal data request, NIPSCO indicated that
2 FERC plant account(s) will be used to capitalize the assets required for the CIP
3 Version 6 Compliance Project capital assets, and the associated useful lives are:

- 4 1) 352 – Structure and Improvements with a 55 year useful life;
5 2) 391.2 – Computers and Peripheral Equipment with a 7 year useful life;
6 and
7 3) 397 – Communication Equipment with a 15 year useful life.¹¹

8 There is a notable difference in depreciation lives that will be applied to
9 NIPSCO's CIP Version 6 Compliance Project in the current proceeding versus the
10 depreciation lives applied to NIPSCO's Version 4 Compliance Project in Cause
11 No. 44340. Specifically, NIPSCO proposes to use a 55 year useful life for
12 structures and improvements in the current proceeding as opposed to the 10 year
13 useful life of structures and improvements in Cause No. 44340. In response to the
14 OUCC's Informal Data Request 1-001, NIPSCO stated:

15 ...the structures and improvements plant account studied in
16 NIPSCO's most recent general electric case, Cause No. 44688, did
17 include similar assets to those that will be part of the NERC CIP
18 v6 Compliance Project, and these assets only represent a small
19 portion of the total assets in the structures and improvements
20 account.

21 NIPSCO further stated:

¹¹ See OUCC Attachment SRG-6, NIPSCO's Response to OUCC DR 1-003 and 1-004.

1 The NIPSCO assets that were part of the NERC CIP v4
2 Compliance Project had unique lives assigned to the assets
3 because, at the time of that filing, similar assets were not studied in
4 the depreciation study prepared for Cause No. 43969, NIPSCO's
5 general electric rate case that immediately preceded the CIP v4
6 Compliance Project.¹²

7 I conclude that it is reasonable to assign depreciation lives for NIPSCO's
8 CIP Version 6 Compliance Project capital assets that are the same depreciation
9 lives assigned to similar capital assets included in NIPSCO's depreciation study
10 and approved by the Commission in Cause No. 44688.

IV. RECOMMENDATIONS

11 **Q: What does the OUCC recommend in regard to NIPSCO's proposal to**
12 **recover its NERC Compliance Project costs through its FMCA mechanism?**

13 **A:** The OUCC recommends the Commission approve NIPSCO's proposal to recover
14 its NERC Compliance Project costs through its FMCA mechanism. Additionally,
15 the OUCC recommends the Commission:

- 16 1) Require Petitioner to continue to update its capital structure in each
17 FMCA semi-annual filing consistent with the Commission's approved
18 method used in NIPSCO's current FMCA proceedings and consistent
19 with the Commission's CWIP rules. This will provide an appropriate
20 basis for the NERC Compliance Project cost recovery calculation.
- 21 2) Approve NIPSCO's proposed estimated annual O&M costs for its
22 NERC Compliance Project.

¹² See OUCC Attachment SRG-7, NIPSCO's Response to OUCC Informal DR 1-001.

1 3) Approve NIPSCO's proposal to record, defer, and recover depreciation
2 related to the NERC Compliance Project according to the depreciation
3 rates approved by the Commission in its Cause No. 44688 Rate Case
4 Order.

5 4) Require NIPSCO to provide the OUCC (in addition to the
6 Commission) its Compliance Filing that includes NIPSCO's updated
7 FMCA factors.

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

9 **A: Yes, it does.**

APPENDIX SRG-1

1 **Q: Please summarize your professional background and experience.**

2 A: I graduated from Indiana University, Indianapolis, with a Bachelor of Science
3 degree in Business, majoring in Accounting, Finance, and International Studies. I
4 joined the OUCC in 2003. I attended "Practical Skills for the Changing Electric
5 and Gas Industries," sponsored by the National Association of Regulatory Utility
6 Commissioners ("NARUC") and the New Mexico State University Center for
7 Public Utilities, in Albuquerque, New Mexico. I also attended the 2003 Annual
8 Regulatory Studies Program sponsored by NARUC and the Institute of Public
9 Utilities at Michigan State University in East Lansing, Michigan, and the 37th
10 Annual Eastern NARUC Utility Rate School sponsored by NARUC and the
11 Institute of Public Utilities at Michigan State University in Clearwater, Florida. I
12 have attended various Market Practices Subcommittee, Market Settlements
13 Subcommittee, and Revenue Sufficiency Guarantee ("RSG") Task Force
14 meetings of the Midcontinent Independent System Operator ("MISO").

15 **Q: Describe your duties and responsibilities at the OUCC.**

16 A: I review Indiana electric utilities' requests for regulatory relief filed with the
17 Indiana Utility Regulatory Commission ("Commission"). I also prepare and
18 present testimony based on the results of my analysis and make recommendations
19 to the Commission on behalf of Indiana electric utility consumers.

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

21 A: Yes.

1 **Q: Please describe the examination and analysis you conducted in order to**
2 **prepare your testimony and schedules in this Cause.**

3 A: I read and considered this petition, prefiled testimony and attachments, and
4 supporting documentation. I also reviewed Petitioner's responses to the OUCC's
5 formal and informal data requests and participated in a meeting with NIPSCO
6 Staff on Thursday, February 16, 2017, to discuss responses in more detail.

Cause No. 44889
Northern Indiana Public Service Company's
Objections and Responses to
OUC's Data Request Set No. 1

OUC Request 1-007:

Is NIPSCO requesting any changes to the structure of the FMCA mechanism currently in place and approved in Cause No. 44340? Will the ratemaking treatment approved in Cause No. 44340 continue to be used for NERC Compliance Project costs resulting from the current Cause No. 44889 CPCN proceeding?

Objections:**Response:**

No. NIPSCO is not requesting any changes to the structure of the FMCA mechanism currently in place and approved in Cause No. 44340.

Yes. The ratemaking treatment approved in Cause No. 44340 will continue to be used for NERC Compliance Project costs resulting from the current Cause No. 44889 CPCN proceeding.

Cause No. 44889
Northern Indiana Public Service Company's
Objections and Responses to
OUCC's Data Request Set No. 1

<u>OUCC Request 1-006:</u>
As part of NIPSCO's proposed ratemaking treatment for its NERC Compliance Project through the FMCA mechanism, will NIPSCO continue to update its WACC in each FMCA, as approved by the Commission in Cause No. 44340?
<u>Objections:</u>
<u>Response:</u>
Yes. NIPSCO will continue to update its WACC in each FMCA filing, as approved by the Commission in Cause No. 44340.

Cause No. 44889
Northern Indiana Public Service Company's
Objections and Responses to
OUCC's Data Request Set No. 2

OUCC Request 2-001:

In reference to Petitioner's witness Mr. Matthew G. Holtz Testimony, Attachment 2-A, please respond to the following:

- a. Please provide a breakdown identifying what the Computer & Software Equipment and Telecommunications O&M Expense Groups and associated estimated annual O&M expenses for 2018, 2019, and 2020 and beyond are comprised of (i.e. detail similar to what was provided in NIPSCO's Cause No. 44340, with regard to CIP Compliance related expenses, in the testimony of NIPSCO Witness Mr. Teodoro Gutierrez, pages 36-37 (Confidential), as well as associated dollars).
- b. Please explain the key factors driving the increase in estimated O&M expense for Computer & Software Equipment and Telecommunications from year 2018 to 2019 and from year 2019 to 2020 and beyond.

Objections:

Response:

- a. Telecommunications – Leased lines (commercial network connections) to 14 of the total 51 CIP Version 6 Compliance Project substation sites where inadequate network communications infrastructure exists today. These leased lines will enable NIPSCO's use of the card reader technology at these 14 sites.

2018 - \$30,857.14/site X 14 sites = \$432,000.00

Computer & Software Equipment – Annual license, maintenance, and support fees for new capital assets being installed under the CIP Version 6 Compliance Project. These costs will be incurred after installation of the new capital assets and are for physical security controls (support for physical security assets and incremental annual maintenance/license fees to integrate new sites into NIPSCO's existing security system) and network equipment (maintenance/license fees for equipment to integrate new sites into the existing

Cause No. 44889
Northern Indiana Public Service Company's
Objections and Responses to
OUCC's Data Request Set No. 2

NIPSCO network and provide protection for the new sites).

2018 -\$6,136.76/site X 51 sites = \$312,975.00

- b. NIPSCO assumed a 10% inflation increase per year for both Telecommunications and Computer & Software expense groups. This rate is based on previous experience of annual license fee inflation increases and the uncertainty of the estimates early in the scoping process. NIPSCO will update all years' O&M estimates as additional, more certain information becomes available.

Cause No. 44889
Northern Indiana Public Service Company's
Objections and Responses to
OUCC's Data Request Set No. 3

OUCC Request 3-003:

In reference to Petitioner's Attachment 2-A, please respond to the following:

- a. Please explain why the six RTOE positions for NIPSCO's IRO/TOP Compliance Project have such large variances in the estimated annual salaries among those six positions.
- b. Please provide documentation supporting the estimated annual O&M expenses for the six ROTE positions.
- c. NIPSCO's CIP Version 6 Compliance Project Summary capital expenditures for each individual site vary from \$92,340 to \$708,309. Please explain why there is such a large variance in capital expenditures between sites, when the description of the projects being completed are the same.

Objections:

Response:

- a. The table in Attachment 2-A referenced includes both salaries and benefits. The salaries excluding benefits range from \$65,000 on the low end to approximately \$106,000 on the top end. These ranges relate to the experience level of the candidates hired for the positions.
- b. The table below shows the individual employee's base salary and the benefits adder.

Real-Time Operations Engineer (RTOE)				
Name	Level	2016 - 2017 Base Salary	Benefit Adder (38.16% of Base Salary)	Total Compensation as Shown in Attachment 2-A
Employee A	2	\$ 106,662	\$40,702	\$147,364
Employee B	2	\$ 74,623	\$28,476	\$103,099
Employee C	1	\$ 65,000	\$24,804	\$89,804
Employee	2	\$ 82,000	\$31,291	\$113,291

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Northern Indiana Public Service Company's
Objections and Responses to
OUC's Data Request Set No. 3

D				
Employee E	1	\$80,000	\$30,528	\$110,528
Employee F	1	\$65,000	\$24,804	\$89,804
Total		\$473,285	\$180,605	\$653,890

The benefit adder was calculated in a manner consistent with other NIPSCO docketed cases in front of the Commission. See supporting details below:

Month	Labor Pool \$	Indirect Labor Expense	Taxes & Benefits as % of Labor pool
Sep-15	\$ 22,737,859	\$ 7,930,630	34.88%
Oct-15	21,778,429	7,343,367	33.72%
Nov-15	22,754,147	9,849,575	43.29%
Dec-15	24,248,677	8,190,111	33.78%
Jan-16	22,325,595	8,087,572	36.23%
Feb-16	22,740,318	11,101,240	48.82%
Mar-16	22,800,768	7,846,184	34.41%
Apr-16	20,665,830	8,819,870	42.68%
May-16	23,736,294	7,717,476	32.51%
Jun-16	23,352,106	8,559,934	36.66%
Jul-16	22,860,285	8,670,003	37.93%
Aug-16	23,730,200	9,425,975	39.72%
Sep-16	23,047,795	9,548,300	41.43%
Total	\$ 296,778,303	\$ 113,090,238	
Avg	\$ 22,829,100	\$ 8,699,249	38.16%

- c. The range is based on the site improvements that are needed, and infrastructure needed to provide physical and electronic controls at each site. The extent of the project scope at the sites vary based on the existing infrastructure driving a divergence of project cost at each site. Additionally, some substation sites have multiple relay houses which can significantly impact the cost estimates.

For example, Enbridge substation requires a capital investment of \$92,340:

There is only one relay house at this site. The doors on the relay house are in good shape and only need hardware replacement. NIPSCO plans to utilize existing microwave assets at this site, and hence there are no additional

Cause No. 44889
Northern Indiana Public Service Company's
Objections and Responses to
OUCC's Data Request Set No. 3

connections required and minimal communication expenditures are anticipated. It is also located in close proximity to NIPSCO's control center in Hammond, which will limit travel expenses.

Another example, Aetna substation requires a capital investment of \$708,309:

There are 5 relay houses at this site that require the installation of needed protections. The doors and hardware need to be replaced. There is not adequate means of communication between the relay houses, and hence cabling needs to be buried in conduit between these houses. Also this area of the NIPSCO footprint is known to contain slag in the soil, and hence excavating, which is very costly for areas with slag, is likely to be required. A commercial data connection is also needed at this site, so buried cabling in conduit will be required from the main relay house to the demarcation point outside of the substation. Based on this scope, the average cost per house for this site is \$141,661.88.

Job Title: Real-Time Operations Engineer 1, 2 or 3
Job ID: XXXXXX
Location: IN-Hammond
Full/Part Time: Full-Time
Regular/Temporary: Regular

Responsibilities

Job Summary:

The Real-Time Operations Engineer/Specialist position is responsible for providing direct engineering support to real-time operations. This includes the review of anticipated and historical system conditions, the use of various analysis tools in this review, and the development of appropriate responses to these system conditions. This is a 24 by 7 rotating shift position, with an additional purpose of proactively monitoring Energy Management System network analysis tools, including state estimator performance and resolving any problems that impact state estimator solution quality or availability.

Tasks:

- Perform near-term, next-day, and current-day power system analysis using power flow, transient stability, voltage stability & steady-state analysis software, including PSSE, MUST, GE/Alstom Energy Management System analyst tools (SE, CA, TSAT, VSAT), Powertech DSA & TARA
- Use available applications and programs (e.g., SDX, MISO Extranet, PJM EDart, etc.) to gather specific information that aids in NIPSCO Transmission System analysis.
- Maintain the present and planned network topology and equipment databases
- Apply contingency list and load, generation dispatch, and interchange levels and patterns to developed study cases
- Track system events contributing to operating guides and communicate to NIPSCO departments for future upgrades.
- Gather information as necessary to fulfill various regulatory agency and management data requests.
- Write and/or edit technical plans, processes, and procedures as assigned.
- Coordinate system changes with Transmission Planners, EMS Computer Engineers, Field Operations, Neighboring TOPs, and MISO.
- Coordinate transmission equipment ratings with Transmission Planners, EMS Computer Engineers, Field Operations, Neighboring TOPs, and MISO.
- Preparing or revise Operating Plans documenting their findings and mitigating actions
- Evaluate and coordinate Bulk Electric System outages as necessary during real-time
- Develop operating limits such as voltage/transient stability limits, and evaluate transmission constraints in real-time
- Identify constraint management options as necessary and on-demand.
- Maintain and respond to the degradation or failure of EMS network analysis tools, including proactive monitoring and mitigation of SE solution issues
- Provide the compliance focus and direction during abnormal and emergency conditions to ensure all the appropriate operating actions, reporting, notifications and decisions are being carried out in a timely manner.
- Assist the System Operator decisions in real-time and suggest actions to mitigate real-time/basecase emergencies and projected N-1 contingencies across the entire NIPSCO TOP area.
- Perform subject matter expert duties in compliance audits
- All other duties as assigned

QualificationsEducation/Work Experience**Required for Selection:**

- BS degree in Engineering
- Ability to use personal computers, EMS network applications and any other associated hardware and software
- Good planning, organizational, verbal and written communications skills
- Ability to perform duties effectively under emergency and contingency situations
- Ability to obtain NERC Certification within a time frame specified by department procedure

Preferred for Selection:

- NERC Reliability Coordinator Certification
- Detailed knowledge of real and reactive power flow, voltage control, facility ratings, circuit limitations and interconnection limitations
- Experience performing power flow and steady-state analysis, voltage stability and transient stability analysis
- Experience drafting operational analysis plans in response to real-time or projected system operating limit violations
- Experience performing 50/50 and 90/10 Load Forecasting
- Experience performing outage coordination
- Electric Power System Network Modeling Experience, including network model and network application maintenance/configuration (SE, CA, VSAT, TSAT, etc.)
- Experience interpreting and applying NERC standards

Knowledge, Skills and Abilities**Required for Selection:**

- Fundamental knowledge of electric power systems,
- Ability to effectively communicate and perform under emergency and contingency situations

Preferred for Selection:

- Knowledge of NIPSCO Transmission system, knowledge of NERC Standards
- General knowledge of electric substation equipment and operation
- A general understanding of the Electric Wholesale Power Market under MISO Day 3

Cause No. 44889
Northern Indiana Public Service Company's
Objections and Responses to
OUCC's Data Request Set No. 1

<u>OUCC Request 1-002:</u>
Did NIPSCO's depreciation study in it last rate case, Cause No. 44688, include capital assets similar to the NERC Compliance Project capital assets included in this proceeding?
<u>Objections:</u>
<u>Response:</u>
Yes, NIPSCO's depreciation study in it last rate case, Cause No. 44688, did include capital assets similar to the NERC Compliance Project capital assets included in this proceeding.

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Northern Indiana Public Service Company's
Objections and Responses to
OUCC's Data Request Set No. 1

Attachment SRG-6

Cause No. 44889

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<u>OUCC Request 1-003:</u>
Under what FERC account(s) will the NERC Compliance Project capital assets be recorded/booked?
<u>Objections:</u>
<u>Response:</u>
The FERC plant account(s) that will be used to capitalize the assets required for the NERC Compliance Project capital assets are 352 – Structures and Improvements, 391.2 – Computers and Peripheral Equipment, and 397 – Communication Equipment.

Cause No. 44889
Northern Indiana Public Service Company's
Objections and Responses to
OUCC's Data Request Set No. 1

OUCC Request 1-004:

What is the useful life of each NERC Compliance Project capital asset included in this proceeding?

Objections:**Response:**

The useful life for the NERC Compliance Project capital assets are:

352 – Structures and Improvements with a 55 year useful life;

391.2 – Computers and Peripheral Equipment with a 7 year useful life; and

397 – Communication Equipment with a 15 year useful life.

The useful life for each plant account is documented in the "Survivor Curve" header (column H in the excel file) of OUCC 1-001 Attachment A. A survivor curve of 100-R2.5 would indicate a useful life of 100 years. The remaining useful life is documented in the "Composite Remaining Life" header (column X of the excel file) of the same attachment.

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OUCC Informal Request 1-001:

Did NIPSCO use similar depreciation rates in the current NERC CIP v6 Compliance Project as compared to NIPSCO's previous proceeding related to the NERC CIP v4 Compliance Project? Please explain any significant differences.

- a. Were assets similar to those included in this proceeding included in the depreciation study in NIPSCO's most recent rate case?

Objections:

Response:

Yes, generally, the hardware, communication equipment, and computers and peripheral equipment depreciation lives are similar.

The chart below compares the plant account depreciation lives that will be applied to the NERC CIP v6 Compliance Project and what plant account depreciation lives were applied to the NERC CIP v4 Compliance Project.

Useful Lives CIP V6 Compliance Project			
FERC Account	Plant Account Description		Years
352	Structures and Improvements		55
391.2	Computers and Peripheral Equipment		7
397	Communication Equipment		15

Useful Lives CIP V4 Compliance Project			
FERC Account	Plant Account Description		Years
352	Structures and Improvements		7
353 and 391.1	Hardware		4
397	Communication Equipment - Video		3
397	Communication Equipment - Door Locks		15

Both the NERC CIP v6 and v4 Compliance Projects included assets assigned to the structures and improvements account. However, the useful lives of the structures and improvements assets are significantly longer for this NERC CIP v6 Compliance Project.

- a. Yes, the structures and improvements plant account studied in NIPSCO's most recent general electric rate case, Cause No. 44688, did include similar assets to those that will be part of the NERC CIP v6 Compliance Project, and these assets

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only represented a small portion of the total assets in the structures and improvements account.

The NIPSCO assets that were part of the last NERC CIP v4 Compliance Project had unique lives assigned to the assets because, at the time of that filing, similar assets were not studied in the depreciation study prepared for Cause No. 43969, NIPSCO's general electric rate case that immediately preceded the CIP v4 Compliance Project.

AFFIRMATION

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

Stacie R. Gruca

By: Stacie R. Gruca
Indiana Office of
Utility Consumer Counselor

2/28/2017
Date: