
VERIFIED DIRECT TESTIMONY OF JENNIFER L. SHIKANY

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

2 A1. My name is Jennifer L. Shikany. My business address is 801 E. 86th Avenue,
3 Merrillville, Indiana 46410. I am employed by NiSource Corporate Services
4 Company ("NCSC") and my current position is Director of Regulatory
5 Utilities and Optimization.

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

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

9 **Q3. Please describe your educational and employment background.**

10 A3. I graduated from Indiana University with a bachelor's and master's degree
11 in business administration, majoring in accounting and receiving degrees
12 in 2001 and 2002, respectively. I joined NIPSCO's Finance Department in
13 2009 as the Manager of Special Studies and was promoted to Assistant
14 Controller in 2011. From 2013-2015 I served as NIPSCO's Manager of
15 Financial Planning and Analysis. From July 2015 to September 2019, I was
16 Director of Regulatory, focused primarily on NIPSCO. From September
17 2019 to January 2021, I served as the Director of Business Support Services.

1 I was promoted to my current position of Director of Regulatory Utilities
2 and Optimization in January 2021. Prior to joining NIPSCO in 2009, I spent
3 seven years as a Deloitte & Touché external auditor, primarily serving the
4 power and utilities industry and the NIPSCO account. I am a Certified
5 Public Accountant ("CPA"), holding a license in the State of Indiana.

6 **Q4. What are your responsibilities as Director of Regulatory Utilities and**
7 **Optimization?**

8 A4. I support the preparation and coordination for Utility Segment FP&A
9 Consolidation, Capital Budgeting and Rate Case Execution.

10 **Q5. What were your responsibilities in your prior position of Director of**
11 **Regulatory?**

12 A5. In my prior role of Director of Regulatory, I supported the preparation and
13 coordination for NIPSCO's electric Transmission, Distribution, and Storage
14 System Improvement Charge ("TDISC") filings, Environmental Cost
15 Recovery Mechanism ("ECR") filings, Federally Mandated Cost
16 Adjustment ("FMCA") filings, Fuel Cost Adjustment ("FAC") filings,
17 Resource Adequacy Adjustment ("RA") filings, Regional Transmission
18 Organization Adjustment ("RTO") filings, Demand Side Management

1 Adjustment ("DSMA") filings, electric revenue requirement (including
2 general rate cases), electric earnings test schedules, and NIPSCO's annual
3 Attachments O, GG and MM postings to the Midcontinent Independent
4 System Operator, Inc. I also support the preparation and coordination of
5 Columbia of Maryland ("Columbia") regulatory filings.

6 **Q6. Have you previously testified before the Indiana Utility Regulatory**
7 **Commission ("Commission") or any other regulatory commission?**

8 A6. Yes. I previously submitted testimony before the Commission in NIPSCO's
9 most recent electric rate case in Cause No. 45159. I also previously
10 submitted testimony before the Commission in NIPSCO's request for a
11 Certificate of Public Convenience and Necessity in Cause No. 44889,
12 NIPSCO's financing proceeding in Cause No. 44191, and in NIPSCO's RTO
13 tracker filing in Cause No. 44156-RTO-X (RTO-8 through RTO-10), FMCA
14 tracker filings in Cause No. 44340-FMCA-X (FMCA-6 through FMCA-8),
15 ECR tracker filings in Cause No. 42150-ECR-X (ECR-28 through ECR-30),
16 electric TDSIC tracker filings in Cause No. 44733-TDSIC-X (TDSIC-1
17 through TDSIC-3), gas TDSIC tracker filings in Cause No. 44403-TDSIC-X
18 (TDSIC-4 through TDSIC-7), and GDSM tracker filings in Cause No. 44001-

1 GDSM-X (GDSM-10 and GDSM-11). I have also previously submitted
2 testimony before the Public Service Commission of Maryland in Case No.
3 9479, Columbia's 2019-2023 Strategic Infrastructure Development and
4 Enhancement Plan, and Case No. 9480, Columbia's base rate proceeding.

5 **Q7. What is the purpose of your direct testimony in this proceeding?**

6 A7. The primary purpose of my direct testimony is to present the results of
7 NIPSCO's Electric operations ("NIPSCO Electric") for the period beginning
8 January 1, 2021 and ending December 31, 2021 (the "Historic Base Period"),
9 and the projected results for the period beginning January 1, 2023 and
10 ending December 31, 2023 (the "Forward Test Year"), adjusted on a pro
11 forma basis for the normalization and annualization of certain amounts
12 included in these periods. I show that retail electric revenues at current
13 rates do not and will not produce a level of net operating income sufficient
14 to provide a fair return on the net original cost of NIPSCO's property, plant,
15 and equipment owned, operated, and serving jurisdictional electric
16 customers. I also quantify the amount by which retail electric revenues
17 should be increased so that the Company may have the opportunity to earn
18 a fair and reasonable return. Specifically, my testimony:

- 1 • Provides an explanation of the Company's use of a historical base
2 period and forward looking test year.

- 3 • Briefly discusses the application of General Administrative Order
4 2013-5 ("GAO 2013-5) and Minimum Standard Filing Requirements
5 ("MSFRs").

- 6 • Discusses the Company's proposed rate relief in this proceeding and
7 presents an alternate view of the revenue requirement in the event
8 that the Company's request new Rider 590 – Adjustment of Charges
9 for Variable Costs of Coal-Fired Generation (the "Variable Cost
10 Tracker").

- 11 • Provides an overview of the attachments sponsored in this Cause.

- 12 • Supports normalization adjustments made to the Historic Base
13 Period and ratemaking adjustments made to the Forward Test Year
14 to support the Company's proposed basic rates and charges.

- 15 • Supports the Company's proposed treatment for its prepaid pension
16 asset and requests explicit authority to create a regulatory asset or
17 liability for the pension and OPEB balancing account.

- 18 • Supports the Company's Revenue Credit filed in Cause No. 45159
19 and the Company's proposed regulatory accounting treatment of
20 actual costs of removal incurred as coal-fired generation retires.

21

22 **Q8. Are you sponsoring any attachments to your direct testimony in this**
23 **Cause?**

24 A8. Yes. I am sponsoring Attachments 3-A-S1 through Attachment 3-C-S1,
25 Attachments 3-A-S2 through Attachment 3-C-S2, Attachment 3-A-S2-A1,
26 Attachment 3-D, and Attachment 3-E, all of which were prepared by me or

1 under my direction and supervision. The reference to "S1" represents the
2 attachments for Step 1 rates (based on projected rate base, related
3 depreciation and amortization expense, and capital structure as of the June
4 30, 2023 proposed cutoff date). The reference to "S2" represents the
5 attachments for Step 2 rates (based on projected rate base, related
6 depreciation and amortization expense, and capital structure as of the
7 December 31, 2023 Forward Test Year cutoff date). The reference to "A1"
8 represents the attachments for an alternate revenue requirement in the
9 event the Commission does not approve the Company's proposed Variable
10 Cost Tracker. The attachments designated "S1" and "S2-A1," are all
11 provided for informational purposes. The attachments designated "S2"
12 support NIPSCO's request as of the end of the Forward Test Year in this
13 filing. As further described below, I also sponsor a portion of the
14 workpapers included in Petitioner's Confidential Exhibit No. 22-X (S1, S2).
15 I am also sponsoring Attachment A to the Verified Petition, which is the
16 form of Net Operating Income Statement at present and proposed rates that
17 I understand has been recommended by the Commissions' General
18 Administrative Order 20-05 ("GAO 20-05").

19 **Q9. Please describe Petitioner's Confidential Exhibit No. 22-X (S1, S2).**

1 A9. Petitioner's Confidential Exhibit No. 22-S2 includes an Adjustment Matrix
2 that shows each of the Company's adjustments, the witness supporting the
3 adjustment, and where in the witness testimony you can find the discussion
4 of the adjustment. The Adjustment Matrix is followed by workpapers that
5 support each of the adjustments. These workpapers are organized by and
6 are aligned with the individual adjustments included in Attachment 3-C-
7 S2. Petitioner's Confidential Exhibit No. 22-S1 provides the same
8 information, however, only for the adjustments that changed between Step
9 1 (S1) and Step 2 (S2).

10 **Test Year**

11 **Q10. Please state the test year NIPSCO is proposing for use in setting rates in**
12 **this proceeding.**

13 A10. NIPSCO's proposed rates are based on a forward looking test year
14 beginning January 1, 2023 and ending December 31, 2023. This is consistent
15 with Ind. Code § 8-1-2-42.7 which states that the Commission shall approve
16 a test period that is "(1) A forward looking test period determined on the
17 basis of projected data for the twelve (12) month period beginning not later
18 than twenty-four (24) months after the date on which the utility petitions

1 the commission for a change in its basic rates and charges." The beginning
2 of the Forward Test Year is less than 24 months after the date on which the
3 petition in this case was filed.

4 **Q11. Has the Company provided information supporting a comparable**
5 **historic base period?**

6 A11. Yes. The Company has provided information for the Historic Base Period.
7 Additionally, the Company is providing information for the period
8 beginning January 1, 2022 and ending December 31, 2022 (the "2022 Budget
9 Period") for comparison purposes.

10 **Q12. Has the Company made any adjustments to the Historic Base Period or**
11 **the Forward Test Year?**

12 A12. Yes. The Company has proposed both ratemaking and forward looking
13 adjustments to the Historic Base Period and Forward Test Year to support
14 the forecasted amounts for the Forward Test Year as well as the
15 normalization and annualization of these periods. Each of these
16 adjustments is sponsored by a NIPSCO witness and is supported by
17 attachments and workpapers as further described below.

18 **Q13. Please explain how the adjustments between the Historic Base Period**

1 **and the Forward Test Year are shown in the revenue requirements**
2 **schedules.**

3 A13. Each pro forma adjustment is shown as follows:

- 4 • Historic Base Period 2021
- 5 • Normalization Adjustment (Adjustment XX-21)
- 6 • Normalized Historic Base Period 2021
- 7 • Year-Over-Year Increase/Decrease (for 2022) (Adjustment XX-22)
- 8 • 2022 Budget Period
- 9 • Year-Over-Year Increase/Decrease (for 2023) (Adjustment XX-23)
- 10 • Forward Test Year 2023
- 11 • Ratemaking Adjustment (Adjustment XX-23R)
- 12 • Pro forma Forward Test Year 2023

13

14 If there is more than one adjustment, those adjustments would include an
15 “A” (first adjustment) or “B” (second adjustment) designation. For
16 example, if there are two Normalization Adjustments to the Historic Base
17 Period 2021, they would be designated as Adjustment XX-1A-21 and
18 Adjustment XX-1B-21.

1 MSFRs and GAO 2013-5

2 **Q14. Has NIPSCO filed the information that would be required under the**
3 **Commission's final rules on the MSFRs (170 IAC 1-5-1 through 16)?**

4 A14. Yes. In its Petition filed in this Cause, NIPSCO provided notice of its intent
5 to file information required under the MSFRs in this proceeding –
6 recognizing, of course, that the MSFRs were designed with historic test
7 years in mind, so that the MSFRs are not a perfect fit with a projected test
8 year rate case. Based on this, as recommended by GAO 2013-5, NIPSCO
9 used the MSFRs as guidance as to the categories of information to include
10 in its case in chief and supporting documentation. Also, for certain of the
11 MSFRs, NIPSCO provided a reference to where the information can be
12 found in its Case-in-Chief for the Forward Test Year. NIPSCO's
13 presentation of the MSFRs and its interpretation of the MSFRs as applied to
14 forward looking test years is consistent with NIPSCO's past gas and electric
15 general rate cases.

16 **Q15. Has NIPSCO followed Appendix B to the Commission's Recommended**
17 **Best Practices for Rate Cases Submitted under Ind. Code § 8-1-2-42.7**
18 **(GAO 2013-5) as it relates to the MSFRs?**

1 A15. Yes. Appendix B, Page 2, Footnote 1, states that the “[h]istoric base period
2 is the most recent twelve-month period of available data with an ending
3 date that mirrors the . . . future test year ending date.” In preparing the data
4 responsive to the MSFRs for this proceeding, NIPSCO has provided all data
5 for the Historic Base Period (calendar year 2021). In accordance with 170
6 IAC 1-5-14(1), NIPSCO has provided historic information by month for the
7 months of January 2021 through July 2022, the latest date for which such
8 historic information is available at the time of the petition filing. As
9 additional information becomes available, NIPSCO will supplement its
10 response through the date of the final hearing. Additionally, NIPSCO has
11 provided supporting models and calculations supporting amounts
12 included in the Forward Test Year. As further described above, this
13 information can be found in Petitioner's Confidential Exhibit No. 22-X (S1
14 and S2).

15 **Q16. Has NIPSCO followed Appendix B to the Commission's Recommended**
16 **Best Practices for Rate Cases Submitted under Ind. Code § 8-1-2-42.7**
17 **(GAO 2013-5) as it relates to the supporting documentation for changes**
18 **between the Historic Base Period and the Forward Test Year?**

1 A16. Yes. NIPSCO witnesses have provided various attachments and
2 workpapers to support and document the Forward Test Year. Specifically,
3 each change between the Historic Base Period and the Forward Test Year is
4 reflected as an individual adjustment in the revenue requirement
5 attachments and explained in testimony. These attachments are explained
6 in further detail below.

7 **Rate Relief Requested**

8 **Q17. What relief is NIPSCO requesting in this proceeding?**

9 A17. As shown in Attachment 3-A-S2, the Company is requesting that retail
10 electric rates be designed to recover through base rates the gross retail
11 electric revenue amount of \$1,820,119,868 (Page 1, Line 2, Column H). This
12 amount is an increase of \$291,780,191 (Page 1, Line 2, Column F) over the
13 forecasted test year pro forma results based on current rates. All else being
14 equal, rates based upon this level of annual retail electric revenue
15 requirement will provide NIPSCO with an opportunity to earn annual
16 jurisdictional net operating income of \$422,143,414 (Page 2, Line 50,
17 Column H). NIPSCO's proposed rates have been calculated using
18 NIPSCO's requested return on the Forward Test Year original cost rate base

1 and capital structure. Calculations supporting this request are presented in
2 Attachment 3-A-S2 through Attachment 3-C-S2.

3 **Q18. Please describe how NIPSCO will ensure that the basic rates and charges**
4 **that are implemented in this proceeding will reflect rate base that is used**
5 **and useful.**

6 A18. NIPSCO's proposed base rates in this proceeding are calculated based on
7 the forecasted rate base and capital structure for the Forward Test Year.
8 NIPSCO is proposing to implement the requested rate relief in this
9 proceeding in a two-step process to reasonably reflect the utility property
10 that is used and useful at the time rates are placed into effect. As such,
11 NIPSCO proposes to adjust the basic rates and charges in two distinct steps.
12 As part of "Step 1," in anticipation of receiving an order within the 300-day
13 rate case standard procedural schedule as described in GAO 2013-5 (July
14 12, 2023), NIPSCO is proposing to update its requested relief to be effective
15 subsequent to the receipt of the Commission's Final Order (the "Order")
16 based upon an actual rate base and capital structure cutoff date of June 30,
17 2023. As part of its compliance filing, in addition to any other changes
18 identified in the Order, NIPSCO will update its basic rates and charges to

1 reflect actual rate base, related annualized depreciation and amortization
2 expense, and actual capital structure based on the June 30, 2023 cutoff date.
3 NIPSCO is anticipating that these rates will become effective no later than
4 September 1, 2023 and remain in effect until replaced by Commission-
5 approved rates resulting from NIPSCO's proposed second compliance
6 filing as part of "Step 2."

7 As part of "Step 2," NIPSCO is proposing to file a second compliance filing
8 after the end of the Forward Test Year. In Step 2, NIPSCO will update its
9 basic rates and charges to reflect actual rate base, related annualized
10 depreciation and amortization expense, and actual capital structure based
11 on the December 31, 2023 Forward Test Year cutoff date. NIPSCO is
12 proposing that these rates will go into effect on March 1, 2024. Consistent
13 with the Commission's prior orders in future test year rate cases, NIPSCO
14 proposes that the Step 1 and Step 2 rates would take effect immediately
15 upon filing on an interim-subject-to-refund basis, with other parties being
16 offered a period of sixty (60) days to review and present any objections. If
17 needed to resolve any objections, NIPSCO would propose the Commission
18 conduct a hearing and rates would be trued up retroactive to the date such
19 rates were put into place.

1 **Q19. Has NIPSCO presented a revenue requirement for both "Step 1" and**
2 **"Step 2" in this filing?**

3 A19. Yes. Attachment 3-A-S1 through Attachment 3-C-S1 detail the "Step 1"
4 revenue requirement. Attachment 3-A-S2 through Attachment 3-C-S2
5 detail the "Step 2" revenue requirement. As noted above, the attachments
6 denoted "S1" are being provided for informational purposes.

7 **Revenue Requirement**

8 **Q20. Please describe the attachments that support NIPSCO's revenue**
9 **requirement.**

10 A20. Attachment 3-A-S2 (pages 1 and 2) is NIPSCO's Statement of Operating
11 Income for the Forward Test Year shown on a forecasted basis, with pro
12 forma adjustments, to arrive at operating income at current and proposed
13 rates. Attachment 3-A-S2 (page 3) shows the calculation of the required net
14 operating income. NIPSCO is requesting that rates be calculated to afford
15 the opportunity to earn a return equal to the weighted average cost of
16 capital as applied to the Forward Test Year original cost rate base. NIPSCO
17 is satisfied that this will afford NIPSCO the opportunity to earn a fair return
18 on the Company's net original cost rate base. Attachment 3-A-S2 (page 4)

1 is a summary of Rate Base. Attachment 3-A-S2 (page 5) is a summary of the
2 capital structure. Attachment 3-B-S2 includes the major components of the
3 revenue requirement (e.g. Operating Revenue, Fuel and Purchased Power
4 Costs, Operations and Maintenance Expense, etc.) with detail for each
5 major "subcomponent," as well as the actual and projected rate base and
6 capital structure as of December 31, 2021, December 31, 2022, and December
7 31, 2023. Attachment 3-C-S2 shows, by subcomponent, the changes
8 between the Historic Base Period and the Forward Test Year including a
9 listing of each individual normalization, 2022 and 2023 year-over-year
10 increase/decrease, and ratemaking adjustment. This reconciliation from the
11 Historic Base Period to the Forward Test Year is discussed further below.
12 Finally, Petitioner's Confidential Exhibit No. 22-S2 includes the workpapers
13 supporting each adjustment.

14 **Q21. How did you develop the revenue requirement for the Forward Test**
15 **Year?**

16 A21. At a high level, the proposed revenue requirement was based on the 2023
17 financial plan, as developed and described by NIPSCO Witness Camp,
18 adjusted for ratemaking adjustments. In this filing, for each revenue
19 requirement component, NIPSCO provides support and models to describe

1 the changes from the 2021 actual results to the 2023 forecasted amounts
2 which are used for ratemaking purposes. This documentation supports the
3 proposed 2021 and 2023 normalization and ratemaking adjustments, and
4 where applicable, the 2022 and 2023 year-over-year increase/decrease.
5 Since this is the same level of detail that was provided in NIPSCO's first gas
6 retail base rate request (Cause No. 44988), most recent electric retail base
7 rate request (Cause No. 45159), and most recent gas retail base rate request
8 (Cause No. 45621), all using a future or projected test period, the
9 Commission and stakeholders should be familiar with this approach.

10 **Q22. Please describe how your attachments are organized to walk through the**
11 **development of the future test year revenue requirement.**

12 A22. Attachment 3-A-S2 (pages 1 and 2) is NIPSCO's Statement of Operating
13 Income for the Forward Test Year shown on a forecasted basis, with pro
14 forma adjustments at current and proposed rates. This attachment serves
15 as a summary of the revenue requirement and serves as a map with
16 references to the supporting attachments and workpapers that support the
17 year-over-year increase/decrease pro forma adjustments and required net
18 operating income included in this filing. Specifically, Column B shows the

1 actual results for the Historic Base Period, the twelve months ended
2 December 31, 2021. Column C shows the proposed adjustments for same
3 categories. Column D shows the schedule reference to each of the line items
4 in Column C. Column E shows the pro forma Forward Test Year (twelve
5 months ended December 31, 2023) results based on current rates. Column
6 F shows the pro forma adjustments necessary to produce the required net
7 operating income. Column G shows the pro forma reference to each of the
8 line items in Column F. Column H reflects the resulting pro forma results
9 based on proposed rates.

10 **Q23. Please explain the references in Attachment 3-A-S2 (pages 1 and 2),**
11 **Columns D and G.**

12 A23. The revenue requirement as shown on Attachment 3-A-S2 is divided into a
13 number of subsections. These subsections include Operating Revenue
14 (Line 7), Fuel and Purchased Power Costs (Line 14), Operations and
15 Maintenance Expenses (Line 22), Depreciation Expense (Line 29),
16 Amortization Expense (Line 36), Taxes Other Than Income (Line 44), and
17 Income Taxes (Line 47). These groupings are generally consistent with 170
18 IAC 1-5-8(a)(1)(C). NIPSCO has created "modules" for each of these major
19 groupings to provide additional transparency and detail which support the

1 pro forma adjustments and year-over-year increase/decrease adjustments
2 related to these groupings. The reference to these modules, which are
3 included in Attachment 3-B-S2, are shown in Column D unless otherwise
4 noted. The references in Column G are to Attachment 3-C-S2, where detail
5 support can be found for the pro forma adjustments necessary to produce
6 the required net operating income.

7 **Q24. Please explain the module concept in more detail.**

8 A24. As described above, the module for each grouping is referenced in Column
9 D of Attachment 3-A-S2. Each module represents a "drill-down" into the
10 subcomponents of the overall grouping. These modules are included in
11 Attachment 3-B-S2. For example, in the Operating Revenue subsection in
12 Attachment 3-A-S2, Column D references the REV Module, Col X. Those
13 references are found in Attachment 3-B-S2. The REV Module is the drill-
14 down detail for "Operating Revenues" consisting of multiple
15 "subcomponents" as shown in Column A. Column C of Attachment 3-A-
16 S2 provides a summary of the total value of the normalization, year-over-
17 year increase/decrease, and ratemaking adjustments related to each
18 individual subcomponent.

1 Q25. Please explain how the documentation is organized under each
2 individual subcomponent in Attachment 3-B-S2.

3 A25. There are certain "subcomponents" that are impacted by multiple pro
4 forma adjustments. Therefore, to summarize this information, NIPSCO
5 created a reconciliation for each subcomponent that steps through the
6 following categories:

- 7 • Column A - Historic Base Period (twelve months ended December
8 31, 2021)
- 9 • Column B - Normalization Adjustments (identified throughout as
10 Adjustment "XX-21")
- 11 • Column C - Normalized Historic Base Period (twelve months ending
12 December 31, 2021)
- 13 • Column D – Year-Over-Year Increase/Decrease which represent
14 variances to transition from the Historic Base Period to the 2022
15 Budget or Projected Period (identified throughout as Adjustment
16 "XX-22")
- 17 • Column E - 2022 Budget or Projected Period (twelve months ending
18 December 31, 2022)
- 19 • Column F – Year-Over-Year Increase/Decrease which represent
20 variances to transition from the 2022 Budget or Projected Period to
21 the 2023 Forward Test Year (identified throughout as Adjustment
22 "XX-23")
- 23 • Column G – 2023 Budget or Projected Period (twelve months ending
24 December 31, 2023)
- 25 • Column H - Ratemaking Adjustments (identified throughout as
26 Adjustment "XX-23R")

- 1 • Column I - Pro forma Forward Test Year (twelve months ending
2 December 31, 2023) at current rates (proposed revenue requirement
3 for ratemaking purposes in this case)

4 The reconciliation related to each of the subcomponents and individual
5 adjustments is included in Attachment 3-C-S2. For example, Retail
6 Revenue is the first subcomponent of Operating Revenues shown on
7 Attachment 3-B-S2, REV Module, Line 1. The reconciliation related to this
8 subcomponent, which details the amounts listed, is found in Attachment 3-
9 C-S2, REV 1. Finally, the workpapers supporting each adjustment shown
10 in Column B in Attachment 3-C-S2 can be found in Petitioner's Confidential
11 Exhibit No. 22-S2.

12 **Q26. Are there certain pro forma adjustments that impact multiple**
13 **subcomponents?**

14 A26. Yes. For example, pro forma Adjustment REV 1B-21 impacts REV 1, REV
15 3, REV 5 and REV 6. Therefore, to show how the pro forma adjustments
16 impact each subcomponent, NIPSCO has included in Attachment 3-B-S2, a
17 matrix for Revenue and Fuel and Purchased Power Costs ("FPP") that
18 summarizes the impact of each normalization and ratemaking adjustment
19 on the individual subcomponents.

1 **Q27. In the context of a future or projected test period, what standards or**
2 **decision criteria did you use in making normalization, 2022 and 2023**
3 **year-over-year increase/decrease, and ratemaking adjustments?**

4 A27. Normalization, 2022 and 2023 year-over-year increase/decrease, and
5 ratemaking adjustments were made as necessary to reflect NIPSCO's
6 judgment as to revenues and costs that will be incurred in 2023 and will
7 occur on an ongoing basis, including the impact of ratemaking decisions
8 coming out of this rate case proceeding.

9 **Q28. Are there some adjustments shown on Attachment 3-C-S2 that are not**
10 **discussed below?**

11 A28. Yes. None of the adjustments made to the Normalized Twelve Months
12 Ended December 31, 2021 to reflect the budget amounts for the 2022 Budget
13 or Projected Period (denoted as XXX X-22, i.e., REV 7-22) and the 2023
14 Budget or Projected Period (denoted as XXX X-23, i.e., REV 7-23) are
15 discussed below. NIPSCO Witness Camp presents the budget amounts for
16 the 2022 Budget Period and 2023 Budget Period. NIPSCO Witness Blissmer
17 presents the projected amounts for the 2022 Projected Period and 2023
18 Projected Period for the RB Module.

1 **Operating Revenue**

2 **Q29. Please describe how the Operating Revenue Adjustments are organized.**

3 A29. Attachment 3-A-S2 (Page 1, Lines 2 through 6) shows the total Operating
4 Revenue as of December 31, 2021, Pro forma Adjustments at December 31,
5 2021, 2022 and 2023 year-over-year increase/decrease, and Ratemaking
6 Adjustments at December 31, 2023. Column D provides a reference for each
7 line item to Attachment 3-B-S2, REV Module, and Column G shows the
8 Attachment 3-C-S2 pro forma reference to each of the line items in Column
9 F. Attachment 3-B-S2, REV Module, shows the subcomponent detail for the
10 2022 and 2023 budgeted Operating Revenues. Attachment 3-C-S2, REV 1
11 through REV 16, include the detailed reconciliation showing the individual
12 adjustments for each subcomponent. This attachment also shows the 2022
13 and 2023 budgeted Operating Revenues. I discuss each normalization and
14 ratemaking adjustment, referring to other Company witnesses where
15 necessary. NIPSCO Witness Camp presents the budget components related
16 to Operating Revenues and discusses the overall forecasting process related
17 to these amounts. Petitioner's Confidential Exhibit No. 22-S2 includes the
18 workpapers supporting each adjustment.

1 **Q30. Please provide a summary of the normalization, 2022 and 2023 year-over-**
2 **year increase/decrease, and ratemaking pro forma adjustments related to**
3 **revenue.**

4 A30. Attachment 3-B-S2 includes a Revenue Matrix ("REV Matrix") that
5 summarizes the pro forma adjustments related to revenue. NIPSCO has
6 provided this matrix for the revenue adjustments because certain revenue
7 normalization and ratemaking adjustments impact multiple
8 subcomponents within revenue. The adjustments shown in Attachment 3-
9 B-S2, REV Module and Revenue Matrix, are included in individual
10 adjustments and reconciliations in Attachment 3-C-S2. Additionally, the
11 supporting workpapers can be found in Petitioner's Confidential Exhibit
12 No. 22-S2.

13 **Q31. Please explain Adjustment REV 1A-21 on Attachment 3-C-S2, REV 1A-21.**

14 A31. Adjustment REV 1A-21 is to decrease Historic Base Period electric
15 operating revenues in the amount of \$12,935,828 to normalize weather-
16 related sales. NIPSCO Witness Siegler sponsors this adjustment. If this
17 adjustment is not included, Historic Base Period electric operating revenues
18 would be overstated. A related adjustment was made to fuel and purchase
19 power costs in Adjustment FPP 1A-21.

1 **Q32. Please explain Adjustment REV 1B-21 on Attachment 3-C-S2, REV 1B-21.**

2 A32. Adjustment REV 1B-21 is to decrease Historic Base Period electric operating
3 revenues in the amount of \$240,345 to annualize large customer rate
4 migrations in order to match migrations included in the budget for the
5 twelve months ending December 31, 2022 and 2023. NIPSCO Witness
6 Siegler sponsors this adjustment. If this adjustment is not included,
7 Historical Base Period electric operating revenues would be overstated. A
8 related adjustment was made to fuel and purchase power costs in
9 Adjustment FPP 1B-21.

10 **Q33. Please explain Adjustment REV 1C-21 on Attachment 3-C-S2, REV 1C-21.**

11 A33. Adjustment REV 1C-21 is to decrease Historic Base Period electric operating
12 revenues in the amount of \$1,031,291 for small customer rate migrations in
13 order to match migrations included in the budget for the twelve months
14 ending December 31, 2022 and 2023. NIPSCO Witness Siegler sponsors this
15 adjustment. If this adjustment is not included, Historic Base Period electric
16 operating revenues would be overstated. A related adjustment was made
17 to fuel and purchase power costs in Adjustment FPP 1C-21.

1 **Q34. Please explain Adjustment REV 1A-23R on Attachment 3-C-S2, REV 1A-**
2 **23R.**

3 A34. Adjustment REV 1A-23R is to decrease Forward Test Year electric operating
4 revenues in the amount of \$19,092,613 to update the forecast to reflect a 20-
5 year average weather normalization. NIPSCO Witness Siegler sponsors
6 this adjustment. If this adjustment is not included, Forward Test Year
7 electric operating revenues would be overstated. A related adjustment was
8 made to fuel and purchase power costs in Adjustment FPP 1A-23R.

9 **Q35. Please explain Adjustment REV 1B-23R on Attachment 3-C-S2, REV 1B-**
10 **23R.**

11 A35. Adjustment REV 1B-23R is to increase Forward Test Year electric operating
12 revenues in the amount of \$4,521,845 to reflect the discount passed through
13 to retail electric customers taking service under the Company's Economic
14 Development Rider ("EDR") because the EDR discounts received by EDR
15 customers during the Historic Base Period will eventually terminate, and
16 those customers will pay full tariff rates. NIPSCO Witness Siegler sponsors
17 this adjustment. If this adjustment is not included, Forward Test Year
18 electric operating revenues would be understated.

1 **Q36. Please explain Adjustment REV 1C-23R on Attachment 3-C-S2, REV 1C-**
2 **23R.**

3 A36. Adjustment REV 1C-23R is to increase Forward Test Year electric operating
4 revenues in the amount of \$596,943 to reflect an anticipated increase in
5 street lighting billing determinants. NIPSCO Witness Siegler sponsors this
6 adjustment. If this adjustment is not included, Forward Test Year electric
7 operations revenues would be understated. A related adjustment was
8 made to fuel and purchase power costs in Adjustment FPP 1E-23R.

9 **Q37. Please explain Adjustment REV 1D-23R on Attachment 3-C-S2, REV 1D-**
10 **23R.**

11 A37. Adjustment REV 1D-23R is to increase Forward Test Year electric operating
12 revenues in the amount of \$1,375,655 to account for new proposed rate
13 structure Rate 543 for Renewable Wholesale Generation Equipment.
14 NIPSCO Witness Siegler sponsors this adjustment. Company Witness
15 Taylor discusses this adjustment further. If this adjustment is not included,
16 Forward Test Year electric operations revenues would be understated. A
17 related adjustment was made to fuel and purchase power costs in
18 Adjustment FPP 1F-23R.

1 **Q38. Please explain Adjustment REV 2-23R on Attachment 3-C-S2, REV 2.**

2 A38. Adjustment REV 2-23R is to increase Forward Test Year electric operating
3 revenues in the amount of \$11,083,096. The forecasted revenue credit for
4 forward test year 2023 is \$10,924,781 based on the projected NBV of
5 Schahfer Unit 14 and 15 as of December 31, 2022. However, \$10,841,919 of
6 this credit has already been included in REV 1A-23R by recalculating 2023
7 Retail Revenue with the 30-day compliance filing rates filed January 26,
8 2022. These rates were designed to pass back an annualized credit amount
9 of \$10,841,919. REV 2-23R leaves a remaining credit of \$82,861 to reflect a
10 full 2023 revenue credit at the end of the forecasted test year (\$10,841,919
11 reduction to retail revenue in REV 1A-23R plus \$82,861 remaining credit in
12 REV 2-23R). If this adjustment is not included, Forward Test Year electric
13 operating revenues would be understated. The Revenue Credit is discussed
14 further below.

15 **Q39. Please explain Adjustment REV 3-21 on Attachment 3-C-S2, REV 3.**

16 A39. Adjustment REV 3-21 is to decrease Historic Base Period electric operating
17 revenues in the amount of \$56,833 to remove FMCA tracker revenue. The
18 FMCA 13 factor was billed from August 2020 through January 2021. As
19 there were no subsequent FMCA filings or billing factors, it is appropriate

1 to remove the revenues from the Historic Base Period. If this adjustment is
2 not included, Historic Base Period electric operating revenues would be
3 overstated.

4 **Q40. Please explain Adjustment REV 4-21 on Attachment 3-C-S2, REV 4.**

5 A40. Adjustment REV 4-21 is to decrease Historic Base Period electric operating
6 revenues in the amount of \$1,630 to remove ECR tracker revenue. The ECR-
7 34 factor was billed from November 2019 through December 2019.
8 Amounts in the Historic Base Period are due to customer rebills. As there
9 were no subsequent ECR filings or billing factors, it is appropriate to
10 remove the revenues from the Historic Base Period. If this adjustment is
11 not included, Historic Base Period electric operating revenues would be
12 overstated.

13 **Q41. Please explain Adjustment REV 5-23R on Attachment 3-C-S2, REV 5.**

14 A41. Adjustment REV 5-23R is to increase Forward Test Year electric operating
15 revenues in the amount of \$3,302,986 to reflect Transmission, Distribution,
16 and Storage System Improvement Charge ("TDSIC") post in-service
17 carrying charges ("PISCC") revenues not included in the budget. If this

1 adjustment is not included, Forward Test Year electric operating revenues
2 would be understated.

3 **Q42. Please explain Adjustment REV 6-23R on Attachment 3-C-S2, REV 6.**

4 A42. Adjustment REV 6-23R is to decrease Forward Test Year electric operating
5 revenues in the amount of \$38,063,866 (a \$3,461,165 increase to reflect RTO
6 revenues based on the most recent forecast and a \$41,525,032 decrease to
7 remove the recovery of RTO from base rates) as NIPSCO is proposing that
8 all RTO expenses will continue to be recovered through the RTO tracker in
9 this proceeding. A related adjustment was made to operations and
10 maintenance expense in Adjustment OM 20-23R. If this adjustment is not
11 included, Forward Test Year electric operating revenues would be
12 overstated.

13 **Q43. Please explain Adjustment REV 7A-23R on Attachment 3-C-S2, REV 7.**

14 A43. Adjustment REV 7A-23R is to decrease Forward Test Year electric operating
15 revenues in the amount of \$403,436 to true-up the 2023 budget based on the
16 actual Demand Side Management Adjustment-17 ("DSMA") filing. If this
17 adjustment is not included, Forward Test Year electric operating revenues
18 would be overstated. NIPSCO Witness Siegler sponsors this adjustment.

1 **Q44. Please explain Adjustment REV 7B-23R on Attachment 3-C-S2, REV 7.**

2 A44. Adjustment REV 7B-23R is to decrease Forward Test Year electric operating
3 revenues in the amount of \$12,160,531 for lost revenues that will continue
4 to be recovered through NIPSCO's DSMA tracker filing after "Step 1" base
5 rates are implemented. If this adjustment is not included, Forward Test
6 Year electric operating revenues would be overstated. NIPSCO Witness
7 Siegler sponsors this adjustment.

8 **Q45. Please explain Adjustment REV 8-21 on Attachment 3-C-S2, REV 8.**

9 A45. Adjustment REV 8-21 is to decrease Historic Base Period electric operating
10 revenues in the amount of \$407,420 to align actuals with a 5-year average
11 for gas liquefaction volumes. NIPSCO Witness Siegler supports and
12 Witness Campbell further discusses this adjustment. If this adjustment is
13 not included, Historic Base Period electric operating revenues would be
14 overstated. A related adjustment was made to fuel and purchased power
15 costs in Adjustment FPP 2-21.

16 **Q46. Please explain Adjustment REV 8-23R on Attachment 3-C-S2, REV 8.**

1 A46. Adjustment REV 8-23R is to decrease Forward Test Year electric operating
2 revenues in the amount of \$430,221 to align the budget with a 5-year
3 average for gas liquefaction volumes. NIPSCO Witness Siegler supports
4 and Witness Campbell further discusses this adjustment. If this adjustment
5 is not included, Forward Test Year electric operating revenues would be
6 overstated. A related adjustment was made to fuel and purchased power
7 costs in Adjustment FPP 2-23R.

8 **Q47. Please explain Adjustment REV 10-23R on Attachment 3-C-S2, REV 10.**

9 A47. Adjustment REV 10-23R is to decrease Forward Test Year electric operating
10 revenues in the amount of \$69,986,082 to remove Multi-Value Project
11 ("MVP"), Targeted Market Efficiency Project ("TMEP"), and Interregional
12 Market Efficiency Project ("IMEP") revenues collected by NIPSCO through
13 MISO Schedules 26-A, 26-C, and 26-E, respectively. By its August 22, 2012
14 Order in Cause 44156-RTO-1, the Commission authorized NIPSCO to retain
15 100% of the MISO Schedule 26-A revenues associated with NIPSCO's
16 construction of MVP projects and to exclude MVP projects constructed by
17 NIPSCO from NIPSCO's state retail jurisdictional rate base for the purpose
18 of state ratemaking. By its April 25, 2018 Order in Cause 44156-RTO-13, the
19 Commission authorized NIPSCO to retain 100% of the MISO Schedule 26-

1 C revenues associated with NIPSCO's construction of TMEP projects and
2 to exclude TMEP projects constructed by NIPSCO from NIPSCO's state
3 retail jurisdictional rate base for the purpose of state ratemaking. By its
4 April 28, 2021 Order in Cause 44156-RTO-19, the Commission authorized
5 NIPSCO to retain 100% of the MISCO Schedule 26-E revenues associated
6 with NIPSCO's construction of IMEP projects and to exclude IMEP projects
7 constructed by NIPSCO from NIPSCO's state retail jurisdictional rate base
8 for the purpose of state ratemaking. As discussed below, NIPSCO has
9 excluded the MVP, TMEP, and IMEP ("non-jurisdictional") balances in
10 Adjustments OM 2I-23R, DEPR 1-23R, OTX 1-23R, RB 2-23R and RB 5-23R
11 from its state jurisdictional rate base and operating expenses in this
12 proceeding. If this adjustment is not included, Forward Test Year electric
13 operating revenues would be overstated.

14 **Q48. Please explain Adjustment REV 11-23R on Attachment 3-C-S2, REV 11.**

15 A48. Adjustment REV 11-23R is to decrease Forward Test Year electric operating
16 revenues in the amount of \$913,498 to remove TMEP revenues from the
17 Forward Test Year as TMEP revenues were erroneously budgeted twice
18 (once in non-jurisdictional tracker (REV-10) and once in Transmission

1 Revenues (REV-11)). If this adjustment is not included, Forward Test Year
2 electric operating revenues would be overstated.

3 **Q49. Please explain Adjustment REV 12-21 on Attachment 3-C-S2, REV 12.**

4 A49. Adjustment REV 12-21 is to decrease Historic Base Period electric operating
5 revenues in the amount of \$152,731 to reclassify RTO forfeited discounts to
6 Adjustment OM 20 to offset RTO expense as such amounts are passed back
7 to customers through the RTO tracker. If this adjustment is not included,
8 Historic Base Period electric operating revenues would be overstated. A
9 related adjustment was made to electric operating expenses in Adjustment
10 OM 20-21.

11 **Q50. Please explain Adjustment REV 12-23R on Attachment 3-C-S2, REV 12.**

12 A50. Adjustment REV 12-23R is to decrease Forward Test Year electric operating
13 revenues in the amount of \$38,917 to reclassify RTO forfeited discounts to
14 Adjustment OM 20 to offset RTO expense as such amounts are passed back
15 to customers through the RTO tracker. If this adjustment is not included,
16 Forward Test Year electric operating revenues would be overstated. A
17 related adjustment was made to electric operating expenses in Adjustment
18 OM 20-23R.

1 **Q51. Please explain Adjustment REV 15-21 on Attachment 3-C-S2, REV 15.**

2 A51. Adjustment REV 15-21 is to decrease Historic Base Period electric operating
3 revenues in the amount of \$4,953,118 to reclassify certain MISO
4 transmission revenues reported on MISO Schedules 1, 2, 7, 8, and 26. This
5 adjustment is required because 100% of transmission revenues from the
6 aforementioned MISO schedules are passed back to customers in NIPSCO's
7 RTO Adjustment tracker. A corresponding adjustment was made to
8 operations and maintenance expense in OM 20-21. If this adjustment is not
9 included, Historic Base Period electric operating revenues would be
10 overstated.

11 **Q52. Please explain Adjustment REV 15-23R on Attachment 3-C-S2, REV 15.**

12 A52. Adjustment REV 15-23R is to increase Forward Test Year electric operating
13 revenues in the amount of \$190,438 to forecast the 2023 other electric
14 revenue based on historical activity. If this adjustment is not included,
15 Forward Test Year electric operating revenues would be understated.

16 **Expense Adjustments**

Fuel and Purchased Power ("FPP") Cost Adjustments

17 **Q53. Please describe how the FPP Cost Adjustments are organized?**

- 1 A53. Attachment 3-A-S2 (Page 1, Lines 9 through 13) shows the total Fuel and
2 Purchase Power Costs as of December 31, 2021, Pro forma Adjustments at
3 December 31, 2021, 2022 and 2023 Year-Over-year Increase/Decrease, and
4 Ratemaking Adjustments at December 31, 2023. Column D provides a
5 reference for each line item to Attachment 3-B-S2, FPP Module, and Column
6 G shows the Attachment 3-C-S2 pro forma reference to each of the line items
7 in Column F. Attachment 3-B-S2, FPP Module, shows the subcomponent
8 detail for the 2022 and 2023 budgeted Fuel and Purchase Power Costs.
9 Attachment 3-C-S2, FPP 1 through FPP 2, include the detailed reconciliation
10 showing the individual adjustments for each subcomponent. This
11 attachment also shows the 2022 and 2023 budgeted Fuel and Purchase
12 Power Costs. I discuss each normalization and ratemaking adjustment,
13 referring to other Company witnesses where necessary. NIPSCO Witness
14 Camp discusses each of the budget components related to Fuel and
15 Purchased Power Costs and the overall forecasting process related to these
16 amounts. Petitioner's Confidential Exhibit No. 22-S2 includes the
17 workpapers supporting each adjustment.
- 18 **Q54. Please provide a summary of the normalization, and ratemaking pro**
19 **forma adjustments related to fuel and purchased power costs.**

1 A54. Attachment 3-B-S2 includes a FPP Matrix that summarizes the pro forma
2 adjustments related to fuel and purchased power. NIPSCO has provided
3 this matrix for the FPP adjustments as certain fuel and purchased power
4 normalization and ratemaking adjustments impact multiple
5 subcomponents within fuel and purchased power. The adjustments shown
6 in the FPP Matrix are included in individual adjustments and
7 reconciliations in Attachment 3-C-S2. Additionally, the supporting
8 workpapers can be found in Petitioner's Confidential Exhibit No. 22-S2.

9 **Q55. Please explain Adjustment FPP 1A-21 on Attachment 3-C-S2, FPP 1A-21.**

10 A55. Adjustment FPP 1A-21 is to decrease Historic Base Period electric fuel and
11 purchased power cost in the amount of \$3,306,821 to normalize weather.
12 NIPSCO Witness Siegler discusses this adjustment. If this adjustment is not
13 included, Historic Base Period fuel and purchased power cost would be
14 overstated. A related adjustment was made to revenue in Adjustment REV
15 1A-21.

16 **Q56. Please explain Adjustment FPP 1B-21 on Attachment 3-C-S2, FPP 1B-21.**

1 A56. Adjustment FPP 1B-21 is to decrease Historic Base Period electric fuel and
2 purchased power cost in the amount of \$436,848 for large customer rate
3 migration included in the budget for the twelve months ending December
4 31, 2022 and 2023. NIPSCO Witness Siegler discusses this adjustment. If
5 this adjustment is not included, Historic Base Period fuel and purchased
6 power cost would be overstated. A related adjustment was made to
7 revenue in Adjustment REV 1B-21.

8 **Q57. Please explain Adjustment FPP 1C-21 on Attachment 3-C-S2, FPP 1C-21.**

9 A57. Adjustment FPP 1C-21 is to adjust Historic Base Period electric fuel and
10 purchased power costs by rate code for small customer rate migration
11 included in the budget for the twelve months ending December 31, 2022
12 and 2023. While the net impact of the migrations is zero for the system, the
13 migration did impact fuel and purchased power costs for five individual
14 rate codes. NIPSCO Witness Siegler discusses this adjustment. A related
15 adjustment was made to revenue in Adjustment REV 1C-21.

16 **Q58. Please explain Adjustment FPP 1A-23R on Attachment 3-C-S2, FPP 1 and**
17 **FPP 2**

1 A58. Adjustment FPP 1A-23R is to increase Forward Test Year electric fuel and
2 purchased power cost in the amount of \$64,767,849 to normalize weather
3 and increase expected Fuel and Purchase Power cost modeled in PROMOD.
4 NIPSCO Witness Siegler discusses this adjustment. If this adjustment is not
5 included, Forward Test Year fuel and purchased power cost would be
6 understated. A related adjustment was made to revenue in Adjustment
7 REV 1A-23R.

8 **Q59. Please explain Adjustment FPP 1B-23R on Attachment 3-C-S2, FPP 1**

9 A59. Adjustment FPP 1B-23R is to decrease Forward Test Year electric fuel and
10 purchased power cost in the amount of \$15,420,440, which represents the
11 estimated REC sales proceeds. NIPSCO will reduce fuel and purchased
12 power costs by actual REC sales proceeds in the FAC tracker. NIPSCO
13 Witness Campbell sponsors this adjustment. If this adjustment is not
14 included, Forward Test Year fuel and purchased power cost would be
15 overstated.

16 **Q60. Please explain Adjustment FPP 1C-23R on Attachment 3-C-S2, FPP 1**

1 A60. Adjustment FPP 1C-23R is to decrease Forward Test Year electric fuel and
2 purchased power cost in the amount of \$15,616,300, which represents
3 estimated cash distributions from the Joint Venture to NIPSCO. NIPSCO
4 will reduce fuel and purchased power costs by actual cash distributions
5 from the Joint Venture to NIPSCO in the FAC tracker. NIPSCO Witness
6 Campbell sponsors this adjustment. If this adjustment is not included,
7 Forward Test Year fuel and purchased power cost would be overstated.

8 **Q61. Please explain Adjustment FPP 1D-23R on Attachment 3-C-S2, FPP 1.**

9 A61. Adjustment FPP 1D-23R is to decrease Forward Test Year electric fuel and
10 purchased power cost in the amount of \$23,059,206, which represents an
11 estimate of OSS revenues net of expenses. NIPSCO is proposing to reduce
12 fuel and purchased power costs by actual OSS revenues net of expenses in
13 the FAC tracker. NIPSCO Witness Campbell sponsors this adjustment. If
14 this adjustment is not included, Forward Test Year fuel and purchased
15 power cost would be overstated.

16 **Q62. Please explain Adjustment FPP 1E-23R on Attachment 3-C-S2, FPP 1E-**
17 **23R.**

1 A62. Adjustment FPP 1E-23R is to increase Forward Test Year electric fuel and
2 purchased power cost in the amount of \$87,451 to reflect an anticipated
3 change in street lighting billing determinants. NIPSCO Witness Siegler
4 discusses this adjustment. If this adjustment is not included, Forward Test
5 Year fuel and purchased power cost would be understated. A related
6 adjustment was made to revenue in Adjustment REV 1C-23R.

7 **Q63. Please explain Adjustment FPP 1F-23R on Attachment 3-C-S2, FPP 1F-**
8 **23R.**

9 A63. Adjustment FPP 1F-23R is to increase Forward Test Year electric fuel and
10 purchased power cost in the amount of \$60,815 to account for new
11 proposed rate structure Rate 543 for Renewable Wholesale Generation
12 Equipment. NIPSCO Witness Siegler sponsors this adjustment. Company
13 Witness Taylor discusses this adjustment further. If this adjustment is not
14 included, Forward Test Year fuel and purchased power cost would be
15 understated. A related adjustment was made to revenue in Adjustment
16 REV 1D-23R.

17 **Q64. Please explain Adjustment FPP 2-21 on Attachment 3-C-S2, FPP 2.**

1 A64. Adjustment FPP 2-21 is to decrease Historic Base Period electric fuel and
2 purchased power cost in the amount of \$100,091 related to the decreased
3 interdepartmental sales related to liquefaction at the Company's liquefied
4 natural gas facility. NIPSCO Witness Siegler supports and Witness
5 Campbell discusses this adjustment. If this adjustment is not included,
6 Historic Base Period fuel and purchased power cost would be overstated.
7 A related adjustment was made to revenue in Adjustment REV 8-21.

8 **Q65. Please explain Adjustment FPP 2-23R on Attachment 3-C-S2, FPP 2.**

9 A65. Adjustment FPP 2-23R is to decrease Forward Test Year electric fuel and
10 purchased power cost in the amount of \$109,263 related to the decreased
11 interdepartmental sales related to liquefaction at the Company's liquefied
12 natural gas facility. NIPSCO Witness Siegler supports and Witness
13 Campbell discusses this adjustment. If this adjustment is not included,
14 Forward Test Year fuel and purchased power cost would be overstated. A
15 related adjustment was made to revenue in Adjustment REV 8-23R.

Operating Expense Adjustments

16 **Q66. Please describe how the Operations and Maintenance Expense ("O&M"**
17 **or "OM") adjustments are organized.**

1 A66. Attachment 3-A-S2 (Page 1, Lines 17 through 21) shows the total O&M
2 Expenses as of December 31, 2021, Pro forma Adjustments at December 31,
3 2021, 2022 and 2023 Year-Over-Year Increase/Decrease, and Ratemaking
4 Adjustments at December 31, 2023. Unless noted otherwise, Column D
5 provides a reference for each line item to Attachment 3-B-S2, O&M Module,
6 and Column G shows the Attachment 3-C-S2 pro forma reference to each
7 of the line items in Column F. Attachment 3-B-S2, O&M Module, shows the
8 subcomponent detail for the 2022 and 2023 budgeted O&M Expenses.
9 Attachment 3-C-S2, OM 1 through OM 21 include the detailed
10 reconciliation showing the individual adjustments for each subcomponent.
11 This attachment also shows the 2022 and 2023 budgeted O&M Expenses. I
12 discuss each normalization and ratemaking adjustment, referring to other
13 Company witnesses where necessary. NIPSCO Witness Camp presents the
14 budget components related to the O&M Expenses and discusses the overall
15 forecasting process relating to these amounts. Petitioner's Confidential
16 Exhibit No. 22-S2 shows the witness supporting each of the O&M
17 Adjustments and includes the workpapers supporting each adjustment.

18 Q67. Please explain Adjustment OM 1-23R on Attachment 3-C-S2, OM 1.

1 A67. Adjustment OM 1-23R is to increase Forward Test Year electric operating
2 expenses in the amount of \$5,487,880 for Labor. This adjustment was made
3 to reflect the following:

- 4 • Average 2021 Salaries, exclusive of spot bonuses and education
5 reimbursement, applied against NIPSCO's June 30, 2022, actual
6 headcount;
- 7 • Merit increases that will occur in 2022 and 2023;
- 8 • A three-year average (TME December 31, 2019-2021) level of special
9 pays expense (e.g., spot bonuses and education reimbursement);
- 10 • An incremental level of additional Labor expense associated with
11 open positions expected to be filled by the beginning of the Forward
12 Test Year; and
- 13 • An electric allocation percentage and labor expense percentage
14 based on 2021 actual labor.

15 **Q68. Please provide a summary of the Electric Operations normalization, 2022**
16 **and 2023 year-over-year increase/decrease, and ratemaking adjustments**
17 **shown on Attachment 3-B-S2, O&M Module, Line 2.**

18 A68. The Electric Operations adjustments shown on Attachment 3-B-S2, O&M
19 Module, Line 2, reflect the total of multiple Electric Operations adjustments
20 (Adjustments OM 2A through OM 2K). NIPSCO has provided a matrix for
21 the Electric Operations adjustments to show each of the individual Electric
22 Operations normalization, 2022 and 2023 year-over-year increase/decrease,

1 and ratemaking adjustments in Attachment 3-C-S2, OM 2 Matrix, Page [.1].
2 NIPSCO Witness Talbot sponsors Adjustments OM 2A through OM 2G.
3 NIPSCO Witness Carmichael sponsors Adjustment OM 2H. NIPSCO
4 Witness Campbell sponsors Adjustment OM 2J.

5 **Q69. Please explain Adjustment OM 2I-23R on Attachment 3-C-S2, OM 2I.**

6 A69. Adjustment OM 2I-23R is to decrease Forward Test Year electric operating
7 expenses in the amount of \$474,915 to remove non-jurisdictional operations
8 and maintenance expense. As discussed above, NIPSCO has excluded the
9 non-jurisdictional balances in Adjustments REV 10-23R, OTX 1-23R, DEPR
10 1-23R, RB 2-23R and RB 5-23R. If this adjustment is not included, the
11 Forward Test Year electric operating expenses would be overstated.

12 **Q70. Please explain Adjustment OM 2K-23R on Attachment 3-C-S2, OM 2K.**

13 A70. Adjustment OM 2K-23R is to decrease Forward Test Year electric operating
14 expenses in the amount of \$101,675,971 to remove non-labor coal fired
15 generation operations and maintenance expenses to be collected through
16 the proposed Variable Cost Tracker. NIPSCO Witnesses Whitehead and
17 Blissmer discuss the proposed Variable Cost Tracker. If the proposed

1 tracker is approved, this adjustment must be made or the Forward Test Year
2 electric operating expenses would be overstated.

3 **Q71. Please explain Adjustment OM 3-21 on Attachment 3-C-S2, OM 3.**

4 A71. Adjustment OM 3-21 is to increase the Historic Base Period electric
5 operating expenses in the amount of \$3,197,961 to normalize for Other
6 Department operations. This adjustment was made to reflect the reversal
7 and removal of expense entries associated with out of period activity from
8 prior periods and the 2021 base period. If this adjustment is not included,
9 the Historic Base Period electric operating expenses would be understated.

10 **Q72. Please explain Adjustment OM 3-23R on Attachment 3-C-S2, OM 3.**

11 A72. Adjustment OM 3-23R is to increase Forward Test Year electric operating
12 expenses in the amount of \$393,638 for Other Department operations. This
13 adjustment was made to update the budgeted gas/electric allocation based
14 upon the 2021 actual split. If this adjustment is not included, the Forward
15 Test Year electric operating expenses would be understated.

16 **Q73. Please explain Adjustment OM 4-23R on Attachment 3-C-S2, OM 4.**

17 A73. Adjustment OM 4-23R is to decrease Forward Test Year electric operating
18 expenses in the amount of \$1,738,399 to reflect the one-time advanced

1 metering infrastructure expenses to be recovered through NIPSCO's TDSIC
2 mechanism. If this adjustment is not included, the Forward Test Year
3 electric operating expenses would be overstated.

4 **Q74. Please explain Adjustments OM 5A-23R through OM 5C-23R on**
5 **Attachment 3-C-S2, OM 5.**

6 A74. These adjustments are to decrease Forward Test Year electric operating
7 expenses in the amount of \$935,014 to remove the following expenses:

Adjustment	Amount	Cost Type
5A-23R	\$441,378	Lobbying expenses
5B-23R	\$124,234	Non-recoverable advertising expenses
5C-23R	\$369,402	Certain expenses that NIPSCO is not seeking recovery

8
9 A summary of these adjustments can also be found on Attachment 3-C-S2,
10 OM 5. If these adjustments are not included, the Forward Test Year electric
11 operating expenses would be overstated.

12 **Q75. Please explain Adjustment OM 6-21 on Attachment 3-C-S2, OM 6.**

13 A75. Adjustment OM 6-21 is to decrease Historic Base Period electric operating
14 expenses in the amount of \$769,654 to normalize NCSC Corporate Service

1 Bill expenses. If these adjustments are not included, the Historic Base
2 Period electric operating expenses would be overstated. NIPSCO Witness
3 Gode sponsors this adjustment.

4 **Q76. Please explain Adjustment OM 6-23R on Attachment 3-C-S2, OM 6.**

5 A76. Adjustment OM 6-23R is to decrease Forward Test Year electric operating
6 expenses in the amount of \$725,589 to normalize NCSC Corporate Service
7 Bill expenses for the Forward Test Year to reflect various adjustments, the
8 most recently available actuarial report and the removal of profit sharing.
9 If these adjustments are not included, the Forward Test Year electric
10 operating expenses would be overstated. NIPSCO Witness Bly sponsors
11 this adjustment.

12 **Q77. Please explain Adjustment OM 7-23R on Attachment 3-C-S2, OM 7.**

13 A77. Adjustment OM 7-23R is to increase Forward Test Year electric operating
14 expenses in the amount of \$231,366 to reflect the level of corporate
15 insurance expense based on 2021 actual electric allocation and increases in
16 premiums for policies that were renewed after the budget was finalized. If
17 this adjustment is not included, the Forward Test Year electric operating
18 expenses would be understated.

1 **Q78. Please explain Adjustment OM 8-23R on Attachment 3-C-S2, OM 8.**

2 A78. Adjustment OM 8-23R decreases Forward Test Year electric operating
3 expenses in the amount of \$409,810 to reflect the level of rents and leases
4 based on 2021 electric allocation. If this adjustment is not included,
5 Forward Test Year electric operating expenses would be overstated.

6 **Q79. Please explain Adjustment OM 9-21 on Attachment 3-C-S2, OM 9.**

7 A79. Adjustment OM 9-21 is to increase Historic Base Period electric operating
8 expenses in the amount of \$5,550,358 to remove all environmental activity.
9 The Historic Base Period is a credit balance, due primarily to one-time
10 reimbursements, offset by normal expense. Consistent with Cause Nos.
11 45159 and 44688, NIPSCO is not seeking to recover environmental charges
12 in base rates. If this adjustment is not included, the Historic Base Period
13 electric operating expenses would be understated.

14 **Q80. Please explain Adjustment OM 10-23R on Attachment 3-C-S2, OM 10.**

15 A80. Adjustment OM 10-23R is to increase Forward Test Year electric operating
16 expenses in the amount of \$220,524 to reflect bad debt (uncollectibles)
17 expense based on a 7-year average of write-offs and 2021 actual electric

1 allocation. If this adjustment is not included, Forward Test Year electric
2 operating expenses would be understated.

3 **Q81. Please explain Adjustment OM 11-21 on Attachment 3-C-S2, OM 11.**

4 A81. Adjustment OM 11-21 is to decrease Historic Base Period electric operating
5 expenses in the amount of \$3,256,049 to normalize NIPSCO's short term
6 incentive compensation ("STI") expenses to reflect a payout consistent with
7 target levels. NIPSCO Witness Cartella discusses the reasonableness and
8 competitiveness of NIPSCO wages and salaries, including incentive
9 compensation. If this adjustment is not included, the Historic Base Period
10 electric operating expenses would be overstated.

11 **Q82. Please explain Adjustment OM 11-23R on Attachment 3-C-S2, OM 11.**

12 A82. Adjustment OM 11-23R is to increase Forward Test Year electric operating
13 expenses in the amount of \$651,681 related to NIPSCO's STI expenses to
14 reflect the level of short-term incentive compensation expenses based on
15 2021 actual electric allocation and transfers. NIPSCO Witness Cartella
16 discusses the reasonableness and competitiveness of NIPSCO wages and
17 salaries, including incentive compensation. If this adjustment is not

1 included, Forward Test Year electric operating expenses would be
2 understated.

3 **Q83. Please explain Adjustment OM 12-23R included on Attachment 3-C-S2,**
4 **OM 12.**

5 A83. Adjustment OM 12-23R is to increase Forward Test Year electric operating
6 expenses in the amount of \$9,846,653 related to NIPSCO's pension plan to
7 reflect the 2021 actual electric allocations and transfers and the most
8 recently available actuarial report from Aon Hewitt. To elaborate, the
9 budget was based on Aon Hewitt estimates provided in July 2021; an
10 update was received in July 2022 that was materially different due
11 primarily to changes in financial conditions impacting our retirement plans
12 (i.e. higher interest rates and lower asset returns). If this adjustment is not
13 included, Forward Test Year electric operating expenses would be
14 understated. NIPSCO's request for deferral accounting treatment of
15 pension and OPEB expense is described below.

16 **Q84. Please explain Adjustment OM 13-23R included on Attachment 3-C-S2,**
17 **OM 13.**

1 A84. Adjustment OM 13-23R is to increase Forward Test Year electric operating
2 expenses in the amount of \$2,682,522 related to NIPSCO's Other Post-
3 Employment Benefits ("OPEB") plan to reflect 2021 actual electric allocation
4 and transfers and the most recently available actuarial report from Aon
5 Hewitt. To elaborate, the budget was based on Aon Hewitt estimates
6 provided in July 2021; an update was received in July 2022 that was
7 materially different due primarily to changes in financial conditions
8 impacting our retirement plans (i.e. higher interest rates and lower asset
9 returns). If this adjustment is not included, Forward Test Year electric
10 operating expenses would be understated. NIPSCO's request for deferral
11 accounting treatment of pension and OPEB expense is described below.

12 **Q85. Please explain Adjustment OM 14-23R included on Attachment 3-C-S2,**
13 **OM 14.**

14 A85. Adjustment OM 14-23R is to decrease Forward Test Year electric operating
15 expenses in the amount of \$4,013,461 related to NIPSCO's employee
16 medical benefits to reflect the 2021 actual electric allocation and transfers,
17 2023 headcount, and the most recently available actuarial report from Aon
18 Hewitt. To elaborate, the budget was based on Aon Hewitt estimates
19 provided in July 2021; an update was received in July 2022 that was

1 different due to updates in census data, claim experience and changes in
2 bargaining unit agreements that impacted all plan participants. If this
3 adjustment is not included, Forward Test Year electric operating expenses
4 would be overstated.

5 **Q86. Please explain Adjustment OM 15-21 on Attachment 3-C-S2, OM 15.**

6 A86. Adjustment OM 15-21 is to decrease Historic Base Period electric operating
7 expenses in the amount of \$5,851,865 to normalize other benefits expense
8 by removing non-recurring severance payments. If this adjustment is not
9 included, Historic Base Period electric operating expenses would be
10 overstated.

11 **Q87. Please explain Adjustment OM 15-23R on Attachment 3-C-S2, OM 15.**

12 A87. Adjustment OM 15-23R is to increase Forward Test Year electric operating
13 expenses in the amount of \$2,884 related to NIPSCO's other benefits
14 expenses to reflect the 2021 actual electric allocation. If this adjustment is
15 not included, Forward Test Year electric operating expenses would be
16 understated.

17 **Q88. Please explain Adjustment OM 16-23R included on Attachment 3-C-S2,**

1 **OM 16.**

2 A88. Adjustment OM 16-23R is to increase Forward Test Year electric operating
3 expenses in the amount of \$1,713,668 related to NIPSCO's other employee
4 benefits to reflect 2021 actual electric allocation and transfers, 2023
5 headcount, and the most recently available actuarial report from Aon
6 Hewitt. To elaborate, the budget was based on Aon Hewitt estimates
7 provided in July 2021; an update was received in July 2022 that was due to
8 updates in census data, claim experience and changes in bargaining unit
9 agreements that impacted all plan participants. If this adjustment is not
10 included, Forward Test Year electric operating expenses would be
11 understated.

12 **Q89. Please explain Adjustment OM 17-21 on Attachment 3-C-S2, OM 17.**

13 A89. Adjustment OM 17-21 is to increase Historical Base Period electric
14 operating expenses in the amount of \$66,639 to normalize for NIPSCO's
15 long-term incentive plan ("LTIP") expense to reflect a payout consistent
16 with target levels. NIPSCO Witness Cartella discusses the reasonableness
17 and competitiveness of NIPSCO wages and salaries, including incentive
18 compensation. If this adjustment is not included, the Historic Base Period
19 electric operating expenses would be understated.

1 **Q90. Please explain Adjustment OM 17-23R on Attachment 3-C-S2, OM 17.**

2 A90. Adjustment OM 17-23R is to increase Forward Test Year electric operating
3 expenses in the amount of \$42,016 related to NIPSCO's long-term incentive
4 plan ("LTIP") expense to reflect 2021 actual electric allocation. NIPSCO
5 Witness Cartella discusses the reasonableness and competitiveness of
6 NIPSCO wages and salaries, including incentive compensation. If this
7 adjustment is not included, Forward Test Year electric operating expenses
8 would be understated.

9 **Q91. Please explain Adjustment OM 18-23R on Attachment 3-C-S2, OM 18.**

10 A91. Adjustment OM 18-23R is to decrease Forward Test Year electric operating
11 expenses in the amount of \$673,081 to remove all profit sharing expenses
12 included in the Forward Test Year budget. NIPSCO is not seeking recovery
13 of these amounts in this proceeding. If this adjustment is not included, the
14 Forward Test Year electric operating expenses would be overstated.

15 **Q92. Please explain Adjustment OM 19-23R on Attachment 3-C-S2, OM 19.**

16 A92. Adjustment OM 19-23R is to increase Forward Test Year electric operating
17 expenses in the amount of \$633,936 related to NIPSCO's benefit

1 administration expense to reflect 2021 actual electric allocation. If this
2 adjustment is not included, Forward Test Year electric operating expenses
3 would be understated.

4 **Q93. Please explain Adjustment OM 20-21 on Attachment 3-C-S2, OM 20.**

5 A93. Adjustment OM 20-21 is to decrease Historic Base Period electric operating
6 expenses in the amount of \$5,112,109. Of that adjustment, \$5,105,849 is for
7 certain MISO transmission revenues reported on MISO Schedules 1, 2, 7, 8,
8 and 26 in Adjustments REV 12-21 and REV 15-21. This adjustment is
9 required because 100% of transmission revenues from the aforementioned
10 MISO schedules are passed back to customers through NIPSCO's RTO
11 Adjustment tracker. An additional \$6,260 is for the removal of gas related
12 expenses that were inadvertently reported as an RTO expense in the general
13 ledger. If this adjustment is not included, Historic Base Period electric
14 operating expenses would be overstated.

15 **Q94. Please explain Adjustment OM 20-23R included on Attachment 3-C-S2,**
16 **OM 23.**

17 A94. Adjustment OM 20-23R is to decrease Forward Test Year electric operating
18 expenses in the amount of \$38,063,866 (a decrease of \$38,917 (Adjustment

1 OM 20A-23R) related to REV 12 RTO forfeited discounts, an increase of
2 \$3,461,165 (Adjustment OM 20B-23R) to reflect RTO revenues based on the
3 most recent forecast and a decrease of \$41,486,115 (Adjustment OM 20C-
4 23R) to remove RTO expenses from base rates. NIPSCO is proposing that
5 all RTO expenses continue to be recovered through the RTO tracker in this
6 proceeding. If this adjustment is not included, the Forward Test Year
7 electric operating expenses would be overstated.

8 **Q95. Please explain Adjustment OM 21-21 on Attachment 3-C-S2, OM 21.**

9 A95. Adjustment OM 21-21 is to decrease Historic Base Period electric operating
10 expenses in the amount of \$2,363,932 to reclassify the O&M expense related
11 to the 44688 and 45159 regulatory asset amortization to amortization
12 expense for ratemaking, which is included in AMTZ 7. If this adjustment
13 is not included, Historic Base Period electric operating expenses would be
14 overstated. A related adjustment was made to amortization expense in
15 Adjustment AMTZ 7-21.

16 **Depreciation and Amortization Adjustments**

17 **Q96. Please describe how the Depreciation ("DEPR") and Amortization**
18 **("AMTZ") adjustments are organized.**

1 A96. Attachment 3-A-S2 (Pages 1 and 2, Lines 24 through 28 and Lines 31
2 through 35) shows the total Depreciation and Amortization Expense as of
3 December 31, 2021, Pro forma Adjustments at December 31, 2021, Projected
4 Adjustments at December 31, 2022, and December 31, 2023, and
5 Ratemaking Adjustments at December 31, 2023. Unless noted otherwise,
6 Column D provides a reference for each line item to Attachment 3-B-S2,
7 DEPR Module and AMTZ Module, and Column G shows the Attachment
8 3-C-S2 pro forma reference to each of the line items in Column F.
9 Attachment 3-B-S2, DEPR Module and AMTZ Module, shows the
10 subcomponent detail for the 2022 and 2023 projected Depreciation and
11 Amortization. Attachment 3-C-S2, DEPR 1 through 3 and AMTZ 1 through
12 10 includes the detailed reconciliations showing the individual adjustments
13 for each subcomponent. This attachment also shows the 2022 and 2023
14 projected Depreciation and Amortization. I discuss each normalization and
15 ratemaking adjustment, referring to other Company witnesses where
16 necessary. NIPSCO Witness Blissmer sponsors each of the projected utility
17 plant in service components related to Depreciation and Amortization
18 Expenses, as well as the overall forecasting process relating to these

1 amounts. Petitioner's Confidential Exhibit No. 22-S2 includes the
2 workpapers supporting each adjustment.

3 **Q97. Are the depreciation amounts included in Attachment 3-B-S2, DEPR**
4 **Module and Attachment 3-C-S2, DEPR 1 and DEPR 2, obtained from**
5 **NIPSCO's 2022 and 2023 budget?**

6 A97. No. These projected balances as of December 31, 2022 and December 31,
7 2023, were calculated by multiplying NIPSCO's projected utility plant in
8 service, as calculated and included in Attachment 3-B-S2, RB Module, by
9 NIPSCO's currently approved depreciation rates. NIPSCO Witness
10 Blissmer sponsors the projected utility plant in service on which currently
11 approved depreciation rates are being applied.

12 **Q98. Please explain Adjustment DEPR 1-22 related to depreciation expense as**
13 **shown on Attachment 3-C-S2, DEPR 1.**

14 A98. Adjustment DEPR 1-22 is to increase depreciation expense in the amount of
15 \$4,377,856 for the 2022 Projected Period. This adjustment is calculated by
16 applying NIPSCO's currently approved depreciation accrual rates to the
17 projected rate base at the end of the 2022 Projected Period. NIPSCO Witness

1 Blissmer sponsors the projected utility plant in service on which NIPSCO's
2 currently approved depreciation rates are being applied. If this adjustment
3 is not included, the 2022 Projected Period electric depreciation expenses
4 would be understated.

5 **Q99. Please explain Adjustment DEPR 1-23 related to depreciation expense as**
6 **shown on Attachment 3-C-S2, DEPR 1.**

7 A99. Adjustment DEPR 1-23 is to increase depreciation expense in the amount of
8 \$19,114,361 for the Forward Test Year. This adjustment is calculated by
9 applying NIPSCO's currently approved depreciation accrual rates to the
10 projected rate base at the end of the Forward Test Year. NIPSCO Witness
11 Blissmer sponsors the projected utility plant in service on which NIPSCO's
12 currently approved depreciation rates are being applied. If this adjustment
13 is not included, the Forward Test Year electric depreciation expenses would
14 be understated.

15 **Q100. Please explain Adjustment DEPR 1-23R related to depreciation expense**
16 **as shown on Attachment 3-C-S2, DEPR 1.**

17 A100. Adjustment DEPR 1-23R is to decrease depreciation expense in the amount
18 of \$2,020,180 for the Forward Test Year including an increase of \$9,896,800

1 (Adjustment DEPR 1A-23R) to reflect the implementation of the new
2 depreciation accrual rates in accordance with the depreciation study
3 sponsored by NIPSCO Witness Spanos and a decrease of \$11,916,980
4 (Adjustment DEPR 1B-23R) to remove depreciation related to non-
5 jurisdictional electric assets. As discussed above, NIPSCO has excluded the
6 non-jurisdictional balances in Adjustments REV 10-23R, OM 2I-23R, OTX
7 1-23R, RB 2-23R and RB 5-23R. NIPSCO Witness Blissmer sponsors the
8 projected utility plant in service on which NIPSCO's accrual rates are being
9 applied. If this adjustment is not included, the Forward Test Year electric
10 depreciation expenses would be overstated.

11 **Q101. Please explain Adjustment DEPR 2-22 related to common depreciation**
12 **expense as shown on Attachment 3-C-S2, DEPR 2.**

13 A101. Adjustment DEPR 2-22 is to decrease common depreciation expense in the
14 amount of \$70,101 for the 2022 Projected Period. This adjustment is
15 calculated by applying NIPSCO's currently approved depreciation accrual
16 rates to the projected rate base at the end of the 2022 Projected Period.
17 NIPSCO Witness Blissmer sponsors the projected utility plant in service on
18 which NIPSCO's currently approved depreciation rates are being applied.

1 If this adjustment is not included, the 2022 Projected Period electric
2 depreciation expenses would be overstated.

3 **Q102. Please explain Adjustment DEPR 2-23 related to common depreciation**
4 **expense as shown on Attachment 3-C-S2, DEPR 2.**

5 A102. Adjustment DEPR 2-23 is to increase common depreciation expense in the
6 amount of \$221,686 for the Forward Test Year. This adjustment is
7 calculated by applying NIPSCO's currently approved depreciation accrual
8 rates to the projected rate base at the end of the Forward Test Year. NIPSCO
9 Witness Blissmer sponsors the projected utility plant in service on which
10 NIPSCO's currently approved depreciation rates are being applied. If this
11 adjustment is not included, the Forward Test Year electric depreciation
12 expenses would be understated.

13 **Q103. Please explain Adjustment DEPR 2-23R related to common depreciation**
14 **expense as shown on Attachment 3-C-S2, DEPR 2.**

15 A103. Adjustment DEPR 2-23R is to increase common depreciation expense in the
16 amount of \$3,208,057 for the Forward Test Year. This adjustment is to
17 reflect the implementation of the new depreciation accrual rates in
18 accordance with the depreciation study sponsored by NIPSCO Witness

1 Spanos. NIPSCO Witness Blissmer sponsors the projected utility plant in
2 service on which NIPSCO's currently approved depreciation rates are being
3 applied. If this adjustment is not included, the Forward Test Year electric
4 depreciation expenses would be understated.

5 **Q104. Please explain Adjustment DEPR 3-21 related to depreciation expense as**
6 **shown on Attachment 3-C-S2, DEPR 3.**

7 A104. Adjustment DEPR 3-21 is to decrease Historic Base Period depreciation
8 expense in the amount of \$10,408,351 to reclassify the depreciation expense
9 related to 44688 and 45159 regulatory asset amortization to amortization
10 expense for ratemaking, which is included in AMTZ 7. If this adjustment
11 is not included, Historic Base Period electric depreciation expenses would
12 be overstated. A related adjustment was made to amortization expense in
13 Adjustment AMTZ 7-21.

14 **Q105. Please explain Adjustment AMTZ 1-22 related to electric amortization**
15 **expense as shown on Attachment 3-C-S2, AMTZ 1.**

16 A105. Adjustment AMTZ 1-22 is to decrease amortization expense in the amount
17 of \$557,648 for the 2022 Projected Period. This adjustment is calculated by

1 applying NIPSCO's amortization rates to the projected rate base
2 throughout the 2022 Projected Period. NIPSCO Witness Blissmer sponsors
3 the projected utility plant in service on which NIPSCO's amortization table
4 is being applied. If this adjustment is not included, the 2022 Projected
5 Period electric amortization expenses would be overstated.

6 **Q106. Please explain Adjustment AMTZ 1-23 related to electric amortization**
7 **expense as shown on Attachment 3-C-S2, AMTZ 1.**

8 A106. Adjustment AMTZ 1-23 is to decrease amortization expense in the amount
9 of \$1,171,837 for the Forward Test Year. This adjustment is calculated by
10 applying NIPSCO's amortization table to the projected rate base
11 throughout the 2023 Projected Period. NIPSCO Witness Blissmer sponsors
12 the projected utility plant in service on which NIPSCO's amortization table
13 is being applied. If this adjustment is not included, the Forward Test Year
14 electric amortization expenses would be overstated.

15 **Q107. Please explain Adjustment AMTZ 1-23R related to electric amortization**
16 **expense as shown on Attachment 3-C-S2, AMTZ 1.**

17 A107. Adjustment AMTZ 1-23R is to decrease amortization expense in the amount
18 of \$337,841 for the Forward Test Year. This adjustment is calculated by

1 multiplying NIPSCO's December 2023 amortization expense by twelve to
2 project annualized expense at the end of the Forward Test Year. NIPSCO
3 Witness Blissmer sponsors the projected utility plant in service on which
4 NIPSCO's amortization table is being applied. If this adjustment is not
5 included, the Forward Test Year electric amortization expenses would be
6 overstated.

7 **Q108. Please explain Adjustment AMTZ 2-22 related to electric common**
8 **amortization expense as shown on Attachment 3-C-S2, AMTZ 2.**

9 A108. Adjustment AMTZ 2-22 is to increase amortization expense in the amount
10 of \$1,259,059 for the 2022 Projected Period. This adjustment is calculated
11 by applying NIPSCO's amortization rates to the projected rate base
12 throughout the 2022 Projected Period. NIPSCO Witness Blissmer sponsors
13 the projected utility plant in service on which NIPSCO's amortization table
14 is being applied. If this adjustment is not included, the 2022 Projected
15 Period electric amortization expenses would be understated.

16 **Q109. Please explain Adjustment AMTZ 2-23 related to electric common**
17 **amortization expense as shown on Attachment 3-C-S2, AMTZ 2.**

1 A109. Adjustment AMTZ 2-23 is to decrease amortization expense in the amount
2 of \$926,616 for the Forward Test Year. This adjustment is calculated by
3 applying NIPSCO's amortization rates to the projected rate base
4 throughout the Forward Test Year. NIPSCO Witness Blissmer sponsors the
5 projected utility plant in service on which NIPSCO's amortization table is
6 being applied. If this adjustment is not included, the Forward Test Year
7 electric amortization expenses would be overstated.

8 **Q110. Please explain Adjustment AMTZ 2-23R related to electric common**
9 **amortization expense as shown on Attachment 3-C-S2, AMTZ 2.**

10 A110. Adjustment AMTZ 2-23R is to decrease amortization expense in the amount
11 of \$1,035,649 for the Forward Test Year to annualize amortization expense.
12 This adjustment is calculated by multiplying NIPSCO's projected
13 December 2023 amortization expense by twelve to project annualized
14 expense at the end of the Forward Test Year. If this adjustment is not
15 included, the Forward Test Year electric amortization expenses would be
16 overstated.

17 **Q111. Please explain Adjustment AMTZ 3-22 related to the Schahfer Units 14**
18 **and 15 Regulatory Asset amortization adjustment on Attachment 3-C-S2,**

1 **AMTZ 3.**

2 A111. Adjustment AMTZ 3-22 is to increase amortization expense in the amount
3 of \$41,048,397 for the 2022 Projected Period. This adjustment is calculated
4 by amortizing the net book value (excluding cost of removal) of each unit
5 as of the retirement date through December 31, 2032. I will later describe
6 the projected regulatory asset balance on which NIPSCO's amortization
7 table is being applied. If this adjustment is not included, the 2022 Projected
8 Period electric amortization expenses would be understated.

9 **Q112. Please explain Adjustment AMTZ 3-23 related to the Schahfer Units 14**
10 **and 15 Regulatory Asset amortization adjustment on Attachment 3-C-S2,**
11 **AMTZ 3.**

12 A112. Adjustment AMTZ 3-23 is to increase amortization expense in the amount
13 of \$5,166,849 for the Forward Test Year. This adjustment is calculated by
14 amortizing the net book value of each unit (excluding cost of removal) as of
15 the retirement date through December 31, 2032. I will later discuss the
16 projected regulatory asset balance on which NIPSCO's amortization table
17 is being applied. If this adjustment is not included, the Forward Test Year
18 electric amortization expenses would be understated.

1 **Q113. Please explain Adjustment AMTZ 3-23R related to the Schahfer Units 14**
2 **and 15 Regulatory Asset amortization adjustment on Attachment 3-C-S2,**
3 **AMTZ 3.**

4 A113. Adjustment AMTZ 3-23R is to increase amortization expense in the amount
5 of \$10,333,698 for the Forward Test Year. This adjustment is calculated by
6 multiplying NIPSCO's projected December 2023 amortization expense by
7 twelve to forecast annualized expense at the end of the Forward Test Year.
8 If this adjustment is not included, the Forward Test Year electric
9 amortization expenses would be understated.

10 **Q114. Please explain Adjustment AMTZ 4-23 related to the Renewable**
11 **Regulatory Asset amortization adjustment on Attachment 3-C-S2, AMTZ**
12 **4.**

13 A114. Adjustment AMTZ 4-23 is to increase amortization expense in the amount
14 of \$9,330,279 for the Forward Test Year. This adjustment is calculated by
15 amortizing the regulatory asset in rate base over the 30-year life of the wind
16 and solar projects supported in the respective CPCNs. NIPSCO Witness
17 Blissmer sponsors the projected regulatory asset balance on which
18 NIPSCO's amortization table is being applied. If this adjustment is not

1 included, the Forward Test Year electric amortization expenses would be
2 understated.

3 **Q115. Please explain Adjustment AMTZ 4-23R related to the Renewable**
4 **Regulatory Asset amortization adjustment on Attachment 3-C-S2, AMTZ**
5 **4.**

6 A115. Adjustment AMTZ 4-23R is to increase amortization expense in the amount
7 of \$18,898,728 for the Forward Test Year. This adjustment is calculated by
8 multiplying NIPSCO's projected December 2023 amortization expense by
9 twelve to forecast annualized expense at the end of the Forward Test Year.
10 If this adjustment is not included, the Forward Test Year electric
11 amortization expenses would be understated.

12 **Q116. Please explain Adjustment AMTZ 5-23R related to the TDSIC Regulatory**
13 **Asset amortization adjustment on Attachment 3-C-S2, AMTZ 5.**

14 A116. Adjustment AMTZ 5-23R is to increase amortization expense in the amount
15 of \$7,155,773 for the Forward Test Year to recover the 20 percent deferred
16 TDSIC Regulatory Asset balance. NIPSCO is proposing to amortize this
17 asset over a 4-year period consistent with the period of time over which

1 these amounts were deferred. If this adjustment is not included, the
2 Forward Test Year electric amortization expenses would be understated.

3 **Q117. Please explain Adjustment AMTZ 6-23R related to the FMCA Regulatory**
4 **Asset amortization adjustment on Attachment 3-C-S2, AMTZ 6.**

5 A117. Adjustment AMTZ 6-23R is to increase amortization expense in the amount
6 of \$153,661 to recover the 20 percent deferred FMCA Regulatory Asset
7 balance for the Forward Test Year. On March 30, 2022, NIPSCO filed a
8 petition in Cause No. 45700 with the Commission seeking approval of
9 NIPSCO's federally mandated costs for closure of Michigan City's CCR ash
10 ponds (the "Ash Pond Compliance Project"). NIPSCO is expecting an order
11 may be issued in the fourth quarter of 2022 and that an FMCA tracker
12 including recovery associated with these costs would be filed in the first
13 quarter of 2023. NIPSCO is forecasting to defer, as a regulatory asset, 20%
14 of the FMCA costs incurred in connection with the Ash Pond Compliance
15 Project for recovery in this general rate case as allowed by Ind. Code § 8-1-
16 8.4-7(c)(2). NIPSCO Witness Blissmer sponsors the projected regulatory
17 asset balance on which NIPSCO's amortization rate is being applied.
18 NIPSCO is proposing to amortize this regulatory asset over a 4-year period
19 consistent with the TDSIC regulatory asset. If this adjustment is not

1 included, the Forward Test Year electric amortization expenses would be
2 understated.

3 **Q118. Please explain Adjustment AMTZ 7-21 related to Cause No. 44688 and**
4 **45159 Amortization adjustment as shown on Attachment 3-C-S2, AMTZ**
5 **7.**

6 A118. Adjustment AMTZ 7-21 is to increase amortization expense by \$31,141,324
7 for the Historic Base Period. This level of amortization expense reflects the
8 current amortization schedule. Cause No. 44688 Amortization was
9 approved with a 7-year amortization period, and NIPSCO is proposing to
10 continue amortizing over the remaining 21 months of that period ending
11 September 30, 2023. Cause No. 45159 Amortization was approved with a
12 7-year amortization period, and NIPSCO is proposing to continue
13 amortizing over the 24 months of that period as of December 31, 2023.
14 Portions of this amount were reclassified from O&M expense in
15 Adjustment OM 21-21, depreciation expense in Adjustment DEPR 3-21, and
16 property tax expense in OTX 1-21, to amortization expense for ratemaking
17 purposes. The other portions were reclassified from Other Interest
18 Expense, FERC Account 431, and Miscellaneous Non-Operating Income,

1 FERC Account 421, for ratemaking purposes. If this adjustment is not
2 included, the Historic Base Period electric amortization expenses would be
3 understated.

4 **Q119. Please explain Adjustment AMTZ 8-23R related to the COVID**
5 **Regulatory Asset amortization adjustment on Attachment 3-C-S2, AMTZ**
6 **8.**

7 A119. Adjustment AMTZ 8-23R is to increase amortization expense in the amount
8 of \$1,877,852 to recover the COVID Regulatory Asset balance for the
9 Forward Test Year. The COVID Regulatory Asset includes deferred
10 COVID-19 related impacts of waived convenience fees, waived late fees,
11 and COVID-19 related incremental bad debt. The Commission's June 29,
12 2020 Order in Cause No. 45380 authorized the use of regulatory accounting
13 for these COVID-19 related impacts. NIPSCO is proposing to amortize this
14 asset over a 2-year period consistent with the period of time over which
15 these amounts were deferred. If this adjustment is not included, the
16 Forward Test Year electric amortization expenses would be understated.

17 **Q120. Please explain Adjustment AMTZ 9-21 related to the Sugar Creek**
18 **Purchase Acquisition amortization adjustment on Attachment 3-C-S2,**

1 **AMTZ 9.**

2 A120. Adjustment AMTZ 9-21 represents an increase in amortization expense in
3 the amount of \$2,540,514 for the Historic Base Period to include Sugar Creek
4 purchase acquisition premium in amortization. Amortization related to the
5 Sugar Creek purchase acquisition premium is recorded in FERC Account
6 425, Miscellaneous Amortization, in accordance with FERC guidance, but
7 included above the line for ratemaking purposes. This reclassification is
8 reflected in NIPSCO's quarterly earnings test. If this adjustment is not
9 included, the Historic Base Period electric amortization expenses would be
10 understated.

11 **Q121. Please explain Adjustment AMTZ 9-22 related to the Sugar Creek**
12 **Purchase Acquisition amortization adjustment on Attachment 3-C-S2,**
13 **AMTZ 9.**

14 A121. Adjustment AMTZ 9-22 is to increase amortization expense in the amount
15 of \$2 for the 2022 Projected Period. If this adjustment is not included, the
16 2022 Projected Period electric amortization expenses would be understated.

17 **Q122. Please explain Adjustment AMTZ 10-23R related to the Electric Rate Case**

1 **Expense amortization adjustment on Attachment 3-C-S2, AMTZ 10.**

2 A122. Adjustment AMTZ 10-23R is to increase amortization expense in the
3 amount of \$1,287,614 to recover electric rate case expense for the Forward
4 Test Year. NIPSCO is proposing to amortize this asset over a 2-year period
5 consistent with the period of time over which these amounts will have been
6 deferred. If this adjustment is not included, the Forward Test Year electric
7 amortization expenses would be understated.

8 **Tax Adjustments**

9 **Q123. Please describe how the Taxes Other than Income ("OTX") Adjustments**
10 **are organized.**

11 A123. Attachment 3-A-S2 (Page 2, Lines 39 through 43) shows the total Taxes
12 Other than Income as of December 31, 2021, Pro forma Adjustments at
13 December 31, 2021, Budget Adjustments at December 31, 2022, and
14 December 31, 2023, and Ratemaking Adjustments at December 31, 2023.
15 Unless noted otherwise, Column D provides a reference for each line item
16 to Attachment 3-B-S2, OTX Module, and Column G shows the Attachment
17 3-C-S2 pro forma reference to each of the line items in Column F.
18 Attachment 3-B-S2, OTX Module, shows the "subcomponent" detail for the
19 2022 and 2023 budgeted OTX. Attachment 3-C-S2, OTX 1 through OTX 5,

1 includes the detailed reconciliation showing the individual adjustments for
2 each subcomponent. This attachment also shows the 2022 and 2023
3 budgeted OTX. I discuss each normalization or ratemaking adjustment,
4 referring to other Company witnesses where necessary. NIPSCO Witnesses
5 Camp and Harding discuss each of the budget components related to OTX,
6 the budget adjustments, as well as the overall forecasting process related to
7 these amounts. Petitioner's Confidential Exhibit No. 22-S2 includes the
8 workpapers supporting each adjustment.

9 **Q124. Please explain Adjustment OTX 1-21 on Attachment 3-C-S2, OTX 1.**

10 A124. Adjustment OTX 1-21 is to decrease Historic Base Period property tax
11 expenses in the amount of \$262,778 to reclassify the property tax expense
12 related to 44688 and 45159 regulatory asset amortization to amortization
13 expense for ratemaking, which is included in AMTZ 7. If this adjustment
14 is not included, Historic Base Period electric property tax expenses would
15 be overstated. A related adjustment was made to amortization expense in
16 Adjustment AMTZ 7-21.

17 **Q125. Please explain Adjustment OTX 1-23R on Attachment 3-C-S2, OTX 1.**

1 A125. Adjustment OTX 1-23R is to decrease Forward Test Year property tax
2 expenses in the amount of \$7,989,905 (\$1,814,875 to remove non-
3 jurisdictional property taxes and \$6,175,030 reflecting the most recently
4 filed property tax report) for the Forward Test Year. As discussed above,
5 NIPSCO has excluded the non-jurisdictional balances in Adjustments REV
6 10-23R, OM 2I-23R, DEPR 1-23R, RB 2-23R and RB 5-23R. NIPSCO Witness
7 Harding sponsors this adjustment. If this adjustment is not included, the
8 Forward Test Year electric property tax expenses would be overstated.

9 **Q126. Please explain Adjustment OTX 2-21 on Attachment 3-C-S2, OTX 2.**

10 A126. Adjustment OTX 2-21 is to decrease Historic Base Period payroll tax
11 expenses in the amount of \$249,088 to reflect a short term incentive
12 compensation payout consistent with target levels included in the Forward
13 Test Year as described above in Adjustment OM 11-21. NIPSCO Witness
14 Cartella discusses the reasonableness and competitiveness of NIPSCO
15 wages and salaries, including incentive compensation. If this adjustment is
16 not included, the Historic Base Period electric payroll tax expenses would
17 be overstated.

18 **Q127. Please explain Adjustment OTX 2A-23R on Attachment 3-C-S2, OTX 2.**

1 A127. Adjustment OTX 2A-23R is to decrease Forward Test Year payroll tax
2 expenses in the amount of \$49,738 to reflect the 2021 actual electric
3 allocation. If this adjustment is not included, the Forward Test Year electric
4 payroll tax expenses would be overstated.

5 **Q128. Please explain Adjustment OTX 2B-23R Attachment 3-C-S2, OTX 2.**

6 A128. Adjustment OTX 2B-23R is to increase Forward Test Year payroll tax
7 expenses in the amount of \$419,823 to include payroll tax expense
8 consistent with the labor expense included in the Forward Test Year as
9 described above in Adjustment OM 1-23R. If this adjustment is not
10 included, the Forward Test Year electric payroll tax expenses would be
11 understated.

12 **Q129. Please explain Adjustment OTX 3-21 on Attachment 3-C-S2, OTX 3.**

13 A129. Adjustment OTX 3-21 is to decrease Historic Base Period sales tax expenses
14 in the amount of \$96,268 to remove nonrecurring sales tax expense. If this
15 adjustment is not included, the Historic Base Period electric sales tax
16 expenses would be overstated.

17 **Q130. Please explain Adjustment OTX 4-23R on Attachment 3-C-S2, OTX 4.**

1 A130. Adjustment OTX 4-23R is to decrease Forward Test Year Utility Receipts
2 Tax ("URT") expenses in the amount of \$23,907,965 to remove URT expense
3 to reflect the repeal of URT enacted by HEA 1002-2022. NIPSCO Witness
4 Harding further discusses this adjustment. If this adjustment is not
5 included, the Forward Test Year electric URT expenses would be
6 overstated.

7 **Q131. Please explain Adjustment OTX 5-23R on Attachment 3-C-S2, OTX 5.**

8 A131. Adjustment OTX 5-23R is to decrease Forward Test Year Public Utility Fee
9 ("PUF") expenses in the amount of \$156,271 to reflect the appropriate level
10 of PUF expense based on the pro forma results based on current rates
11 (Attachment 3-A-S2, Column E). If this adjustment is not included, the
12 Forward Test Year electric PUF expenses would be overstated.

13 **Q132. Please explain Adjustment ITX 1-23R on Attachment 3-C-S2, ITX 1.**

14 A132. Adjustment ITX 1-23R is to decrease Forward Test Year federal and state
15 income taxes in the amount of \$49,720,170. NIPSCO Witness Harding
16 sponsors this adjustment. If this adjustment is not included, the Forward
17 Test Year federal and state income taxes would be overstated.

1 **Proposed Revenue Increase**

2 **Q133. Please explain Adjustment PF-1 through PF-4 on Attachment 3-C-S2, PF**
3 **Adjustments.**

4 A133. Adjustment PF-1 shows the calculation of the increased gross revenue from
5 base rates in the amount of \$291,780,191 (PF-1), which is calculated to
6 provide the opportunity to earn a return of 7.10 percent on net original cost
7 rate base of \$5,945,681,889 (as shown on Attachment 3-C-S2, PF
8 Adjustments). The revenue requirement is calculated by determining the
9 requested increase in operating income. I have shown that the requested
10 level of operating income is equal to the proposed rate of return applied to
11 the net original cost rate base (as shown on page 3 of Attachment 3-A-S2).
12 As shown on page 3, the requested increase in net operating income is
13 \$218,378,065. This amount is then adjusted for the following increases to
14 calculate the increase in revenue requirement of \$291,780,191: (a) \$737,057
15 of uncollectible accounts expense (PF-2), (b) \$372,335 of PUF (PF-3), and (c)
16 \$72,292,734 of federal and state income taxes (PF-4). See below for a
17 summary of the adjustments mentioned above:

<u>Line No.</u>	<u>Description</u>	<u>Revenue Deficiency</u>
1	Increase in Net Operating Income (NOI Shortfall)	\$ 218,378,065
2	Uncollectible Accounts Expense	737,057
3	Public Utility Fee	372,335
4	Federal and State Income Taxes	<u>72,292,734</u>
5	Increase in Revenue Requirement	<u>\$ 291,780,191</u>

1

2 **Net Original Cost Rate Base**

3 **Q134. Please explain the Rate Base amounts included in Attachment 3-B-S2, RB**
4 **Module.**

5 A134. Attachment 3-B-S2, RB Module, quantifies NIPSCO's December 31, 2023,
6 forecasted net original cost rate base. Column A shows the actual rate base
7 as of December 31, 2021. Since there are no normalization adjustments, the
8 amounts from Column A are the same amounts shown as the normalized
9 rate base value as of December 31, 2021 (Column C). Column D and
10 Column F represent the 2022 and 2023 projected adjustments to arrive at a
11 forecasted rate base value as of December 31, 2023 (Column G). The activity
12 in Column H, representing rate making adjustments, is added to Column
13 G to calculate a pro forma rate base as of December 31, 2023 (Column I). RB
14 1 through RB 13 represent the details for each adjustment included in
15 Column D and Column F of the RB Module. Petitioner's Confidential
16 Exhibit No. 22-S2 includes the workpapers supporting each adjustment.

1 NIPSCO Witness Camp discuss the overall capital and financial planning
2 processes.

3 **Q135. How are amounts included in Attachment 3-C-S2, RB 1 through RB 3**
4 **calculated?**

5 A135. The amounts in RB 1 represent the projected electric utility plant balances.
6 The amounts in RB 2 represent the projected non-jurisdictional electric
7 utility balances. As discussed above, NIPSCO has excluded the non-
8 jurisdictional balances in Adjustments REV 10-23R, OM 2I-23R, OTX 1-23R,
9 DEPR 1-23R, and RB 5-23R. The amounts in RB 3 represent the projected
10 electric utility plant balances for common assets. NIPSCO Witness Blissmer
11 sponsors RB 1 through RB 3.

12 **Q136. How are amounts included in Attachment 3-C-S2, RB 4 through RB 6**
13 **calculated?**

14 A136. The amounts in RB 4 represent the projected accumulated depreciation and
15 amortization on projected electric utility plant balances. The amounts in RB
16 5 represent the projected non-jurisdictional electric utility plant balances.
17 As discussed above, NIPSCO has excluded the non-jurisdictional balances

1 in Adjustments REV 10-23R, OM 2I-23R, OTX 1-23R, DEPR 1-23R, and RB
2 2-23R. The amounts in RB 6 represent the projected accumulated
3 depreciation and amortization on forecasted electric utility plant balances
4 for common assets. NIPSCO Witness Blissmer sponsors RB 4 through RB
5 6.

6 **Q137. Are any regulatory assets included in rate base?**

7 A137. Yes. The regulatory assets are shown in Attachment 3-B-S2, RB Module, as
8 RB 7, RB 8, RB 9, RB 10, and RB 11. These amounts reflect amounts
9 projected to be deferred as of December 31, 2023. Each individual
10 regulatory asset is sponsored by NIPSCO Witness Blissmer.

11 **Q138. Please explain the Material and Supplies amount which is being**
12 **included in rate base as shown on Attachment 3-C-S2, RB 12.**

13 A138. The Materials and Supplies amount in the Forward Test Year Rate Base is
14 sponsored by NIPSCO Witness Blissmer.

15 **Q139. Please explain the Production Fuel amount which is being included in**
16 **rate base as shown on Attachment 3-C-S2, RB 13.**

17 A139. The Production Fuel amount in the Forward Test Year Rate Base is
18 sponsored by Witness Blissmer.

1 **Weighted Average Cost of Capital**

2 **Q140. What capital structure is NIPSCO projecting for ratemaking purposes in**
3 **this proceeding?**

4 A140. The Company is projecting the capital structure as of December 31, 2023,
5 which is reflected in Attachment 3-A-S2 (page 5). Attachment 3-B-S2, CS
6 Module, provides each major "subcomponent," as well as the actual and
7 estimated capital structure as of December 31, 2021, December 31, 2022, and
8 December 31, 2023. Attachment 3-C-S2 shows, by subcomponent, the
9 changes between the Historic Base Period and the Forward Test Year,
10 including a listing of each individual normalization, 2022 and 2023 year-
11 over-year increase/decrease, and ratemaking adjustment. Finally,
12 Petitioner's Confidential Exhibit No. 22-S2 includes the workpapers
13 supporting each adjustment.

14 **Q141. Can you please elaborate further on Attachment 3-A-S2 (page 5)?**

15 A141. Yes. Attachment 3-A-S2 (page 5) shows the computation of the weighted
16 average cost of capital for NIPSCO as of December 31, 2023. Column A lists
17 the components of capital, including common equity, long-term debt,
18 customer deposits, deferred income taxes, post-retirement liability, prepaid

1 pension asset, and Post-1970 ITC. Column B shows the projected
2 outstanding balance for each component as of December 31, 2023. The
3 components of capital in Column A and projected December 31, 2023,
4 outstanding balances in Column B were obtained from Attachment 3-B-S2,
5 CS_Module. Column C shows the percent each component represents of
6 the total capitalization. Column D shows the cost rate for each component.
7 Column E shows the weighted average cost for each component. The cost
8 of Post-1970 ITC represents the weighted average cost of investor-supplied
9 capital, which is computed on Lines 9 through 11. The total of Column E,
10 on Line 8, of 7.10 percent, is the Company's weighted average cost of capital
11 for the Forward Test Year.

12 **Q142. Has NIPSCO presented a calculation of the 2022 and 2023 capital**
13 **structure?**

14 A142. Yes. The 2022 and 2023 capital structure is shown on Attachment 3-B-S2,
15 CS Module. Column A shows the actual capital structure balances as of
16 December 31, 2021. The activity in Column B, representing normalization
17 adjustments, is added to Column A to calculate normalized capital
18 structure balances as of December 31, 2021 (Column C). Column D and
19 Column F represent the 2022 and 2023 projected adjustments added to

1 Column C to arrive at the December 31, 2023, capital structure balances
2 (Column G). Column H represents NIPSCO's proposed ratemaking
3 adjustments which are added to Column G to arrive at the December 31,
4 2023, pro forma capital structure balances (Column I). Attachment 3-C-S2,
5 CS 1 through CS 7, represent the details for each adjustment included in
6 Column B, Column D, Column F, and Column H of Attachment 3-B-S2, CS
7 Module. Petitioner's Confidential Exhibit No. 22-S2 includes the
8 workpapers supporting each adjustment.

9 **Q143. What cost rate has been utilized for Common Equity on Attachment 3-A-**
10 **S2 (page 5)?**

11 A143. The cost rate for Common Equity found on Attachment 3-A-S2 (page 5) is
12 10.40 percent. NIPSCO Witness Rea recommends and supports a cost of
13 common equity for NIPSCO's jurisdictional electric utility operations is in
14 the range of 10.40 to 10.90 percent and concludes that a point estimate at
15 the midpoint of this range, or 10.65 percent, is the appropriate cost of equity
16 to apply in the instant proceeding. NIPSCO Witness Whitehead explains
17 that NIPSCO selected a cost of equity of 10.4%, which is at the low end of
18 the recommended range, to mitigate increase in customer rates.

1 **Q144. What cost rate has been utilized for Long-Term Debt on Attachment 3-A-**
2 **S2 (page 5)?**

3 A144. The cost rate for Long-Term Debt found on Attachment 3-A-S2 (page 5) is
4 4.66 percent. Petitioner's Confidential Exhibit No. 22-S2, CS 2, Page [.3B],
5 supports the cost rate based on the Company's projected long-term debt
6 outstanding at December 31, 2023.

7 **Q145. Can you please elaborate further on Petitioner's Confidential Exhibit No.**
8 **22-S2, CS 2, Page [.3B]?**

9 A145. Yes. Petitioner's Confidential Exhibit No. 22-S2, CS 2, Page [.3B], shows a
10 detailed schedule of long-term debt, reflecting the Company's projected
11 debt outstanding as of December 31, 2023. Column A reflects the interest
12 rate associated with each debt issue. A description of the individual debt
13 issues are listed in Column B. Columns C and D reflect the dates of issuance
14 and dates of maturity, respectively. The principal amount of long-term
15 debt projected to be outstanding at December 31, 2023, is shown in Column
16 K. Column L reflects the amount of the annual interest requirement, which
17 is the interest rate (Column A) multiplied by the principal amount (Column
18 K). Column M reflects the effective overall cost of debt, which is also
19 reflected on Attachment 3-A-S2 (page 5). Included in lines 24-28 are five

1 expected debt issuances which reflect NIPSCO's current financing plan
2 information and will be updated for actuals and/or revised plan
3 assumptions as new information becomes available during the instant
4 proceeding.

5 **Q146. How were debt discounts, debt expenses, and call premiums on early**
6 **redemption of long-term debt considered in the determination of**
7 **NIPSCO's weighted cost of long-term debt?**

8 A146. The annual amortization amounts are included as a debt cost. The
9 unamortized balances are subtracted from the principal amount of
10 outstanding debt, leaving a balance of \$3,233,952,976. (Attachment 3-A-S2,
11 Page 5, Column B, Line 2). These amounts represent debt costs that need
12 to be considered in the determination of NIPSCO's cost of capital.

13 **Q147. Are NIPSCO's debt financings subject to review by the Commission?**

14 A147. Yes. All of the debt identified on Attachment 3-C-S2, CS 2 Line 2, has been,
15 or will be, issued pursuant to orders of the Commission. Most recently, the
16 Commission's October 28, 2020 Order in Cause No. 45399 approved a
17 Financing Plan for NIPSCO to issue bonds, notes, or other evidence of

1 indebtedness during the period January 1, 2021 through December 31, 2022,
2 in an amount not to exceed \$850,000,000. Any debt issued by NIPSCO
3 pursuant to that Financing Plan will be subject to the review of the
4 Commission in that Cause. NIPSCO's request for approval of a Financing
5 Plan for NIPSCO to issue bonds, notes, or other evidence of indebtedness
6 during the period January 1, 2023 through December 31, 2024, in an amount
7 not to exceed \$1,400,000,000 is currently pending in Cause No. 45737.

8 **Q148. What cost rate has been utilized for Customer Deposits on Attachment 3-**
9 **A-S2 (page 5)?**

10 A148. The cost rate for Customer Deposits found on Attachment 3-A-S2 (page 5)
11 Line 3 is 4.77 percent, which is a blended rate reflecting the different rates
12 applicable to the deposits of gas and electric customers. The rate is blended
13 because the capital structure relates to the NIPSCO legal entity, and
14 therefore, deposit balances reflect deposits related to both the gas and
15 electric businesses. In accordance with General Administrative Order 2020-
16 06, the rate to be paid on gas deposits effective January 1, 2021, is 0.50
17 percent. In accordance with 170 IAC 4-1-15(f)(1), the rate to be paid on
18 electric deposits is 6.00 percent. For combination customers, the deposits
19 are not distinguishable, and therefore, NIPSCO pays the higher rate of 6.00

1 percent. The gas rate of 0.50 percent is paid only to gas-only customers
2 (those who do not receive electric service from NIPSCO). Petitioner's
3 Confidential Exhibit No. 22-S2, CS 3, Page [.2], shows the calculation of the
4 cost rate based on the Company's actual customer deposits at December 31,
5 2021, and the currently approved rates.

6 **Q149. Please explain the Post-Retirement Liability reflected on Attachment 3-**
7 **A-S2 (page 5)?**

8 A149. The Post-Retirement Liability on Attachment 3-B-S2, CS Module, Line 5
9 reflects the Accounting Standards Codification 715, Compensation -
10 Retirement Benefits ("ASC 715") OPEB accrual expense (previously
11 referred to as Statement of Financial Accounting Standard No. 106 ("SFAS
12 106")) in excess of the cash basis or Pay-As-You-Go Method ("PAYGO").
13 NIPSCO was authorized to include Statement of Financial Accounting
14 Standard No. 106 expense (now incorporated into ASC 715-60) in its cost of
15 service for ratemaking purposes. Additionally, the Commission authorized
16 NIPSCO to commence the amortization of the expense that had been
17 deferred as a regulatory asset pursuant to the Commission's December 30,
18 1992, Order in Cause No. 39348. The Commission also found that the

1 cumulative difference between the ASC 715-60 (SFAS 106) expense and the
2 cash outlay for post-retirement benefits other than pensions should be
3 treated as zero cost capital. NIPSCO computed this adjustment by starting
4 with the ASC 715-60 (SFAS 106) gross accrual amounts (which includes all
5 of the expenses deferred in the regulatory asset prior to February 1, 1997),
6 then reducing for amounts paid as calculated under the PAYGO, then
7 finally reducing by the capitalized portion. In this fashion, the amount
8 reflected as zero cost capital is essentially equivalent to the amount that
9 would have been recorded as ASC 715-60 (SFAS 106) expense in excess of
10 the PAYGO since February 1, 1997, together with the amount of the original
11 regulatory asset that has been amortized, all as provided for in the
12 Commission's June 11, 1997 Order in Cause No. 40688.

13 **Q150. Please explain the forecasted Prepaid Pension Asset shown on**
14 **Attachment 3-B-S2, CS Module.**

15 A150. The forecasted Prepaid Pension Asset on Attachment 3-B-S2, CS Module,
16 Line 6, represents the difference between the forecasted cumulative amount
17 of cash contributions to NIPSCO's pension trust fund and the forecasted
18 cumulative amount of pension expense that will be recorded on NIPSCO's
19 books and records in accordance with GAAP. The pension trust fund

1 contributions in excess of historical amounts charged to operating expense,
2 which were included in the determination of revenue requirements in past
3 rate cases and therefore recovered from NIPSCO's electric utility
4 customers, represents investor capital contributions. As I explain later,
5 NIPSCO's retail electric customers benefit from investor capital
6 contributions because earnings on excess pension trust fund cash
7 contributions (Prepaid Pension Asset) serve to reduce pension expense. I
8 also explain that the Company's pension funding strategy (1) is in part
9 mandated by Federal regulations, (2) is an ordinary cost of doing business,
10 and (3) results in costs prudently incurred on behalf of customers. For these
11 reasons, and to not understate the cost of service, costs incurred associated
12 with the Company's pension funding strategy should be included in the
13 determination of the jurisdictional revenue requirement in this proceeding.
14 To capture the costs associated with this program, as shown in Attachment
15 3-B-S2, CS Module Line 6, the Company has included the balance of the
16 Prepaid Pension Asset as a component of NIPSCO's overall weighted
17 average cost of capital. Reflecting the Prepaid Pension Asset in this fashion
18 operates as the mirror image of the Post-Retirement Liability. It is also how

1 both the Prepaid Pension Asset and Post-Retirement Liability have been
2 reflected in several recent gas and electric rate cases for NIPSCO.

3 **Q151. How is the Prepaid Pension Asset reflected on NIPSCO's books?**

4 A151. NIPSCO recognizes a pension liability on its balance sheet equal to the
5 difference between the pension plan assets and accumulated benefit
6 obligations, as required under GAAP. Additionally, NIPSCO recognizes a
7 regulatory asset on its balance sheet equal to accumulative actuarial
8 gains/losses and prior service costs that have not yet been amortized
9 through expense. The Prepaid Pension Asset represents the net amount of
10 the funded status and the regulatory asset.

11 **Q152. What is the difference between the Accounting Standards Codification**
12 **715, *Compensation – Retirement Benefits*, net periodic benefit cost ("ASC**
13 **715") and the Prepaid Pension Asset?**

14 A152. Net periodic pension cost is an income statement concept that measures the
15 attribution of the pension benefit obligation on a pro rata, accrual basis to
16 the period being measured. The ASC 715 calculation of net periodic benefit
17 cost is used to derive the amount of pension expense included in the O&M
18 portion of the revenue requirement. The Prepaid Pension Asset is derived

1 from balance sheet values. The Prepaid Pension Asset can be compared to
2 other zero-cost capital items in the capital structure such as deferred taxes
3 or the post-retirement liability. These items should be considered when
4 setting rates to appropriately calculate NIPSCO's overall weighted average
5 cost of capital.

6 **Q153. Please identify some of the reasons why cash contributed to the pension**
7 **trust fund exceeds amounts recovered from customers.**

8 A153. There are several reasons why pension funding exceeds amounts recovered
9 from customers. For example, amounts calculated under pension funding
10 rules are completely different than those calculated for pension accounting.
11 Pension funding is governed by laws established by the Internal Revenue
12 Service and the Employee Retirement Security Act (ERISA) rules that
13 establish minimum and maximum funding levels. The effects of often-
14 erratic market conditions are treated differently for accounting versus
15 ERISA rules. Accounting rules tend to smooth out market fluctuations,
16 while ERISA rules do not necessarily do so. ERISA rules also have been
17 recently amended by legislation (MAP21-Moving Ahead for Progress in the
18 21st Century and HATFA-Highway and Transportation Funding Act of

1 2014), which continues to increase the differences in pension funding versus
2 accounting rules. Finally, pension funding strategies and decisions are
3 made by management taking into consideration a number of variables,
4 including, among other things, cost of market capital, internal cash position,
5 and future new capital requirements.

6 **Q154. Have you projected the amount of Prepaid Pension Asset to be added to**
7 **NIPSCO's weighted average cost of capital?**

8 A154. Yes. As of December 31, 2023, projected contributions exceeded the
9 projected cumulative amount of pension cost determined in accordance
10 with ASC 715 by \$424,946,780. (Attachment 3-A-S2, Column B, Line 6.)

11 **Q155. How do the additional pension contributions benefit customers?**

12 A155. The additional pension contributions to the trust fund result in additional
13 trust fund investment income that directly reduces annual ASC 715 pension
14 expense. Additionally, the Pension Benefit Guaranty Corporation
15 ("PBGC") requires qualified pension plans under the U.S. tax code to pay
16 yearly insurance premiums equal to a flat rate times the number of
17 participants in the plan and a variable rate times the unfunded vested
18 benefits. As such, pension funding directly reduces the PBGC premiums

1 charged to the qualified plan and serves to reduce expense. The current
2 forecasted pension expense of approximately \$4,202,213 reflected in
3 Attachment 3-C-S2, OM 12, is inclusive of this savings.

4 **Q156. Did NIPSCO include any pension contributions in the 2022 and 2023**
5 **budgets used in this proceeding?**

6 A156. No. NIPSCO did not include any planned pension contributions in its 2022
7 and 2023 budget, however, NIPSCO is continuously evaluating the overall
8 benefits of additional pension contributions. NIPSCO has made no pension
9 fund contributions since the close of the test year in NIPSCO's last electric
10 rate case.

11 **Q157. Has the Commission previously approved the inclusion of a utility's**
12 **prepaid pension assets in the capital structure and overall weighted**
13 **average cost of capital?**

14 A157. Yes. In its July 27, 2022 Order in Cause No. 45621, in its December 4, 2019
15 Order in Cause No. 45159 (the "45159 Order"), in its September 19, 2018
16 Order in Cause No. 44988, and in its July 18, 2016 Order in Cause No. 44688,
17 the Commission approved NIPSCO's request to include a prepaid pension

1 asset in its Capital Structure and Overall Weighted Average Cost of Capital.

2 Additionally, in its January 28, 2015 Order in Cause No. 44450, the
3 Commission approved Indiana American Water Company's request to
4 include a prepaid pension asset in its Capital Structure and Overall
5 Weighted Average Cost of Capital, which was consistent with the Indiana
6 Office of Utility Consumer Counselor's ("OUCC") recommendation in that
7 proceeding.

8 **Q158. Does NIPSCO also have a prepaid asset related to OPEB?**

9 A158. No. NIPSCO has an OPEB liability which reflects NIPSCO's OPEB accrual
10 expense in excess of the cash basis or Pay-As-You-Go Method ("PAYGO").
11 As previously discussed, in accordance with the Commission's June 11,
12 1997, Order in Cause No. 40688, NIPSCO has included the cumulative
13 difference between this expense and the cash outlay for these benefits as
14 zero cost capital in NIPSCO's Capital Structure and calculation of the
15 Weighted Average Cost of Capital. NIPSCO's proposed treatment of the
16 Prepaid Pension Asset is consistent with NIPSCO's historical treatment of
17 NIPSCO's OPEB liability.

18 **Q159. Please explain Adjustment CS 1-23R on Attachment 3-C-S2, CS 1.**

1 A159. Adjustment CS 1-23R is to increase Forward Test Year Common Equity in
2 the amount of \$336,466,608 to account for various GAAP to FERC reporting
3 differences. If this adjustment is not included, Forward Test Year Common
4 Equity would be understated.

5 **Q160. Please explain Adjustment CS 4-21 on Attachment 3-C-S2, CS 4.**

6 A160. Adjustment CS 4-21 is to decrease Historical Base Period Accumulated
7 Deferred Income Taxes in the amount of \$51,509,982. NIPSCO Witness
8 Harding sponsors this adjustment to the Deferred Income Taxes. If this
9 adjustment is not included, Historical Base Period Accumulated Deferred
10 Income Taxes would be overstated.

11 **Q161. Please explain Adjustment CS 4-23R on Attachment 3-C-S2, CS 4.**

12 A161. Adjustment CS 4-23R is to decrease Forward Test Year Accumulated
13 Deferred Income Taxes in the amount of \$82,007,681 to account for GAAP
14 to FERC reporting differences. NIPSCO Witness Harding sponsors the
15 adjustment to the Deferred Income Taxes component in the 2023 budget. If
16 this adjustment is not included, Forward Test Year Accumulated Deferred
17 Income Taxes would be overstated.

1 **Q162. Please explain Adjustment CS 5-23R on Attachment 3-C-S2, CS 5.**

2 A162. Adjustment CS 5-23R is to increase Forward Test Year Post-Retirement
3 Liability in the amount of \$2,171,540 based on the most recently available
4 actuarial report from Aon Hewitt. To elaborate, the budget was based on
5 Aon Hewitt estimates provided in July 2021; an update was received in July
6 2022 that was materially different due primarily to changes in financial
7 conditions impacting our retirement plans (i.e. higher interest rates and
8 lower asset returns). If this adjustment is not included, Forward Test Year
9 Post-Retirement Liability would be understated.

10 **Q163. Please explain Adjustment CS 6-23R on Attachment 3-C-S2, CS 6.**

11 A163. Adjustment CS 6-23R is to increase Forward Test Year Prepaid Pension
12 Asset in the amount of \$19,347,107 based on the most recently available
13 actuarial report from Aon Hewitt. To elaborate, the budget was based on
14 Aon Hewitt estimates provided in July 2021; an update was received in July
15 2022 that was materially different due primarily to changes in financial
16 conditions impacting our retirement plans (i.e., higher interest rates and
17 lower asset returns). If this adjustment is not included, Forward Test Year
18 Prepaid Pension Asset would be understated.

1 **Required Net Operating Income**

2 **Q164. Please explain the calculation of NIPSCO's proposed "Required Net**
3 **Operating Income" on Attachment 3-A-S2, Page 3.**

4 A164. As discussed above, NIPSCO's proposed "Required Net Operating
5 Income" for purposes of designing rates is calculated by multiplying
6 NIPSCO's proposed net original cost "Total Rate Base" in the amount of
7 \$5,945,681,889 by NIPSCO's proposed "Rate of Return" in the amount of
8 7.10 percent. This calculation results in a total "Required Net Operating
9 Income" of \$422,143,414 for purpose of designing rates.

10 **Approval of Account-By-Account Depreciation Rates**

11 **Q165. Is NIPSCO seeking approval of depreciation rates on an account-by-**
12 **account basis?**

13 A165. Yes. The depreciation study sponsored by NIPSCO Witness Spanos
14 proposes specific depreciation rates by FERC account. I have confirmed
15 that NIPSCO's accounting software is compatible with rates established on
16 an account-by-account basis, and NIPSCO is requesting that the
17 Commission approve the use of the rates proposed by NIPSCO Witness
18 Spanos on that basis.

1 **Rider Changes**

2 **Q166. Is NIPSCO proposing any changes to its currently approved Riders?**

3 A166. Yes. NIPSCO is proposing to update Rider 870 – Adjustment of Charges
4 for Cost of Fuel Rider (“FAC”) to update the cost of fuel included in base
5 rates, and excess energy sold into the MISO market (OSS), reflect the level
6 of cash distributions from JVs and RECs that are included in base rates.
7 NIPSCO is also proposing to update the calculation of the earnings bank to
8 properly account for non-jurisdictional tax expense. NIPSCO is also
9 proposing to update Rider 871 – Adjustment of Charges for Regional
10 Transmission Organization (“RTO”) to remove OSS margin net of expenses
11 and flow back 100% of any OSS revenues net of expenses through the FAC.
12 Finally, NIPSCO is proposing to update Rider 874 – Adjustment of Charges
13 for Resource Adequacy (“RA”) to reflect that NIPSCO is proposing a level
14 of capacity purchases in base rates.

15 **Q167. Please explain in more detail NIPSCO's proposed changes to Rider 870?**

16 A167. NIPSCO is proposing to update Rider 870 – Adjustment of Charges for Cost
17 of Fuel Rider to update the cost of fuel included in base rates on Attachment
18 1-A, Schedule 1 included in NIPSCO's FAC tracker filings to accurately
19 calculate the factor.

1 **Q168. Please explain in more detail NIPSCO's proposed changes to Rider 871.**

2 A168. As discussed above, NIPSCO is proposing to remove OSS margin net of
3 expenses and flow back 100% of any OSS revenues net of expenses through
4 the FAC. As part of this proposal, NIPSCO requests continued authority to
5 defer, as a regulatory liability, an amount equal to 100% of OSS revenues
6 net of related expenses for pass back through the FAC, which is further
7 discussed by NIPSCO Witness Campbell.

8 **Q169. Does NIPSCO anticipate updating its current Riders upon the**
9 **implementation of new rates?**

10 A169. Yes. Upon the receipt of a Commission order in this proceeding, NIPSCO
11 anticipates submitting a compliance filing to reflect the impact of new basic
12 rates and charges on the individually impacted Riders. The table below is
13 a summary of Rider updates NIPSCO anticipates reflecting in the
14 compliance filing upon the implementation of new rates. As described
15 above, this will include a two-step compliance filing process. Specifically,
16 NIPSCO will continue to include capital expenditures in the TDSIC Rider
17 until such amounts are included in base rates (e.g., will continue to include
18 in rider if not in service at June 30, 2023 or December 31, 2023).

1

Rider	Rider Name	Description of Adjustment
870	Adjustment of Charges for Cost of Fuel Rider	Pass back of 100% of OSS margins; reflect Cash Distributions from JV and RECs included in base rates; update the cost of fuel included in base rates; update the calculation of the earnings bank to properly account for non-jurisdictional tax expense
871	Adjustment of Charges for Regional Transmission Organization Adjustment	Remove OSS
874	Adjustment of Charges for Resource Adequacy	Reflect capacity purchase included in base rates
883	Adjustment of Charges for Demand Side Management Adjustment Factors	Reduce the DSM lost revenues recovery for measures rolled into base rates; program costs will continue to be recovered through the rider
887	Adjustment of Charges for Federally Mandated Costs ¹	Remove deferred revenue requirement included in base rates
888	Adjustment of Charges for Transmission, Distribution and Storage System Improvement Charge	Remove projects included in base rates; remove deferred revenue requirement included in base rates

2

3 **Deferral Accounting Authority for Pension and Postretirement Benefits Other**
 4 **than Pensions (“OPEB”) Expenses**

5 **Q170. Please describe NIPSCO’s request for deferral accounting treatment of**

¹ NIPSCO has filed a petition in Cause No. 45700 seeking approval of costs to comply with federal mandates. As of the date of filing this testimony, that case remains pending.

1 **pension and OPEB expenses.**

2 A170. NIPSCO is requesting to defer under- or over-recovery in Pension/OPEB
3 expenses as a regulatory asset or liability for future recovery or pass-back
4 to customers. The amount of pension expense included in base rates is
5 \$4,202,213 and the amount of OPEB is \$6,294,368. Annual deferral would
6 begin upon the issuance of an order in this proceeding. The resulting
7 regulatory asset or liability would be considered in NIPSCO's next base rate
8 case. At that time, the amounts deferred would then be amortized and
9 recovered or passed back over the period of months between the date the
10 order is issued in this proceeding and the date the order is issued in that
11 proceeding.

12 **Q171. Is NIPSCO's proposed balancing account a novel concept?**

13 A171. No. Relief has been granted in other states, such as by the Ohio Public
14 Utilities Commission to Columbia Gas of Ohio. *See In Re Columbia Gas of*
15 *Ohio*, Case No. 09-371-GA-AAM (Ohio PUC 7/8/2009).

16 **Q172. Why is NIPSCO proposing to defer potential future over- and under-**
17 **recoveries of pension and OPEB expense?**

1 A172. Especially with respect to pension expense, but also OPEB expense to a
2 lesser extent, the Company can experience wide fluctuations in the expense.
3 For example, pension expense in the Historic Base Period was a credit of
4 \$16,072,388 but based on recent actuarial updates will increase by
5 \$20,274,601 to bring Forward Test Year expense to \$4,202,213. Similarly,
6 OPEB expense in the Historic Base Period was \$4,524,806, but based on
7 recent actuarial updates will increase by \$1,769,562 to bring Forward Test
8 Year expense to \$6,294,368. Therefore, NIPSCO is requesting to defer
9 under- or over-recovery in Pension/OPEB expenses as a regulatory asset or
10 liability for future recovery or flow-back to customers. In this way, despite
11 the fluctuations, the amount that NIPSCO ultimately recovers should be no
12 more and no less than the actual cost.

13 **Revenue Credit**

14 **Q173. Regarding the regulatory assets and revenue credit associated with the**
15 **retirement of Schahfer Units 14 and 15 you previously mentioned, what**
16 **gave rise to a revenue credit mechanism?**

17 A173. Briefly, NIPSCO proposed in its case-in-chief in Cause No. 45159 to treat
18 the anticipated retirements of Schahfer and Michigan City coal units as
19 extraordinary retirements and to create a regulatory asset for the then

1 remaining net book value at the time of retirement. That regulatory asset
2 would be included in NIPSCO's rate base. Until retirement, the plants
3 would be depreciated utilizing the approved composite depreciation rate
4 for steam production plant, which were calculated based upon an assumed
5 "life" of all coal units ending in 2032. I say assumed "life" because the life
6 used in the depreciation rates was longer than the actual assumed lives,
7 which would result in a remaining net book value at retirement, which
8 would be recorded as a regulatory asset and amortized over the remaining
9 period until 2032. OUCC Witness Blakley proposed a revenue credit
10 mechanism to lower over time the amount included in rate base at the time
11 of the rate base cutoff (December 31, 2019) in Cause No. 45159. The parties
12 ultimately agreed to a revision to OUCC Witness Blakley's proposed credit
13 mechanism such that it would take effect upon actual retirement of
14 Schahfer and Michigan City.² The proposed credit mechanism did not
15 contemplate a partial retirement; rather, it was based on all of Schahfer
16 being retired in 2023. Nevertheless, when NIPSCO retired Schahfer Units

² Stipulation and Settlement Agreement on Less than All Issues in Cause Cause No. 45159 (the "45159 Revenue Settlement").

1 14 and 15, it submitted its first revenue credit mechanism based on the
2 retirement of Schahfer Units 14 and 15 on October 1, 2021.

3 **Q174. Please describe the revenue credit that was submitted upon the**
4 **retirement of Schahfer Units 14 and 15.**

5 A174. On January 26, 2022, NIPSCO made a 30-day filing seeking to reduce its
6 base rates to reflect the retirement of Schahfer Units 14 and 15. The credit
7 was calculated by multiplying the change in net book value of the retired
8 assets by the Company's weighted average cost of capital. NIPSCO held a
9 pre-filing meeting with the OUCC and NIPSCO Industrial Group prior to
10 making its 30-day filing.

11 **Q175. At that pre-filing meeting, were any issues raised with NIPSCO's 30-day**
12 **filing?**

13 A175. Yes. During the pre-filing meeting, the OUCC and NIPSCO Industrial
14 Group raised questions and concerns related to NIPSCO's calculation of the
15 revenue credit included in the 30-day filing. Following the 30-day filing,
16 NIPSCO had multiple meetings with the OUCC and NIPSCO Industrial
17 Group. Ultimately, NIPSCO, the OUCC, and NIPSCO Industrial Group
18 agreed to allow the rate reduction to be approved on an interim-subject-to-

1 refund basis so that the reduction would not be delayed while the issues
2 were being resolved. At that time, NIPSCO withdrew its 30-day filing and
3 made a compliance filing in the electric rate case proceeding (Cause No.
4 45159) to implement the credit. As reflected in that filing, NIPSCO agreed
5 to include its computation evidence supporting the 2022 credit amount in
6 its case-in-chief in this rate case, and the other parties reserved their rights
7 to raise objections in their respective cases-in-chief in this rate case.

8 **Q176. Please explain NIPSCO's computation supporting the 2022 credit**
9 **amount.**

10 A176. NIPSCO's computation supporting the 2022 credit amount is in Petitioner's
11 Exhibit No. 22 Workpaper REV 2, which shows the derivation of the plant
12 and the regulatory asset balances included in the 2022 credit amount.
13 Petitioner's Exhibit No. 22 Workpaper REV 2 provides support for all
14 components of plant and the regulatory asset from the accounting
15 subledger and contains a register of all the retired assets, including their
16 gross balances, accumulated depreciation, and the resulting net book value
17 by individual retired asset.

1 NIPSCO did not simply retire the assets by location when Schahfer Units
2 14 and 15 retired. Instead, NIPSCO worked with plant operators to identify
3 which assets were retired and which assets remained in service and
4 continued to be used and useful. The asset register supports the regulatory
5 asset balance and revenue credit and demonstrates that the regulatory asset
6 balance is accurate.

7 Petitioner's Exhibit No. 22 Workpaper REV 2 tab .7 also demonstrates how
8 cost of removal attributed to Schahfer Units 14 and 15 were removed from
9 the net book value. To appropriately calculate the net book value of the
10 units, cost of removal collected through depreciation had to be removed.
11 To have an accurate calculation of the revenue credit, cost of removal was
12 removed from both the beginning balance and the period ended used in the
13 revenue credit calculation.

14 As of December 31, 2019, Bailly had not yet been attributed to the remaining
15 coal fired units. As Bailly was a "normal" retirement at the time it was
16 retired, allocation of accumulated depreciation from the remaining coal
17 fired units including Schahfer Units 14 and 15, was required. Petitioner's
18 Exhibit No. 22 Workpaper REV 2 tab .10 shows how the remaining net book

1 value for Bailly was attributed to Schahfer Units 14 and 15 as part of the
2 revenue credit calculation. The method of the allocation is documented in
3 Petitioner's Exhibit No. 22 Workpaper REV 2 tab .10 and is consistent with
4 the depreciation accrual rates approved in the 45159 Order.

5 **Q177. Why did NIPSCO segregate the cost of removal portion of the**
6 **depreciation reserve for purposes of this calculation?**

7 A177. As described by NIPSCO Witness Spanos in this case, a portion of
8 depreciation rates recovers the remaining book value of utility plant in
9 service with another portion calculated to recover the net salvage value that
10 reflects the anticipated cost of removal of the asset upon retirement. When
11 the asset is retired, actual costs of removal are incurred and are then
12 charged to accumulated depreciation. Assuming perfect foresight, the
13 underlying theory is that upon retirement, the actual cost of the asset will
14 have been recovered through depreciation and what will remain in the
15 reserve is the estimated costs of removal. As these costs are incurred, they
16 are charged to accumulated depreciation. For purposes of the revenue
17 credit, NIPSCO was consistent with this theory, segregating the portion of
18 the reserve that is allocable to the cost of removal from the portion of the

1 reserve that is allocable to the return of the investment in the asset. If not
2 handled in this manner, all the cost of removal would be pushed off to
3 future recovery from customers after the asset has been retired creating
4 intergenerational inequity.

5 **Q178. How did Bailly affect the calculation?**

6 A178. In Cause No. 45159 it was determined that Bailly would be treated as a
7 normal retirement. With a normal retirement, the accounting entries are to
8 debit accumulated depreciation and credit utility plant in service for the
9 original cost of the asset. In accordance with NIPSCO Witness Spanos's
10 depreciation study approved in the 45159 Order, since Bailly was not fully
11 depreciated at the time of retirement, this required a reallocation of
12 sufficient accumulated depreciation from the remaining steam production
13 units (Schahfer and Michigan City) to make the normal retirement entry.
14 Thus, Bailly affected the remaining depreciation reserve allocable to
15 Schahfer.

16 **Q179. What were the issues identified by the OUCC and NIPSCO Industrial**
17 **Group in the pre-meetings you described above?**

1 A179. The OUCC and NIPSCO Industrial Group communicated that they
2 anticipated that the net book value of the Schahfer Units 14 and 15
3 regulatory asset would amortize to zero by 2032. They also cited rebuttal
4 testimony from OUCC Witness Blakley that included an attachment
5 reflecting a straight-line amortization of the asset after retirement.
6 However, OUCC Witness Blakley described his schedule as an “example”
7 that was based upon “approximate” values. Further, he testified that his
8 proposal was not intended to deny NIPSCO recovery of its return “of” and
9 “on” its investment: “NIPSCO will receive recovery – both return “on” and
10 “of” – its investment in the Schahfer and Michigan City generating stations
11 under the OUCC’s proposed mechanism.”³ All else being equal, a straight-
12 line amortization rate would have calculated a higher revenue credit earlier
13 in the remaining amortization life of the regulatory asset and a lower credit
14 in the later end of the life. However, NIPSCO continued to recover
15 depreciation expense based on the approved depreciation rates approved
16 in the 45159 Order. At retirement, the book value of Schahfer Units 14 and
17 15 was reclassified on the balance sheet from plant to a regulatory asset

³ Public’s Exhibit No. 3, Cause No. 45159, pp. 10-12.

1 amortized at a rate equal to the same composite depreciation rate approved
2 in the 45159 Order. To amortize the regulatory asset at any other rate would
3 inappropriately create a mismatch between customer collections and the
4 credit passed back to the customers since the revenue credit was intended
5 to provide customers with a credit that reflects what NIPSCO is actually
6 collecting in base rates. That mismatch would also work to deny NIPSCO
7 full recovery "of" and "on" NIPSCO's investment, which was not the
8 intention of OUCC Witness Blakley's revenue credit proposal.

9 Additionally, the OUCC and NIPSCO Industrial Group noted the
10 depreciation rate NIPSCO was applying for purpose of the revenue credit
11 (which, again, was based on the depreciation rates approved in the 45159
12 Order) was insufficient to depreciate the asset to zero on a straight-line basis
13 by 2032.

14 **Q180. Why would the depreciation rates approved in the 45159 Order be**
15 **insufficient at the physical retirement date to depreciate the retired assets**
16 **to zero on a straight-line basis by 2032?**

17 A180. Depreciation rates approved in the 45159 Order were insufficient at the
18 physical retirement date to depreciate the asset to zero on a straight line

1 basis by 2032 because: (1) NIPSCO utilizes composite depreciation and
2 does not specifically depreciate each generating station or unit individually,
3 (2) the retirement was only for Schahfer Units 14 and 15 and not all the coal
4 units, (3) assets retired were those identified by the plant operators as
5 retired and were not retired solely based on location, and (4) depreciation
6 rates were determined based on estimated plant balances at December 31,
7 2019 and new depreciation rates were applied to actual plant balances
8 commencing January 1, 2020.

9 **Q181. Did NIPSCO Witness Spanos calculate the depreciation rates on a**
10 **straight-line basis?**

11 A181. Yes. He started with a straight-line calculation to study the individual
12 generation stations/assets in a FERC account but consolidated the straight-
13 line results to produce a composite rate. This means the individual
14 generating stations would not depreciate to zero over the assumed lives
15 used in the study due to the usage of the blended composite rate for all
16 assets in a given FERC account. NIPSCO Witness Spanos started with
17 actual values as of December 31, 2017, which were then projected to
18 December 31, 2019. Those amounts, by account balance, were then

1 assumed to last 13 years. Then that calculation was rolled into the
2 calculation of a composite rate, which includes various assets and accounts
3 at coal fired facilities that are assumed to depreciate over different lives.
4 That composite rate is then applied to actual plant balances.

5 **Q182. Did the 45159 Revenue Settlement contemplate a partial retirement of**
6 **Schahfer?**

7 A182. No. As noted above, the proposed credit mechanism did not contemplate
8 a partial retirement; rather, it was based on all of Schahfer being retired in
9 2023. As shown in Petitioner's Exhibit No. 22 Workpaper REV 2 tab .9 (the
10 partial retirement required plant operators to identify more than two
11 thousand individual retirement units to ensure that NIPSCO accurately
12 captured only the assets that were retired on October 1, 2021. There is not
13 an exact match to assets that may have been assumed to be associated with
14 Schahfer Units 14 and 15 in Cause No. 45159 as compared to what was
15 retired.

16 **Q183. Were depreciation rates approved in the 45159 Order based on the actual**
17 **balances of Schahfer Units 14 and 15 as of the retirement date?**

1 A183. No. NIPSCO Witness Spanos' calculations were based on projected
2 balances. Depreciation rates were based on NIPSCO's base period in Cause
3 No. 45159 of December 31, 2017 actual plant balances and applied to the
4 forecasted to December 31, 2019 plant balances. The retirement of Schahfer
5 Units 14 and 15 was on October 1, 2021, nearly four years after the base
6 period in Cause No. 45419. Actual interim retirements and additions
7 occurred from the date of the estimates provided in Cause No. 45159 until
8 the actual retirement date. Further, depreciation rates are not implemented
9 until implementation of rates following the issuance of a rate case order,
10 which was January 1, 2020. Thus, there is a timing difference of when
11 depreciation rates are assumed effective relative to when they take effect.

12 **Q184. On a going forward basis, how will the revenue credit be implemented**
13 **for Schahfer Units 14 and 15?**

14 A184. Rate base in this case includes a net regulatory asset for Schahfer Units 14
15 and 15 that will be fully amortized on a straight-line basis until 2032, as
16 supported by RB 7 and AMTZ 3. The straight-line amortization will
17 address the primary issue the OUCC and NIPSCO Industrial Group raised
18 related to the revenue credit.

1 **Q185. With cost of removal removed from the regulatory asset, how are the**
2 **closure costs of Schahfer being accounted for?**

3 A185. The estimated costs of removal associated with the retired units will be
4 collected through depreciation rates applicable to the same coal-fired
5 generation FERC assets remaining in service at Schahfer and Michigan City.
6 As costs are incurred, NIPSCO will debit FERC Account 108, Accumulated
7 Depreciation, for those actual costs, consistent with the FERC Uniform
8 System of Accounts. Subsequent depreciation studies will continue to
9 include cost of removal costs for all coal-fired generation assets until all coal
10 units are retired.

11 **Q186. What happens if the incurred cost of removal is different than the**
12 **amounts previously collected through depreciation rates once all coal-**
13 **fired generation assets are retired?**

14 A186. Under normal circumstances, the estimated cost of removal collected
15 remains in the same FERC account as the asset while the asset was used and
16 useful. With NIPSCO's planned retirement of the entire coal-fired
17 generation fleet by 2028, not all demolition and closure activities will be
18 completed by the retirement date, meaning once retired, there will be no
19 assets left in the coal-fired generation FERC accounts.

1 FERC Account 108 states:

2 at the time of retirement of depreciable electric utility
3 plant, this account shall be charged with the book cost
4 of the property retired and the cost of removal and
5 shall be credited with the salvage value and any other
6 amounts recovered, such as insurance. When
7 retirement, costs of removal and salvage are entered
8 originally in retirement work orders, the net total of
9 such work orders may be included in a separate
10 subaccount hereunder.

11 In the future and through the completion of all coal-fired generation closure
12 costs, all coal-fired generation retirement activity is planned to be recorded
13 to the related coal-fired generation FERC accounts as a debit to FERC
14 Account 108. This practice will remain in effect as long as a coal-fired
15 generation assets remain in service.

16 At the point in which the final coal-fired generation assets are retired, the
17 net book value of those final assets will be reclassified to a regulatory asset
18 as described in Cause No. 45159. The effect of this movement will leave a
19 residual FERC Account 108 balance representing either collections of cost
20 of removal in excess of retirement activity or a balance representing
21 retirement spend in excess of cost of removal collected. FERC Account 108
22 balances are normally associated with a corresponding FERC Plant-in-

1 Service account. As there will no longer be a FERC Plant-in-Service account
2 for coal-fired generation, NIPSCO proposes to reclassify the balance to a
3 regulatory liability in the instance demolition and remediation activities
4 remain or a regulatory asset if demolition and remediation activities exceed
5 cost of removal collected.

6 NIPSCO will continue to collect cost of removal until an ensuing rate case
7 through the approved depreciation rates and NIPSCO will continue to
8 record demolition and remediation activities to this new regulatory liability
9 or asset in place of the FERC Account 108. The regulatory liability or asset
10 will be included in a future base rate proceeding and amounts will be
11 passed back or collected from customers. This will maintain the consistency
12 of the mechanism with OUCC Witness Blakley's stated goal not to deny
13 NIPSCO recovery of any return "of" or "on" its investment in the coal fired
14 generating stations.

15 **Books and Records**

NIPSCO's Accounting Practices

16 **Q187. Please provide an overview of the Corporate Accounting department.**

17 A187. The Corporate Accounting department performs internal accounting
18 functions for all the NiSource regulated utilities, including NIPSCO's gas

1 and electric operations. Two of the primary functions provided for
2 NIPSCO are General Accounting and Asset Accounting. First, in
3 performing its general accounting duties, the department maintains the
4 accounting books and records for NIPSCO's electric and gas operations.
5 Corporate Accounting also prepares financial statements and reports for
6 internal use and external distribution. Second, in fulfilling its asset
7 accounting duties, the department manages the books and records related
8 to NIPSCO's fixed assets.

9 **Q188. What is the basis for NIPSCO's accounting and financial reporting?**

10 A188. NIPSCO's accounting and financial reporting policies and practices are in
11 conformance with GAAP. The Financial Accounting Standards Board
12 ("FASB") is recognized by the accounting profession as the primary body
13 for establishing the standards embodied in GAAP.

14 **Q189. Are there other accounting standards and rules NIPSCO must follow?**

15 A189. Yes. As a company whose securities are traded in interstate commerce,
16 NiSource and its subsidiaries are subject to the accounting principles
17 established by the Securities and Exchange Commission ("SEC"). While the

1 SEC recognizes FASB as the primary authority for the establishment of
2 GAAP accounting standards, it also promulgates its own rules that govern
3 financial statements to be included in SEC filings, and interprets GAAP as
4 part of its review of those filings. The SEC's rulings and interpretations of
5 GAAP in the context of the numerous and often complex transactions
6 involving publicly held companies are considered to be of equal authority
7 as FASB pronouncements within the accounting profession. Financial
8 statements filed with the SEC must be accompanied by the opinion of an
9 independent auditor that the statements have been prepared in accordance
10 with GAAP.

11 **Q190. Is GAAP the same as the FERC Uniform System of Accounts?**

12 A190. No. The Uniform System of Accounts ("USofA") is an accounting standard
13 prescribed by FERC for most major utilities, including NIPSCO. The
14 Commission adopted the USofA as the standard for Indiana utilities in its
15 administrative rules at 170 IAC 5-2-3. While there are some differences
16 between GAAP and the USofA, they are generally consistent with one
17 another. The GAAP financial statements differ from the FERC USofA
18 primarily in the classification of accumulated deferred income taxes,

1 regulatory assets and liabilities, cost of removal obligations, maturities of
2 long-term debt, and equity treatment of post-in-service carrying charges.

3 **Q191. Are NIPSCO's books and records kept in accordance with the USofA?**

4 A191. Yes.

5 **Q192. How are audits of NIPSCO's financial books and records performed and**
6 **by whom?**

7 A192. Formal audits of the financial books and records of NiSource and all of its
8 affiliates, including NIPSCO, are performed annually by Deloitte and
9 Touche USA, LLP. In addition, the internal audit department of NiSource
10 supplements the audits performed by Deloitte & Touche on some
11 transactional matters.

12 **Q193. What other controls does NIPSCO utilize to ensure the accuracy of its**
13 **accounting books and records and financial statements?**

14 A193. NIPSCO follows the directives of the FERC USofA, the FASB, GAAP, and
15 Sarbanes-Oxley regulations, as well as various internally-established
16 control procedures. Examples of internally-established control procedures
17 include: authority limits and approvals required for expenditures and

1 general ledger transactions; bank and general ledger account
2 reconciliations; and access limitations to the general ledger accounting
3 system. The books and records of NIPSCO are also subject to audit by the
4 Indiana Office of the Utility Consumer Counselor ("OUCC"), the
5 Commission, and FERC.

6 **Q194. Is NIPSCO providing financial statements for the Historic Base Period?**

7 A194. Yes. Attachment 3-D includes NIPSCO's (1) Consolidated Balance Sheet,
8 as of the last day of the Historic Base Period (2021) and of the twelve (12)
9 month period preceding the Historic Base Period (2020); (2) Consolidated
10 Statement of Cash Flow, as of the last day of the Historic Base Period (2021);
11 and (3) Statement of Consolidated Income, as of the last day of the Historic
12 Base Period (2021) and of the twelve (12) month period preceding the
13 Historic Base Period (2020). These financial statements are also provided
14 in NIPSCO's Submission of Minimum Standard Filing Requirements in 170
15 IAC 1-5-6(1)(A), 170 IAC 1-5-6(1)(B), and 170 IAC 1-5-6(1)(C).

16 **Allocation of NIPSCO Common Costs**

17 **Q195. What are common costs and how are they allocated between NIPSCO's**
18 **gas and electric operations?**

1 A195. Common costs represent costs that must be incurred by both the gas and
2 electric functions in performing their regular business activities, but which
3 can also be shared or pooled between both functions. A typical example of
4 a common cost is the cost to bill customers. Both gas customers and electric
5 customers must be billed, but combination utilities like NIPSCO can pool
6 billing activities in a single common department to avoid duplicating costs
7 and resources. Because common costs represent pooled costs of both the
8 gas and electric functions, these costs must be allocated between gas and
9 electric using common allocation ratios that measure the cost causation
10 relationship between the gas and electric functions for these costs.

11 **Q196. Please explain how common cost allocation ratios are applied by**
12 **NIPSCO.**

13 A196. Common cost allocation ratios are updated twice each year to reflect the
14 most current information. The most current calculation of each ratio is
15 applied to all common costs when they are booked to allocate the cost
16 between gas and electric. The most recent calculation of these allocators is
17 shown on Attachment 3-E.

1 NCSC Charges

2 **Q197. What is NCSC and what is its relationship to NIPSCO?**

3 A197. NCSC is a subsidiary of NiSource and an affiliate of NIPSCO within the
4 NiSource corporate organization. NCSC provides a range of services to
5 NiSource's operating companies, which include NIPSCO. These services
6 include the allocation and billing of charges to the NiSource operating
7 companies for services provided by both NCSC and third-party vendors,
8 which is further described by NIPSCO Witness Gode.

9 **Q198. Please explain how NCSC charges are booked by NIPSCO.**

10 A198. Monthly billing information is made available to the affiliates, including
11 NIPSCO, that reflects all information necessary to identify the costs charged
12 and the services rendered for that month. The information includes
13 detailed line item charges including the coding structure that NCSC uses to
14 distribute those costs to affiliates like NIPSCO. These codes include the
15 NiSource chart of accounts which consists of the FERC account, Cost
16 Element, the NiSource internal department responsible for the charge, the
17 Activity and Billing Pool codes which categorize the nature of the service
18 provided, the allocation basis or direct Billing Pool used to distribute the
19 cost to NIPSCO, and other descriptive information.

1 NIPSCO maps each line item charge to the same FERC account used by
2 NCSC with the exception of a few items that are reflected elsewhere as
3 noted in FERC Form 1 page 429 – Transactions with Associated (Affiliated)
4 Companies.

5 The ratios used to allocate NCSC charges include certain allocators that
6 have been developed specifically for allocating charges received from
7 NCSC between electric and gas. These ratios replicate the allocation
8 methodology for electric and gas that NCSC used to allocate these costs to
9 NIPSCO. In contrast to common costs, NCSC charges are expenses charged
10 to NCSC and then billed to NIPSCO. Many of the NCSC charges billed to
11 NIPSCO have been allocated among multiple operating companies.
12 NIPSCO apportions those expenses between gas and electric following the
13 same allocations methodologies used within NCSC so that the
14 methodology is consistent from beginning to end.

15 **Q199. Are NCSC charges split between gas and electric operations in the same**
16 **way as common costs are allocated between gas and electric operation?**

1 A199. Not completely. The common costs described earlier in my testimony are
2 expenses billed directly to NIPSCO as an operating company or generated
3 internally by common departments at NIPSCO. Those NIPSCO common
4 costs are allocated between gas and electric using the allocation ratios
5 described above. The ratios used to allocate NCSC charges include certain
6 allocators that have been developed specifically for allocating charges
7 received from NCSC between electric and gas. These additional ratios
8 replicate the allocation methodology for electric and gas that NCSC used to
9 allocate these costs to NIPSCO.

10 In contrast to common costs, NCSC charges are expenses charged to NCSC
11 and then billed to NIPSCO. Many of the NCSC charges billed to NIPSCO
12 have been allocated among multiple operating companies as described by
13 NIPSCO Witness Gode. NIPSCO apportions those expenses between gas
14 and electric following the same allocations methodologies used within
15 NCSC so that the methodology is consistent from beginning to end.

16 **Alternate Revenue Requirements**

17 **Q200. Please describe Attachment 3-A-S2-A1.**

18 A200. As discussed above, NIPSCO is proposing a new Variable Cost Tracker in
19 this proceeding. NIPSCO Witness Whitehead has described the new

1 adjustment mechanism to reflect changes in variable costs of coal-fired
2 generation. If this new tracker mechanism is not approved, certain
3 subcomponents in the revenue requirement such as revenues, fuel and
4 purchase power costs, fuel handling expense, variable chemicals, and coal
5 inventory would need to be revised. Attachment 3A-S2-A1 details the
6 update and the overall revenue requirement, should the Commission reject
7 NIPSCO's proposed new tracker mechanism.

8 **Q201. Does this conclude your prefiled direct testimony?**

9 A201. Yes.

VERIFICATION

I, Jennifer L. Shikany, Director of Regulatory Utilities and Optimization 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.



Jennifer L. Shikany

Date: September 19, 2022

Northern Indiana Public Service Company LLC
Statement of Operating Income
Actual, Pro forma, and Proposed
For the Twelve Month Period Ending June 30, 2023

Line No.	Description	Actual	Pro forma Adjustments Increases (Decreases)	Attachment 3-B Reference ¹	Pro forma Results Based on Current Rates	Pro forma Adjustments Increases (Decreases)	Attachment 3-C Reference	Pro forma Results Based on Proposed Rates
	A	B	C	D	E	F	G	H
1	Operating Revenue							
2	Revenue (Actual / Pro Forma)	\$ 1,700,765,620		REV, Col A	\$ 1,528,339,678	234,637,439	PF - 1 - S1	\$ 1,762,977,116
3	Pro forma Adjustments December 31, 2021		(19,779,195)	REV, Col B				
4	2022 Year-Over-Year Increase/(Decrease)		(51,640,914)	REV, Col D				
5	2023 Year-Over-Year Increase/(Decrease)		19,012,369	REV, Col F				
6	Ratemaking Adjustments December 31, 2023		(120,018,202)	REV, Col H				
7	Total Operating Revenue	\$ 1,700,765,620	\$ (172,425,942)		\$ 1,528,339,678	\$ 234,637,439		\$ 1,762,977,116
8	Fuel & Purchased Power							
9	Fuel and Purchased Power Costs (Actual / Pro Forma)	\$ 416,398,339		FPP, Col A	\$ 392,509,634	-		\$ 392,509,634
10	Pro forma Adjustments December 31, 2021		(3,843,760)	FPP, Col B				
11	2022 Year-Over-Year Increase/(Decrease)		(25,895,162)	FPP, Col D				
12	2023 Year-Over-Year Increase/(Decrease)		(4,860,689)	FPP, Col F				
13	Ratemaking Adjustments December 31, 2023		10,710,906	FPP, Col H				
14	Total Fuel and Purchased Power Costs	\$ 416,398,339	\$ (23,888,705)		\$ 392,509,634	\$ -		\$ 392,509,634
15	Gross Margin	\$ 1,284,367,281	\$ (148,537,237)		\$ 1,135,830,043	\$ 234,637,439		\$ 1,370,467,482
16	Operations and Maintenance Expenses							
17	Operations and Maintenance Expenses (Actual / Pro Forma)	\$ 493,605,075		O&M, Col A	\$ 432,440,828	592,710	PF - 2 - S1	\$ 433,033,539
18	Pro forma Adjustments December 31, 2021		(23,438,011)	O&M, Col B				
19	2022 Year-Over-Year Increase/(Decrease)		44,307,375	O&M, Col D				
20	2023 Year-Over-Year Increase/(Decrease)		42,240,218	O&M, Col F				
21	Ratemaking Adjustments December 31, 2023		(124,273,829)	O&M, Col H				
22	Total Operations and Maintenance Expense	\$ 493,605,075	\$ (61,164,246)		\$ 432,440,828	\$ 592,710		\$ 433,033,539
23	Depreciation Expense							
24	Depreciation Expense (Actual / Pro Forma)	\$ 300,041,895		DEPR, Col A	\$ 302,723,418			\$ 302,723,418
25	Pro forma Adjustments December 31, 2021		(10,408,351)	DEPR, Col B				
26	2022 Year-Over-Year Increase/(Decrease)		4,307,754	DEPR, Col D				
27	Budget Adjustments June 30, 2023		6,210,632	DEPR, Col F				
28	Ratemaking Adjustments June 30, 2023		2,571,487	DEPR, Col H				
29	Total Depreciation Expense	\$ 300,041,895	\$ 2,681,523		\$ 302,723,418	\$ -		\$ 302,723,418

Line No.	Description	Actual	Pro forma Adjustments Increases (Decreases)	Attachment 3-B Reference ¹	Pro forma Results Based on Current Rates	Pro forma Adjustments Increases (Decreases)	Attachment 3-C Reference	Pro forma Results Based on Proposed Rates
30	Amortization Expense							
31	Amortization Expense (Actual / Pro Forma)	\$ 28,049,666		AMTZ, Col A	\$ 127,631,748			\$ 127,631,748
32	Pro forma Adjustments December 31, 2021		33,681,838	AMTZ, Col B				
33	2022 Year-Over-Year Increase/(Decrease)		35,261,816	AMTZ, Col D				
34	Budget Adjustments June 30, 2023		4,386,391	AMTZ, Col F				
35	Ratemaking Adjustments June 30, 2023		26,252,037	AMTZ, Col H				
36	Total Amortization Expense	\$ 28,049,666	\$ 99,582,082		\$ 127,631,748	\$ -		\$ 127,631,748
37	Taxes							
38	Taxes Other than Income							
39	Taxes Other than Income (Actual / Pro Forma)	\$ 56,893,980		OTX, Col A	\$ 35,531,910			\$ 35,531,910
40	Pro forma Adjustments December 31, 2021		(608,134)	OTX, Col B				
41	2022 Year-Over-Year Increase/(Decrease)		11,539,562	OTX, Col D				
42	2023 Year-Over-Year Increase/(Decrease)		(609,441)	OTX, Col F				\$ -
43	Ratemaking Adjustments December 31, 2023		(31,684,057)	OTX, Col H		299,416	PF - 3 - S1	\$ 299,416
44	Total Taxes Other Than Income	\$ 56,893,980	\$ (21,362,070)		\$ 35,531,910	\$ 299,416		\$ 35,831,326
45	Operating Income Before Income Taxes	\$ 405,776,664	\$ (168,274,525)		\$ 237,502,139	\$ 233,745,312		\$ 471,247,451
46	Income Taxes							
47	Federal and State Taxes (Actual / Pro Forma)	\$ 55,596,061	(41,366,187)	Attachment 3-C-S, ITX 1	\$ 14,229,874	58,134,797	PF - 4 - S1	\$ 72,364,670
48	Total Taxes	\$ 112,490,040	\$ (62,728,257)		\$ 49,761,783	\$ 58,434,213		\$ 108,195,996
49	Total Operating Expenses including Income Taxes	\$ 934,186,677	\$ (21,628,899)		\$ 912,557,778	\$ 59,026,923		\$ 971,584,701
50	Required Net Operating Income	\$ 350,180,604	\$ (126,908,339)		\$ 223,272,265	\$ 175,610,516		\$ 398,882,781

Footnote 1 - Unless otherwise noted

**Northern Indiana Public Service Company LLC
Calculation of Proposed Revenue Increase
Based on Pro forma Operating Results
Original Cost Rate Base Estimated at June 30, 2023**

Line No.	Description			Revenue Deficiency
1	Net Original Cost Rate Base			\$ 5,641,906,375
2	Rate of Return			<u>7.07%</u>
3	Net Operating Income			398,882,781
4	Pro forma Net Operating Income			<u>223,272,265</u>
5	Increase in Net Operating Income (NOI Shortfall)			175,610,516
6	Effective Incremental Revenue / NOI Conversion Factor			<u>74.843%</u>
7	Increase in Revenue Requirement (Based on Net Original Cost Rate Base) (Line 5 / Line 6)			<u>\$ 234,637,439</u>
8	One	1.000000		
9	Less: Public Utility Fee	0.001276		
10	Less: Bad Debt	<u>0.002526</u>		
11	State Taxable Income		0.996198	
12	Taxable Adjusted Gross Income Tax	0.996198		
13	Adjusted Gross Income Tax Rate	<u>0.049000</u>		
14	Adjusted Gross Income Tax		<u>0.048814</u>	
15	Line 11 less line 14			0.947384
16	One		1.000000	
17	Less: Federal Income Tax Rate		<u>0.210000</u>	
18	One Less Federal Income Tax Rate			<u>0.790000</u>
19	Effective Incremental Revenue / NOI Conversion Factor			74.843%

Northern Indiana Public Service Company LLC
Summary of Rate Base
As Of June 30, 2023

Line No.	Description	Pro forma As Of June 30, 2023	Attachment 3-B Reference
	Rate Base		
1	Utility Plant	\$ 7,838,630,601	RB, Col I
2	Non Jurisdictional Plant	-	RB, Col I
3	Common Allocated	366,920,473	RB, Col I
	Total Electric Utility Plant	<u>8,205,551,075</u>	RB, Col I
4	Utility Plant Accumulated Depreciation	(3,979,335,366)	RB, Col I
5	Non Jurisdictional Plant Accumulated Depreciation	-	RB, Col I
6	Common Allocated Accumulated Depreciation	(235,494,142)	RB, Col I
	Total Electric Accumulated Depreciation	<u>(4,214,829,508)</u>	RB, Col I
	Net Electric Utility Plant	<u>\$ 3,990,721,567</u>	RB, Col I
7	Schahfer Units 14 and 15 Retirement Net Plant	620,190,943	RB, Col I
8	Renewable Energy Joint Venture Investments	841,275,083	RB, Col I
9	Cause Nos. 44688 & 45159 Remainder	28,618,670	RB, Col I
10	Electric TDSIC Cause Nos. 44733 and 45557	18,164,417	RB, Col I
11	Electric FMCA	243,538	RB, Col I
12	Materials & Supplies	98,989,010	RB, Col I
13	Production Fuel	43,703,148	RB, Col I
	Total Electric Rate Base	<u>\$ 5,641,906,375</u>	RB, Col I

**Northern Indiana Public Service Company LLC
Capital Structure
As Of June 30, 2023**

Line No.	Description	Total Company Capitalization	Percent of Total	Cost	Weighted Average Cost
	A	B	C	D	E
1	Common Equity	\$ 4,368,694,903	51.41%	10.40%	5.35%
2	Long-Term Debt	3,098,945,722	36.47%	4.64%	1.69%
3	Customer Deposits	59,541,950	0.70%	4.77%	0.03%
4	Deferred Income Taxes	1,381,423,462	16.26%	0.00%	0.00%
5	Post-Retirement Liability	19,811,511	0.23%	0.00%	0.00%
6	Prepaid Pension Asset	(431,405,280)	-5.08%	0.00%	0.00%
7	Post-1970 ITC	774,822	0.01%	8.01%	0.00%
8	Totals	\$ 8,497,787,090	100.00%		7.07%

Cost of Investor Supplied Capital

	Description	Total Company Capitalization	Percent of Total	Cost	Weighted Average Cost
	A	B	C	D	E
9	Common Equity	\$ 4,368,694,903	58.50%	10.40%	6.08%
10	Long-Term Debt	3,098,945,722	41.50%	4.64%	1.93%
11	Totals	\$ 7,467,640,625	100.00%		8.01%

Northern Indiana Public Service Company LLC
Summary Statement of Depreciation Expense
Twelve Months Ended December 31, 2021, through Pro Forma Twelve Months Ending June 30, 2023

Line No.	Subcomponent	Twelve Months Ended December 31, 2021 A	Normalization Adjustments B DEPR<X>-21	Normalized Twelve Months Ended December 31, 2021 C = A + B	Year-Over-Year Increase / (Decrease) D DEPR<X>-22	Projected Twelve Months Ending December 31, 2022 E = C + D	Year-Over-Year Increase / (Decrease) F DEPR<X>-23-S1	Projected Twelve Months Ending June 30, 2023 G = E + F	Rate-making Adjustments H DEPR<X>-23R-S1	Pro forma Twelve Months Ending June 30, 2023 I = G + H
1	Electric Plant Asset Depreciation	\$ 287,006,678	\$ -	\$ 287,006,678	\$ 4,377,856	\$ 291,384,534	\$ 6,121,305	\$ 297,505,839	\$ (305,581)	\$ 297,200,258
2	Electric Common Depreciation Expense	2,626,866	-	2,626,866	(70,101)	2,556,765	89,327	2,646,092	2,877,068	5,523,161
3	Cause No. 44688 and 45159 - Tracker Amortization	10,408,351	(10,408,351)	-	-	-	-	-	-	-
4	Total Depreciation Expense	<u>\$ 300,041,895</u>	<u>\$ (10,408,351)</u>	<u>\$ 289,633,544</u>	<u>\$ 4,307,754</u>	<u>\$ 293,941,299</u>	<u>\$ 6,210,632</u>	<u>\$ 300,151,931</u>	<u>\$ 2,571,487</u>	<u>\$ 302,723,418</u>

Northern Indiana Public Service Company LLC
Summary Statement of Amortization Expense
Twelve Months Ended December 31, 2021, through Pro Forma Twelve Months Ending June 30, 2023

Line No.	Subcomponent	Twelve Months Ended	Normalization	Normalized	Year-Over-Year	Projected	Year-Over-Year	Projected	Rate-making	Pro forma
		December 31, 2021	Adjustments	Twelve Months Ended	Increase / (Decrease)	Twelve Months Ending	Increase / (Decrease)	Twelve Months Ending	Adjustments	Twelve Months Ending
	Adjustment Reference	A	B	C = A + B	D	E = C + D	F	G = E + F	H	I = G + H
			AMTZ<X>-21		AMTZ<X>-22		AMTZ<X>-23-S1		AMTZ<X>-23R-S1	
1	Electric Plant Asset Amortization	\$ 5,915,929	\$ -	\$ 5,915,929	\$ (557,648)	\$ 5,358,281	\$ (630,449)	\$ 4,727,832	\$ (484,521)	\$ 4,243,311
2	Electric Common Amortization	13,008,399	-	13,008,399	1,259,059	14,267,458	(522,655)	13,744,803	(203,523)	13,541,280
3	Schahfer Units 14 and 15 Retirement Regulatory Asset Amortization	9,006,253	-	9,006,253	41,048,397	50,054,650	-	50,054,650	-	50,054,650
4	Renewable Regulatory Asset Amortization	119,085	-	119,085	-	119,085	-	119,085	-	119,085
5	TDSIC Regulatory Asset Amortization	-	-	-	-	-	-	-	5,302,329	5,302,329
6	FMCA CCR 20% Regulatory Asset	-	-	-	-	-	-	-	63,352	63,352
7	Cause No. 44988 and 45159 Amortization	-	31,141,324	31,141,324	(9,609,987)	21,531,337	(852,996)	20,678,341	-	20,678,341
8	COVID Regulatory Asset Amortization	-	-	-	-	-	-	-	1,877,852	1,877,852
9	Sugar Creek Purchase Acquisition	-	2,540,514	2,540,514	2	2,540,516	-	2,540,516	-	2,540,516
10	Electric Rate Case Expense Amortization	-	-	-	-	-	-	-	1,287,614	1,287,614
11	Total Amortization Expense	<u>\$ 28,049,666</u>	<u>\$ 33,681,838</u>	<u>\$ 61,731,504</u>	<u>\$ 32,139,823</u>	<u>\$ 93,871,327</u>	<u>\$ (2,006,100)</u>	<u>\$ 91,865,227</u>	<u>\$ 7,843,103</u>	<u>\$ 99,708,330</u>

Northern Indiana Public Service Company
Summary Statement of Rate Base
As of December 31, 2021 through Projected as of June 30, 2023

Line No.	Subcomponent	Actuals as of December 31, 2021 A	Normalization Adjustments B RB<X>-21	Normalized as of December 31, 2021 C = A + B	Year-Over-Year Increase/(Decrease) D RB<X>-22	Projected As of December 31, 2022 E = C + D	Year-Over-Year Increase/(Decrease) F RB<X>-23-S1	Projected as of June 30, 2023 G = E + F	Rate Making Adjustments H RB<X>-23R-S1	Pro Forma as of June 30, 2023 I = G + H
Electric Rate Base										
1	Utility Plant	E \$ 7,020,936,484	\$ -	\$ 7,020,936,484	\$ 626,613,085	\$ 7,647,549,568	\$ 191,081,033	\$ 7,838,630,601	\$ -	\$ 7,838,630,601
2	Non Jurisdictional Plant	N 620,743,862	-	620,743,862	3,884,597	624,628,459	-	624,628,459	(624,628,459)	-
3	Common Allocated	C 323,933,755	-	323,933,755	30,856,323	354,790,078	12,130,396	366,920,473	-	366,920,473
	Total Electric Utility Plant	<u>7,965,614,101</u>	<u>-</u>	<u>7,965,614,101</u>	<u>661,354,004</u>	<u>8,626,968,105</u>	<u>203,211,429</u>	<u>8,830,179,533</u>	<u>(624,628,459)</u>	<u>8,205,551,075</u>
4	Utility Plant Accumulated Depreciation and Amortization	E (3,698,327,743)	-	(3,698,327,743)	(168,730,161)	(3,867,057,904)	(112,277,462)	(3,979,335,366)	-	(3,979,335,366)
5	Non Jurisdictional Plant Accumulated Depreciation and Amortization	N (53,660,584)	-	(53,660,584)	(16,290,517)	(69,951,102)	(8,443,159)	(78,394,261)	78,394,261	-
6	Common Allocated Accumulated Depreciation and Amortization	C (212,273,132)	-	(212,273,132)	(14,263,098)	(226,536,230)	(8,957,912)	(235,494,142)	-	(235,494,142)
	Total Electric Accumulated Depreciation and Amortization	<u>(3,964,261,459)</u>	<u>-</u>	<u>(3,964,261,459)</u>	<u>(199,283,776)</u>	<u>(4,163,545,235)</u>	<u>(129,678,533)</u>	<u>(4,293,223,769)</u>	<u>78,394,261</u>	<u>(4,214,829,508)</u>
	Net Electric Utility Plant	<u>\$ 4,001,352,641</u>	<u>\$ -</u>	<u>\$ 4,001,352,641</u>	<u>\$ 462,070,228</u>	<u>\$ 4,463,422,869</u>	<u>\$ 73,532,895</u>	<u>\$ 4,536,955,765</u>	<u>\$ (546,234,198)</u>	<u>\$ 3,990,721,567</u>
7	Schahfer Units 14 and 15 Retirement	695,272,917	-	695,272,917	(50,054,650)	645,218,268	(25,027,325)	620,190,943	-	620,190,943
8	Renewable Energy Joint Venture Investments	17,021,755	-	17,021,755	306,927,194	323,948,949	517,326,134	841,275,083	-	841,275,083
9	Cause Nos. 44688 & 45159 Remainder	42,158,053	-	42,158,053	(9,026,266)	33,131,787	(4,513,118)	28,618,670	-	28,618,670
10	Electric TDSIC Cause Nos. 44733 and 45557	5,528,538	-	5,528,538	7,298,503	12,827,041	5,337,376	18,164,417	-	18,164,417
11	Electric FMCA	146,440	-	146,440	-	146,440	97,098	243,538	-	243,538
12	Materials & Supplies	103,615,049	-	103,615,049	(4,626,039)	98,989,010	-	98,989,010	-	98,989,010
13	Production Fuel	32,190,387	-	32,190,387	10,072,768	42,263,155	1,439,993	43,703,148	-	43,703,148
	Total Electric Rate Base	<u>\$ 4,897,285,780</u>	<u>\$ -</u>	<u>\$ 4,897,285,780</u>	<u>\$ 722,661,739</u>	<u>\$ 5,619,947,519</u>	<u>\$ 568,193,054</u>	<u>\$ 6,188,140,573</u>	<u>\$ (546,234,198)</u>	<u>\$ 5,641,906,375</u>

Northern Indiana Public Service Company LLC
Summary of Capital Structure
Twelve Months Ended December 31, 2021, thru Pro forma Twelve Months Ending June 30, 2023

Line No.	Subcomponent	Twelve Months Ended December 31, 2021	Normalization Adjustments	Normalized Twelve Months Ended December 31, 2021	Year-Over-Year Increase/(Decrease)	Budget Twelve Months Ending December 31, 2022	Year-To-Date Increase/(Decrease)	Budget Twelve Months Ending June 30, 2023	Ratemaking Adjustments	Pro forma Twelve Months Ending June 30, 2023
	Adjustment Reference	A	B	C = A + B	D	E = C + D	F	G = E + F	H	I = G + H
			CS<X>-21		CS<X>-22		CS<X>-23-S1		CS<X>-23R-S1	
1	Common Equity	\$ 3,499,241,723	\$ -	\$ 3,499,241,723	\$ 216,708,513	\$ 3,715,950,236	\$ 424,077,371	\$ 4,140,027,607	\$ 228,667,297	\$ 4,368,694,903
2	Long-Term Debt	2,488,921,252	-	2,488,921,252	235,017,216	2,723,938,468	375,007,254	3,098,945,722	-	3,098,945,722
3	Customer Deposits	64,811,362	-	64,811,362	(2,968,806)	61,842,556	(2,300,607)	59,541,950	-	59,541,950
4	Deferred Income Taxes	1,404,881,385	(51,509,982)	1,353,371,403	48,296,837	1,401,668,240	30,819,804	1,432,488,043	(51,064,581)	1,381,423,462
5	Post-Retirement Liability	39,472,666	-	39,472,666	(13,794,760)	25,677,906	(6,952,165)	18,725,741	1,085,770	19,811,511
6	Prepaid Pension Asset	(433,464,769)	-	(433,464,769)	(7,558,283)	(441,023,052)	(1,637,917)	(442,660,970)	11,255,690	(431,405,280)
7	Post-1970 ITC	1,226,420	-	1,226,420	(317,054)	909,366	(134,544)	774,822	-	774,822
8	Total Capital Structure	<u>\$ 7,065,090,039</u>	<u>\$ (51,509,982)</u>	<u>\$ 7,013,580,057</u>	<u>\$ 475,383,663</u>	<u>\$ 7,488,963,720</u>	<u>\$ 818,879,195</u>	<u>\$ 8,307,842,915</u>	<u>\$ 189,944,175</u>	<u>\$ 8,497,787,090</u>

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Depreciation Expense
Twelve Months Ending June 30, 2023

This pro forma adjusts the twelve months ended December 31, 2021, Electric depreciation expenses for electric plant to reflect projected changes for the twelve months ending December 31, 2022, and June 30, 2023, and ratemaking adjustment for the twelve months ending June 30, 2023, as described below.

Line No.	Description A	Adjustment B	Amount C
1	Actual expense - December 31, 2021		\$ 287,006,678
2	Normalization Adjustment N/A	DEPR 1-21	-
3	Normalized expense for the twelve months ended December 31, 2021		<u>\$ 287,006,678</u>
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	DEPR 1-22	4,377,856
5	Projected expense for the twelve months ending December 31, 2022		<u>\$ 291,384,534</u>
6	Year-Over-Year Increase/(Decrease) for the twelve months ending June 30, 2023	DEPR 1-23-S1	6,121,305
7	Projected expense for the twelve months ending June 30, 2023		<u>\$ 297,505,839</u>
8	Pro Forma adjustment to Increase/(Decrease) depreciation expense for Ratemaking related to the implementation of new rates	DEPR 1A-23R-S1	11,611,399
9	Pro Forma adjustment to Increase/(Decrease) depreciation expense for Ratemaking to remove nonjurisdictional depreciation expense	DEPR 1B-23R-S1	(11,916,980)
		DEPR 1-23R-S1	(305,581)
10	Ratemaking expense for the twelve months ending June 30, 2023		<u><u>\$ 297,200,258</u></u>

**Northern Indiana Public Service Company
Pro Forma Adjustment to Depreciation Expense
Twelve Months Ended June 30, 2023**

This pro forma adjusts the twelve months ended December 31, 2021, electric common depreciation expenses for electric plant to reflect projected changes for the twelve months ending December 31, 2022, and June 30, 2023, and ratemaking adjustment for the twelve months ending June 30, 2023, as described below.

Line No.	Description A	Adjustment B	Amount C
1	Actual expense - December 31, 2021		\$ 2,626,866
2	Normalization Adjustment N/A	DEPR 2-21	-
3	Normalized expense for the twelve months ended December 31, 2021		\$ 2,626,866
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	DEPR 2-22	(70,101)
5	Projected expense for the twelve months ending December 31, 2022		\$ 2,556,765
6	Year-Over-Year Increase/(Decrease) for the twelve months ending June 30, 2023	DEPR 2-23-S1	89,327
7	Projected expense for the twelve months ending June 30, 2023		\$ 2,646,092
8	Pro Forma adjustment to Increase/(Decrease) depreciation expense for Ratemaking	DEPR 2-23R-S1	2,877,068
9	Ratemaking expense for the twelve months ending June 30, 2023		\$ 5,523,161

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Depreciation Expense
Twelve Months Ending June 30, 2023

This pro forma adjusts the twelve months ended December 31, 2021, Electric depreciation expenses for Cause No. 44688 AND 45159 - Tracker Amortization to reflect projected changes for the twelve months ending December 31, 2022, and June 30, 2023, and ratemaking adjustment for the twelve months ending June 30, 2023, as described below.

Line No.	Description A	Adjustment B	Amount C
1	Actual expense - December 31, 2021		\$ 10,408,351
2	Normalization Adjustment	DEPR 3-21	<u>(10,408,351)</u>
3	Normalized expense for the twelve months ended December 31, 2021		<u>\$ -</u>
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	DEPR 3-22	<u>-</u>
5	Projected expense for the twelve months ending December 31, 2022		<u>\$ -</u>
6	Year-Over-Year Increase/(Decrease) for the twelve months ending June 30, 2023	DEPR 3-23-S1	<u>-</u>
7	Projected expense for the twelve months ending June 30, 2023		<u>\$ -</u>
8	Pro Forma adjustment to Increase/(Decrease) depreciation expense for Ratemaking	DEPR 3-23R-S1	<u>-</u>
9	Ratemaking expense for the twelve months ending June 30, 2023		<u><u>\$ -</u></u>

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Amortization Expense
Twelve Months Ending June 30, 2023

This pro forma adjusts the twelve months ended December 31, 2021 test year electric plant asset amortization expense to reflect projected changes for the twelve months ending December 31, 2022 and June 30, 2023.

Line No.	Description A	Adjustment B	Amount C
1	Actual expense - December 31, 2021		\$ 5,915,929
2	Normalization adjustment N/A	AMTZ 1-21	-
3	Normalized expense for the twelve months ended December 31, 2021		<u>\$ 5,915,929</u>
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	AMTZ 1-22	<u>(557,648)</u>
5	Projected expense for the twelve months ending December 31, 2022		<u>\$ 5,358,281</u>
6	Year-Over-Year Increase/(Decrease) for the twelve months ending June 30, 2023	AMTZ 1-23-S1	<u>(630,449)</u>
7	Projected expense for the twelve months ending June 30, 2023		<u>\$ 4,727,832</u>
8	Pro Forma adjustment to Increase/(Decrease) amortization expense for Ratemaking	AMTZ 1-23R-S1	<u>(484,521)</u>
9	Ratemaking expense for the twelve months ending June 30, 2023		<u><u>\$ 4,243,311</u></u>

**Northern Indiana Public Service Company LLC
Pro forma Adjustment to Depreciation and Amortization Expense
Twelve Months Ending June 30, 2023**

This pro forma adjusts the twelve months ended December 31, 2021 test year electric common amortization expense to reflect projected changes for the twelve months ending December 31, 2022 and June 30, 2023.

Line No.	Description A	Adjustment B	Amount C
1	Actual expense - December 31, 2021		\$ 13,008,399
2	Normalization adjustment N/A	AMTZ 2-21	-
3	Normalized expense for the twelve months ended December 31, 2021		\$ 13,008,399
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	AMTZ 2-22	1,259,059
5	Projected expense for the twelve months ending December 31, 2022		\$ 14,267,458
6	Year-Over-Year Increase/(Decrease) for the twelve months ending June 30, 2023	AMTZ 2-23-S1	(522,655)
7	Projected expense for the twelve months ending June 30, 2023		\$ 13,744,803
8	Pro Forma adjustment to Increase/(Decrease) amortization expense for Ratemaking	AMTZ 2-23R-S1	(203,523)
9	Ratemaking expense for the twelve months ending June 30, 2023		\$ 13,541,280

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Depreciation and Amortization Expense
Twelve Months Ending June 30, 2023

This pro forma adjusts the twelve months ended December 31, 2021 test year Schahfer Units 14 and 15 Retirement amortization expense to reflect projected changes for the twelve months ending December 31, 2022, and June 30, 2023.

Line No.	Description A	Adjustment B	Amount C
1	Actual Expense - December 31, 2021		\$ 9,006,253
2	Normalization adjustment N/A	AMTZ 3-21	-
3	Normalized expense for the twelve months ended December 31, 2021		\$ 9,006,253
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	AMTZ 3-22	41,048,397
5	Projected expense for the twelve months ending December 31, 2022		\$ 50,054,650
6	Year-Over-Year Increase/(Decrease) for the twelve months ending June 30, 2023	AMTZ 3-23-S1	-
7	Projected expense for the twelve months ending June 30, 2023		\$ 50,054,650
8	Pro Forma adjustment to Increase/(Decrease) amortization expense for Ratemaking	AMTZ 3-23R-S1	-
9	Ratemaking expense for the twelve months ending June 30, 2023		\$ 50,054,650

**Northern Indiana Public Service Company LLC
Pro forma Adjustment to Depreciation and Amortization Expense
Twelve Months Ending June 30, 2023**

This pro forma adjusts the twelve months ended December 31, 2021, electric amortization expenses for the Renewable Regulatory Asset to reflect normalization adjustment(s), projected changes for the twelve months ending December 31, 2022, June 30, 2023, and ratemaking adjustment(s) for the twelve months ending June 30, 2023, as described below.

Line No.	Description A	Adjustment B	Amount C
1	Actual Expense - December 31, 2021		\$ 119,085
2	Normalization adjustment N/A	AMTZ 4-21	-
3	Normalized expense for the twelve months ended December 31, 2021		\$ 119,085
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	AMTZ 4-22	-
5	Projected expense for the twelve months ending December 31, 2022		\$ 119,085
6	Year-Over-Year Increase/(Decrease) for the twelve months ending June 30, 2023	AMTZ 4-23-S1	-
7	Projected expense for the twelve months ending June 30, 2023		\$ 119,085
8	Pro Forma adjustment to Increase/(Decrease) amortization expense for Ratemaking	AMTZ 4-23R-S1	-
9	Ratemaking expense for the twelve months ending June 30, 2023		\$ 119,085

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Depreciation and Amortization Expense
Twelve Months Ending June 30, 2023

This pro forma adjusts the twelve months ended December 31, 2021, electric amortization expenses for the Electric TDSIC Regulatory Asset to reflect normalization adjustment(s), projected changes for the twelve months ending December 31, 2022, and June 30, 2023, and ratemaking adjustment for the twelve months ending June 30, 2023, as described below.

Line No.	Description A	Adjustment B	Amount C
1	Actual Expense - December 31, 2021		\$ -
2	Normalization adjustment N/A	AMTZ 5-21	-
3	Normalized expense for the twelve months ended December 31, 2021		<u>\$ -</u>
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	AMTZ 5-22	-
5	Projected expense for the twelve months ending December 31, 2022		<u>\$ -</u>
6	Year-Over-Year Increase/(Decrease) for the twelve months ending June 30, 2023	AMTZ 5-23-S1	-
7	Projected expense for the twelve months ending June 30, 2023		<u>\$ -</u>
8	Pro Forma adjustment to Increase/(Decrease) amortization expense for Ratemaking	AMTZ 5-23R-S1	<u>5,302,329</u>
9	Ratemaking expense for the twelve months ending June 30, 2023		<u><u>\$ 5,302,329</u></u>

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Depreciation and Amortization Expense
Twelve Months Ending June 30, 2023

This pro forma adjustment increases the twelve months ending June 30, 2023 amortization expense to include the annual amortization of the Electric Federally Mandated Cost Adjustment (FMCA) pro forma regulatory asset.

Line No.	Description A	Adjustment B	Amount C
1	Actual expense - December 31, 2021		\$ -
2	Normalization Adjustment N/A	AMTZ 6-21	-
3	Normalized expense for the twelve months ended December 31, 2021		<u>\$ -</u>
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	AMTZ 6-22	-
5	Projected expense for the twelve months ending December 31, 2022		<u>\$ -</u>
6	Year-Over-Year Increase/(Decrease) for the twelve months ending June 30, 2023	AMTZ 6-23-S1	-
7	Projected expense for the twelve months ending June 30, 2023		<u>\$ -</u>
8	Pro Forma adjustment to Increase/(Decrease) amortization expense for Ratemaking	AMTZ 6-23R-S1	63,352
9	Ratemaking expense for the twelve months ending June 30, 2023		<u><u>\$ 63,352</u></u>

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Income Taxes
For the Twelve Month Period Ending June 30, 2023

This pro forma adjusts the twelve months ended December 31, 2021, federal and state income tax expense to reflect income tax expense based on pro forma current revenues. Additionally, this adjustment shows the PF adjustment to reflect income tax at the proposed revenue requirement.

Line No.	Description	Adjustments	Amount
	A	B	C
1	Actual Federal and State Income Taxes - December 31, 2021		\$ 55,596,061
2	Pro Forma adjustment to Increase / (Decrease) expense for Current Rates	ITX 1-23R-S1	(41,366,187)
3	Federal and State Income Taxes at Pro Forma Current Rates		\$ 14,229,874
4	Pro Forma adjustment to Increase / (Decrease) expense for Proposed Revenue	PF-4-S1	58,134,797
5	Federal and State Income Taxes at Proposed Revenue		\$ 72,364,670

Northern Indiana Public Service Company LLC
Pro forma Adjustment Based on Proposed Rates
For the Twelve Month Period Ending June 30, 2023

The proposed adjustments increase twelve months ending June 30, 2023, test year Revenue (PF-1) and Expense (PF-2 through PF-4) to reflect uncollectible, utility receipts tax, public utility fees, and income taxes based on the proposed revenue requirement.

Line No.	Description	Amount				
		A	B	C	D	E
		PF-1-S1	PF-2-S1	PF-3-S1	PF-4-S1	
		Revenue Requirement	Uncollectible Accounts	Public Utility Fee Rate	Fed/State Income Taxes	
1	Revenue Requirement Deficiency	\$ 175,610,516	\$ 234,637,439	\$ 234,637,439	\$ 234,637,439	
2	Rate	133.6124081%	0.2526069%	0.1276080%	19.8950670% 4.8813690%	Fed State
3	Increase in Pro forma Test Year Revenue and O&M Expense Based on Proposed Rates	\$ 234,637,439	\$ 592,710	\$ 299,416	\$ 58,134,797	

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Rate Base
As of June 30, 2023

This pro forma adjusts the twelve months ended December 31, 2021, Electric rate base gross utility plant to reflect projected changes for the twelve months ending December 31, 2022, and June 30, 2023, and ratemaking adjustment for the twelve months ending June 30, 2023, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual balance - December 31, 2021		\$ 7,020,936,484
2	Normalization adjustment N/A	RB 1-21	-
3	Normalized balance as of December 31, 2021		<u>\$ 7,020,936,484</u>
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	RB 1-22	626,613,085
5	Projected balance for the twelve months ending December 31, 2022		<u>\$ 7,647,549,568</u>
6	Year-Over-Year Increase/(Decrease) for the twelve months ending June 30, 2023	RB 1-23-S1	191,081,033
7	Projected balance for the twelve months ending June 30, 2023		<u>\$ 7,838,630,601</u>
8	Pro Forma adjustment to Increase/(Decrease) balance for Ratemaking	RB 1-23R-S1	-
9	Ratemaking balance for the twelve months ending June 30, 2023		<u><u>\$ 7,838,630,601</u></u>

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Rate Base
As of June 30, 2023

This pro forma adjusts the twelve months ended December 31, 2021, Electric rate base non-jurisdictional gross plant to reflect projected changes for the twelve months ending December 31, 2022, and June 30, 2023, and ratemaking adjustment for the twelve months ending June 30, 2023, as described below.

Line No.	Description A	Adjustment B	Amount C
1	Actual balance - December 31, 2021		\$ 620,743,862
2	Normalization adjustment N/A	RB 2-21	-
3	Normalized balance as of December 31, 2021		\$ 620,743,862
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	RB 2-22	3,884,597
5	Projected balance for the twelve months ending December 31, 2022		\$ 624,628,459
6	Year-Over-Year Increase/(Decrease) for the twelve months ending June 30, 2023	RB 2-23-S1	-
7	Projected balance for the twelve months ending June 30, 2023		\$ 624,628,459
8	Pro Forma adjustment to Increase/(Decrease) balance for Ratemaking	RB 2-23R-S1	(624,628,459)
9	Ratemaking balance for the twelve months ending June 30, 2023		\$ -

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Rate Base
As of June 30, 2023

This pro forma adjusts the twelve months ended December 31, 2021, Electric rate base common gross plant to reflect projected changes for the twelve months ending December 31, 2022, and June 30, 2023, and ratemaking adjustment for the twelve months ending June 30, 2023, as described below.

Line No.	Description A	Adjustment B	Amount C
1	Actual balance - December 31, 2021		\$ 323,933,755
2	Normalization adjustment N/A	RB 3-21	-
3	Normalized balance as of December 31, 2021		\$ 323,933,755
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	RB 3-22	30,856,323
5	Projected balance for the twelve months ending December 31, 2022		\$ 354,790,078
6	Year-Over-Year Increase/(Decrease) for the twelve months ending June 30, 2023	RB 3-23-S1	12,130,396
7	Projected balance for the twelve months ending June 30, 2023		\$ 366,920,473
8	Pro Forma adjustment to Increase/(Decrease) balance for Ratemaking	RB 3-23R-S1	-
9	Ratemaking balance for the twelve months ending June 30, 2023		\$ 366,920,473

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Rate Base
As of June 30, 2023

This pro forma adjusts the twelve months ended December 31, 2021, Electric rate base electric accumulated depreciation and amortization to reflect projected changes for the twelve months ending December 31, 2022, and June 30, 2023, and ratemaking adjustment for the twelve months ending June 30, 2023, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual balance - December 31, 2021		\$ (3,698,327,743)
2	Normalization adjustment N/A	RB 4-21	-
3	Normalized balance as of December 31, 2021		<u>\$ (3,698,327,743)</u>
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	RB 4-22	(168,730,161)
5	Projected balance for the twelve months ending December 31, 2022		<u>\$ (3,867,057,904)</u>
6	Year-Over-Year Increase/(Decrease) for the twelve months ending June 30, 2023	RB 4-23-S1	(112,277,462)
7	Projected balance for the twelve months ending June 30, 2023		<u>\$ (3,979,335,366)</u>
8	Pro Forma adjustment to Increase/(Decrease) balance for Ratemaking	RB 4-23R-S1	-
9	Ratemaking balance for the twelve months ending June 30, 2023		<u><u>\$ (3,979,335,366)</u></u>

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Rate Base
As of June 30, 2023

This pro forma adjusts the twelve months ended December 31, 2021, Electric rate base non-jurisdictional accumulated depreciation and amortization to reflect projected changes for the twelve months ending December 31, 2022, and June 30, 2023, and ratemaking adjustment for the twelve months ending June 30, 2023, as described below.

Line No.	Description A	Adjustment B	Amount C
1	Actual balance - December 31, 2021		\$ (53,660,584)
2	Normalization adjustment N/A	RB 5-21	-
3	Normalized balance as of December 31, 2021		\$ (53,660,584)
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	RB 5-22	(16,290,517)
5	Projected balance for the twelve months ending December 31, 2022		\$ (69,951,102)
6	Year-Over-Year Increase/(Decrease) for the twelve months ending June 30, 2023	RB 5-23-S1	(8,443,159)
7	Projected balance for the twelve months ending June 30, 2023		\$ (78,394,261)
8	Pro Forma adjustment to Increase/(Decrease) balance for Ratemaking	RB 5-23R-S1	78,394,261
9	Ratemaking balance for the twelve months ending June 30, 2023		\$ -

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Rate Base
As of June 30, 2023

This pro forma adjusts the twelve months ended December 31, 2021, Electric rate base common accumulated depreciation and amortization to reflect projected changes for the twelve months ending December 31, 2022, and June 30, 2023, and ratemaking adjustment for the twelve months ending June 30, 2023, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual balance - December 31, 2021		\$ (212,273,132)
2	Normalization adjustment N/A	RB 6-21	-
3	Normalized balance as of December 31, 2021		<u>\$ (212,273,132)</u>
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	RB 6-22	(14,263,098)
5	Projected balance for the twelve months ending December 31, 2022		<u>\$ (226,536,230)</u>
6	Year-Over-Year Increase/(Decrease) for the twelve months ending June 30, 2023	RB 6-23-S1	(8,957,912)
7	Projected balance for the twelve months ending June 30, 2023		<u>\$ (235,494,142)</u>
8	Pro Forma adjustment to Increase/(Decrease) balance for Ratemaking	RB 6-23R-S1	-
9	Ratemaking balance for the twelve months ending June 30, 2023		<u><u>\$ (235,494,142)</u></u>

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Rate Base
As of June 30, 2023

This pro forma adjusts the twelve months ended December 31, 2021, Electric rate base Schahfer Units 14 and 15 Retirement Net Plant to reflect projected changes for the twelve months ending December 31, 2022, and June 30, 2023, and ratemaking adjustment for the twelve months ending June 30, 2023, as described below.

Line No.	Description A	Adjustment B	Amount C
1	Actual balance - December 31, 2021		\$ 695,272,917
2	Normalization Adjustment N/A	RB 7-21	-
3	Normalized balance as of December 31, 2021		\$ 695,272,917
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	RB 7-22	(50,054,650)
5	Projected balance for the twelve months ending December 31, 2022		\$ 645,218,268
6	Year-Over-Year Increase/(Decrease) for the twelve months ending June 30, 2023	RB 7-23-S1	(25,027,325)
7	Projected balance for the twelve months ending June 30, 2023		\$ 620,190,943
8	Pro Forma adjustment to Increase/(Decrease) balance for Ratemaking	RB 7-23R-S1	-
9	Ratemaking balance for the twelve months ending June 30, 2023		\$ 620,190,943

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Rate Base
As of June 30, 2023

This pro forma adjusts the twelve months ended December 31, 2021, Electric rate base renewable energy joint venture investments regulatory assets to reflect projected changes for the twelve months ending December 31, 2022, and June 30, 2023, and ratemaking adjustment for the twelve months ending June 30, 2023, as described below.

Line No.	Description A	Adjustment B	Amount C
1	Actual balance - December 31, 2021		\$ 17,021,755
2	Normalization Adjustment N/A	RB 8-21	-
3	Normalized balance as of December 31, 2021		\$ 17,021,755
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	RB 8-22	306,927,194
5	Projected balance for the twelve months ending December 31, 2022		\$ 323,948,949
6	Year-Over-Year Increase/(Decrease) for the twelve months ending June 30, 2023	RB 8-23-SS1	517,326,134
7	Projected balance for the twelve months ending June 30, 2023		\$ 841,275,083
8	Pro Forma adjustment to Increase/(Decrease) balance for Ratemaking	RB 8-23R-S1	-
9	Ratemaking balance for the twelve months ending June 30, 2023		\$ 841,275,083

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Rate Base
As of June 30, 2023

This pro forma adjusts the twelve months ended December 31, 2021, Electric rate base regulatory assets from Cause Nos. 44688 and 45159 remainder to reflect projected changes for the twelve months ending December 31, 2022, and June 30, 2023, and ratemaking adjustment for the twelve months ending June 30, 2023, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual balance - December 31, 2021		\$ 42,158,053
2	Normalization Adjustment N/A	RB 9-21	-
3	Normalized balance as of December 31, 2021		<u>\$ 42,158,053</u>
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	RB 9-22	<u>(9,026,266)</u>
5	Projected balance for the twelve months ending December 31, 2022		<u>\$ 33,131,787</u>
6	Year-Over-Year Increase/(Decrease) for the twelve months ending June 30, 2023	RB 9-23-S1	<u>(4,513,118)</u>
7	Projected balance for the twelve months ending June 30, 2023		<u>\$ 28,618,670</u>
8	Pro Forma adjustment to Increase/(Decrease) balance for Ratemaking	RB 9-23R-S1	-
9	Ratemaking balance for the twelve months ending June 30, 2023		<u><u>\$ 28,618,670</u></u>

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Rate Base
As of June 30, 2023

This pro forma adjusts the twelve months ended December 31, 2021, for the Electric TDSIC Cause Nos. 44733 and 45557 regulatory asset to reflect projected changes for the twelve months ending December 31, 2022, and June 30, 2023, and ratemaking adjustment(s) for the twelve months ending June 30, 2023, as described below.

Line No.	Description A	Adjustment B	Amount C
1	Actual balance - December 31, 2021		\$ 5,528,538
2	Normalization Adjustment N/A	RB 10-21	-
3	Normalized balance as of December 31, 2021		<u>\$ 5,528,538</u>
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	RB 10-22	7,298,503
5	Projected balance for the twelve months ending December 31, 2022		<u>\$ 12,827,041</u>
6	Year-Over-Year Increase/(Decrease) for the twelve months ending June 30, 2023	RB 10-23-S1	5,337,376
7	Projected balance for the twelve months ending June 30, 2023		<u>\$ 18,164,417</u>
8	Pro Forma adjustment to Increase/(Decrease) balance for Ratemaking	RB 10-23R-S1	-
9	Ratemaking balance for the twelve months ending June 30, 2023		<u><u>\$ 18,164,417</u></u>

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Rate Base
As of June 30, 2023

This pro forma adjusts the twelve months ended December 31, 2021, for the Electric FMCA regulatory asset to reflect projected changes for the twelve months ending December 31, 2022 and June 30, 2023, and ratemaking adjustment for the twelve months ending June 30, 2023, as described below.

Line No.	Description A	Adjustment B	Amount C
1	Actual balance - December 31, 2021		\$ 146,440
2	Normalization Adjustment N/A	RB 11-21	-
3	Normalized balance as of December 31, 2021		\$ 146,440
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	RB 11-22	-
5	Projected balance for the twelve months ending December 31, 2022		\$ 146,440
6	Year-Over-Year Increase/(Decrease) for the twelve months ending June 30, 2023	RB 11-23-S1	97,098
7	Projected balance for the twelve months ending June 30, 2023		\$ 243,538
8	Pro Forma adjustment to Increase/(Decrease) balance for Ratemaking	RB 11-23R-S1	-
9	Ratemaking balance for the twelve months ending June 30, 2023		\$ 243,538

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Rate Base
As of December 31, 2023

This pro forma adjusts the twelve months ended December 31, 2021, Electric rate base materials and supplies to reflect projected changes for the twelve months ending December 31, 2022, and December 31, 2023, and ratemaking adjustment for the twelve months ending December 31, 2023, as described below.

Line No.	Description A	Adjustment B	Amount C
1	Actual Materials and Supplies - December 31, 2021		\$ 103,615,049
2	Normalization Adjustment NA	RB 12-21	-
3	Normalized Materials and Supplies as of December 31, 2021		\$ 103,615,049
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	RB 12-22	(4,626,039)
5	Projected balance for the twelve months ending December 31, 2022		\$ 98,989,010
6	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2023	RB 12-23	-
7	Projected balance for the twelve months ending December 31, 2023		\$ 98,989,010
8	Pro Forma adjustment to Increase/(Decrease) balance for Ratemaking	RB 12-23R	-
9	Ratemaking balance for the twelve months ending December 31, 2023		\$ 98,989,010

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Rate Base
As of June 30, 2023

This pro forma adjusts the twelve months ended December 31, 2021, Electric rate base production fuel to reflect projected changes for the twelve months ending December 31, 2022, and June 30, 2023, and ratemaking adjustment for the twelve months ending June 30, 2023, as described below.

Line No.	Description A	Adjustment B	Amount C
1	Actual balance - December 31, 2021		\$ 32,190,387
2	Normalization Adjustment N/A	RB 13-21	-
3	Normalized balance as of December 31, 2021		<u>\$ 32,190,387</u>
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	RB 13-22	<u>10,072,768</u>
5	Projected balance for the twelve months ending December 31, 2022		<u>\$ 42,263,155</u>
6	Year-Over-Year Increase/(Decrease) for the twelve months ending June 30, 2023	RB 13-23-S1	<u>1,439,993</u>
7	Projected balance for the twelve months ending June 30, 2023		<u>\$ 43,703,148</u>
8	Pro Forma adjustment to Increase/(Decrease) balance for Ratemaking	RB 13-23R-S1	-
9	Ratemaking balance for the twelve months ending June 30, 2023		<u>\$ 43,703,148</u>

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Capital Structure
As of June 30, 2023

This pro forma adjusts the balance as of December 31, 2021, capital structure for common equity to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2022 and June 30, 2023, and ratemaking adjustment(s) for the six months ending June 30, 2023, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual Balance - December 31, 2021		\$ 3,499,241,723
2	Normalization Adjustment N/A		-
3	Normalized balance as of December 31, 2021		<u>\$ 3,499,241,723</u>
4	Year-Over-Year Increase/(Decrease) balance as of December 31, 2022	CS 1-22	<u>216,708,513</u>
5	Budgeted balance as of December 31, 2022		<u>\$ 3,715,950,236</u>
6	Year-To-Date Increase/(Decrease) balance as of June 30, 2023	CS 1-23-S1	<u>424,077,371</u>
7	Budgeted balance as of June 30, 2023		<u>\$ 4,140,027,607</u>
8	Pro Forma adjustment to Increase/(Decrease) the balance for Ratemaking to account for GAAP to FERC reporting differences	CS 1-23R-S1	<u>228,667,297</u>
9	Ratemaking balance as of June 30, 2023		<u>\$ 4,368,694,903</u>

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Capital Structure
As of June 30, 2023

This pro forma adjusts the balance as of December 31, 2021, capital structure for long term debt to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2022, and June 30, 2023, and ratemaking adjustment(s) for the twelve months ending June 30, 2023, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual Balance - December 31, 2021		\$ 2,488,921,252
2	Normalization adjustment N/A		-
3	Normalized balance as of December 31, 2021		\$ 2,488,921,252
4	Year-Over-Year Increase/(Decrease) balance as of December 31, 2022	CS 2-22	235,017,216
5	Budgeted balance as of December 31, 2022		\$ 2,723,938,468
6	Year-To-Date Increase/(Decrease) balance as of June 30, 2023	CS 2-23-S1	375,007,254
7	Budgeted balance as of June 30, 2023		\$ 3,098,945,722
8	Pro Forma adjustment N/A		-
9	Ratemaking balance as of June 30, 2023		\$ 3,098,945,722

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Capital Structure
As of June 30, 2023

This pro forma adjusts the balance as of December 31, 2021, capital structure for deferred income taxes to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2022, and June 30, 2023, and ratemaking adjustment(s) for the twelve months ending June 30, 2023, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual Balance - December 31, 2021		\$ 1,404,881,385
2	Normalization adjustment to Increase / (Decrease) the balance for the removal of Rosewater deferred taxes	CS 4-21	(51,509,982)
3	Normalized balance as of December 31, 2021		\$ 1,353,371,403
4	Year-Over-Year Increase/(Decrease) balance as of December 31, 2022	CS 4-22	48,296,837
5	Budgeted balance as of December 31, 2022		\$ 1,401,668,240
6	Year-To-Date Increase/(Decrease) balance as of June 30, 2023	CS 4-23-S1	30,819,803
7	Budgeted balance as of June 30, 2023		\$ 1,432,488,043
8	Pro Forma adjustment to Increase / (Decrease) the balance for Ratemaking to account for GAAP to FERC reporting differences	CS 4-23R-S1	(51,064,581)
9	Ratemaking balance as of June 30, 2023		\$ 1,381,423,462

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Capital Structure
As of June 30, 2023

This pro forma adjusts the balance as of December 31, 2021, capital structure for post-retirement liability to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2022 and June 30, 2023 and ratemaking adjustment(s) for the twelve months ending June 30, 2023, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual Balance - December 31, 2021		\$ 39,472,666
2	Normalization adjustment N/A		-
3	Normalized balance as of December 31, 2021		\$ 39,472,666
4	Year-Over-Year Increase/(Decrease) balance as of December 31, 2022	CS 5-22	(13,794,760)
5	Budgeted balance as of December 31, 2022		\$ 25,677,906
6	Year-To-Date Increase/(Decrease) balance as of June 30, 2023	CS 5-23-S1	(6,952,165)
7	Budgeted balance as of June 30, 2023		\$ 18,725,741
8	Pro Forma adjustment to reflect the current Aon Hewitt forecast received July 2022	CS 5-23R-S1	1,085,770
9	Ratemaking balance as of June 30, 2023		\$ 19,811,511

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Capital Structure
As of June 30, 2023

This pro forma adjusts the balance as of December 31, 2021, capital structure for prepaid pension asset to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2022 and June 30, 2023, and ratemaking adjustment(s) for the twelve months ending June 30, 2023, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual Balance - December 31, 2021		\$ (433,464,769)
2	Normalization Adjustment N/A		-
3	Normalized balance as of December 31, 2021		\$ (433,464,769)
4	Year-Over-Year Increase/(Decrease) balance as of December 31, 2022	CS 6-22	(7,558,283)
5	Budgeted balance as of December 31, 2022		\$ (441,023,052)
6	Year-To-Date Increase/(Decrease) balance as of June 30, 2023	CS 6-23-S1	(1,637,918)
7	Budgeted balance as of June 30, 2023		\$ (442,660,970)
8	Pro Forma adjustment to reflect the current Aon Hewitt forecast received July 2022	CS 6-23R-S1	11,255,690
9	Ratemaking balance as of June 30, 2023		\$ (431,405,280)

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Capital Structure
As of June 30, 2023

This pro forma adjusts the balance as of December 31, 2021, capital structure for Post-1970 ITC to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2022, and June 30, 2023, and ratemaking adjustment(s) for the twelve months ending June 30, 2023, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual Balance - December 31, 2021		\$ 1,226,420
2	Normalization adjustment N/A		-
3	Normalized balance as of December 31, 2021		<u>\$ 1,226,420</u>
4	Year-Over-Year Increase/(Decrease) balance as of December 31, 2022	CS 7-22	<u>(317,054)</u>
5	Budgeted balance as of December 31, 2022		<u>\$ 909,366</u>
6	Year-To-Date Increase/(Decrease) balance as of June 30, 2023	CS 7-23-S1	<u>(134,544)</u>
7	Budgeted balance as of June 30, 2023		<u>\$ 774,822</u>
8	Pro Forma adjustment N/A		-
9	Ratemaking balance as of June 30, 2023		<u><u>\$ 774,822</u></u>

Northern Indiana Public Service Company LLC
Statement of Operating Income
Actual, Pro forma, and Proposed
For the Twelve Month Period Ending December 31, 2023

Line No.	Description	Actual	Pro forma Adjustments Increases (Decreases)	Attachment 3-B Reference ¹	Pro forma Results Based on Current Rates	Pro forma Adjustments Increases (Decreases)	Attachment 3-C Reference	Pro forma Results Based on Proposed Rates
	A	B	C	D	E	F	G	H
1	Operating Revenue							
2	Revenue (Actual / Pro Forma)	\$ 1,700,765,620		REV, Col A	\$ 1,528,339,678	291,780,191	PF - 1	\$ 1,820,119,869
3	Pro forma Adjustments December 31, 2021		(19,779,195)	REV, Col B				
4	2022 Year-Over-Year Increase/(Decrease)		(51,640,914)	REV, Col D				
5	2023 Year-Over-Year Increase/(Decrease)		19,012,369	REV, Col F				
6	Ratemaking Adjustments December 31, 2023		(120,018,202)	REV, Col H				
7	Total Operating Revenue	\$ 1,700,765,620	\$ (172,425,942)		\$ 1,528,339,678	\$ 291,780,191		\$ 1,820,119,869
8	Fuel & Purchased Power							
9	Fuel and Purchase Power Cost (Actual / Pro Forma)	\$ 416,398,339		FPP, Col A	\$ 392,509,634	-		\$ 392,509,634
10	Pro forma Adjustments December 31, 2021		(3,843,760)	FPP, Col B				
11	2022 Year-Over-Year Increase/(Decrease)		(25,895,162)	FPP, Col D				
12	2023 Year-Over-Year Increase/(Decrease)		(4,860,689)	FPP, Col F				
13	Ratemaking Adjustments December 31, 2023		10,710,906	FPP, Col H				
14	Total Fuel and Purchased Power Costs	\$ 416,398,339	\$ (23,888,705)		\$ 392,509,634	\$ -		\$ 392,509,634
15	Gross Margin	\$ 1,284,367,281	\$ (148,537,237)		\$ 1,135,830,043	\$ 291,780,191		\$ 1,427,610,234
16	Operations and Maintenance Expenses							
17	Operations and Maintenance Expenses (Actual / Pro Forma)	\$ 493,605,075		O&M, Col A	\$ 432,440,828	737,057	PF - 2	\$ 433,177,885
18	Pro forma Adjustments December 31, 2021		(23,438,011)	O&M, Col B				
19	2022 Year-Over-Year Increase/(Decrease)		44,307,375	O&M, Col D				
20	2023 Year-Over-Year Increase/(Decrease)		42,240,218	O&M, Col F				
21	Ratemaking Adjustments December 31, 2023		(124,273,829)	O&M, Col H				
22	Total Operations and Maintenance Expense	\$ 493,605,075	\$ (61,164,246)		\$ 432,440,828	\$ 737,057		\$ 433,177,885
23	Depreciation Expense							
24	Depreciation Expense (Actual / Pro Forma)	\$ 300,041,895		DEPR, Col A	\$ 314,465,223			\$ 314,465,223
25	Pro forma Adjustments December 31, 2021		(10,408,351)	DEPR, Col B				
26	2022 Year-Over-Year Increase/(Decrease)		4,307,754	DEPR, Col D				
27	2023 Year-Over-Year Increase/(Decrease)		19,336,047	DEPR, Col F				
28	Ratemaking Adjustments December 31, 2023		1,187,878	DEPR, Col H				
29	Total Depreciation Expense	\$ 300,041,895	\$ 14,423,328		\$ 314,465,223	\$ -		\$ 314,465,223

30	Amortization Expense										
31	Amortization Expense (Actual / Pro Forma)	\$	28,049,666		AMTZ, Col A	\$	143,750,842	\$	143,750,842		
32	Pro forma Adjustments December 31, 2021			33,681,838	AMTZ, Col B						
33	2022 Year-Over-Year Increase/(Decrease)			35,261,816	AMTZ, Col D						
34	2023 Year-Over-Year Increase/(Decrease)			20,002,648	AMTZ, Col F						
35	Ratemaking Adjustments December 31, 2023			26,754,873	AMTZ, Col H						
36	Total Amortization Expense	\$	28,049,666	\$	115,701,175	\$	143,750,842	\$	-		
37	Taxes										
38	Taxes Other than Income										
39	Taxes Other than Income (Actual / Pro Forma)	\$	56,893,980		OTX, Col A	\$	35,531,910	\$	35,531,910		
40	Pro forma Adjustments December 31, 2021			(608,134)	OTX, Col B						
41	2022 Year-Over-Year Increase/(Decrease)			11,539,562	OTX, Col D						
42	2023 Year-Over-Year Increase/(Decrease)			(609,441)	OTX, Col F			\$	-		
43	Ratemaking Adjustments December 31, 2023			(31,684,057)	OTX, Col H		372,335	PF - 3	\$	372,335	
44	Total Taxes Other Than Income	\$	56,893,980	\$	(21,362,070)	\$	35,531,910	\$	372,335		
45	Operating Income Before Income Taxes	\$	405,776,664	\$	(196,135,424)	\$	209,641,240	\$	290,670,799		
46	Income Taxes										
47	Federal and State Taxes (Actual / Pro Forma)	\$	55,596,061	(49,720,170)	Attachment 3-C-S, ITX 1	\$	5,875,891	72,292,735	PF - 4	\$	78,168,625
48	Total Taxes	\$	112,490,040	\$	(71,082,240)	\$	41,407,800	\$	72,665,069	\$	114,072,870
49	Total Operating Expenses including Income Taxes	\$	934,186,677	\$	(2,121,983)	\$	932,064,694	\$	73,402,126	\$	1,005,466,820
50	Required Net Operating Income	\$	350,180,604	\$	(146,415,254)	\$	203,765,349	\$	218,378,065	\$	422,143,414

Footnote 1 - Unless otherwise noted

Northern Indiana Public Service Company LLC
Calculation of Proposed Revenue Increase
Based on Pro forma Operating Results
Original Cost Rate Base Estimated at December 31, 2023

Line No.	Description	Revenue Deficiency
1	Net Original Cost Rate Base	\$ 5,945,681,889
2	Rate of Return	7.10%
3	Net Operating Income	422,143,414
4	Pro forma Net Operating Income	203,765,349
5	Increase in Net Operating Income (NOI Shortfall)	218,378,065
6	Effective Incremental Revenue / NOI Conversion Factor	74.843%
7	Increase in Revenue Requirement (Based on Net Original Cost Rate Base) (Line 5 / Line 6)	\$ 291,780,191
8	One	1.000000
9	Less: Public Utility Fee	0.001276
10	Less: Bad Debt	0.002526
11	State Taxable Income	0.996198
12	Taxable Adjusted Gross Income Tax	0.996198
13	Adjusted Gross Income Tax Rate	0.049000
14	Adjusted Gross Income Tax	0.048814
15	Line 11 less line 14	0.947384
16	One	1.000000
17	Less: Federal Income Tax Rate	0.210000
18	One Less Federal Income Tax Rate	0.790000
19	Effective Incremental Revenue / NOI Conversion Factor	74.843%

Northern Indiana Public Service Company LLC
Summary of Rate Base
As Of December 31, 2023

<u>Line No.</u>	<u>Description</u>	<u>As Of December 31, 2023</u>	<u>Attachment 3-B Reference</u>
	<u>Electric Rate Base</u>		
1	Utility Plant	\$ 8,252,008,653	RB, Col I
2	Non Jurisdictional Plant	-	RB, Col I
3	Common Allocated	384,894,416	RB, Col I
	Total Electric Utility Plant	<u>8,636,903,069</u>	RB, Col I
4	Utility Plant Accumulated Depreciation and Amortization	(4,069,667,383)	RB, Col I
5	Non Jurisdictional Plant Accumulated Depreciation and Amortization	-	RB, Col I
6	Common Allocated Accumulated Depreciation and Amortization	(245,419,231)	RB, Col I
	Total Electric Accumulated Depreciation and Amortization	<u>(4,315,086,614)</u>	RB, Col I
	Net Electric Utility Plant	<u>\$ 4,321,816,455</u>	RB, Col I
7	Schahfer Units 14 and 15 Retirement Net Plant	589,996,769	RB, Col I
8	Renewable Energy Joint Venture Investments	840,993,617	RB, Col I
9	Cause Nos. 44688 & 45159 Remainder	23,510,338	RB, Col I
10	Electric TDSIC Cause Nos. 44733 and 45557	24,558,486	RB, Col I
11	Electric FMCA	545,389	RB, Col I
12	Materials & Supplies	98,989,010	RB, Col I
13	Production Fuel	45,271,825	RB, Col I
	Total Electric Rate Base	<u>\$ 5,945,681,889</u>	RB, Col I

Northern Indiana Public Service Company LLC
Capital Structure
As Of December 31, 2023

Line No.	Description	Total Company Capitalization	Percent of Total	Cost	Weighted Average Cost
	A	B	C	D	E
1	Common Equity	\$ 4,564,821,051	51.63%	10.40%	5.37%
2	Long-Term Debt	3,233,952,976	36.58%	4.66%	1.70%
3	Customer Deposits	59,541,950	0.67%	4.77%	0.03%
4	Deferred Income Taxes	1,393,665,855	15.76%	0.00%	0.00%
5	Post-Retirement Liability	13,945,116	0.16%	0.00%	0.00%
6	Prepaid Pension Asset	(424,946,780)	-4.81%	0.00%	0.00%
7	Post-1970 ITC	640,278	0.01%	8.02%	0.00%
8	Totals	<u>\$ 8,841,620,445</u>	<u>100.00%</u>		<u>7.10%</u>

Cost of Investor Supplied Capital

	Description	Total Company Capitalization	Percent of Total	Cost	Weighted Average Cost
	A	B	C	D	E
9	Common Equity	\$ 4,564,821,051	58.53%	10.40%	6.09%
10	Long-Term Debt	3,233,952,976	41.47%	4.66%	1.93%
11	Totals	<u>\$ 7,798,774,027</u>	<u>100.00%</u>		<u>8.02%</u>

Northern Indiana Public Service Company LLC
Summary Statement of Revenue
Twelve Months Ended December 31, 2021 through Pro Forma Twelve Months Ending December 31, 2023

Line No.	Subcomponent	Twelve Months Ended December 31, 2021 A	Normalization Adjustments B REV <X>-21	Normalized Twelve Months Ended December 31, 2021 C = A + B	Year-Over-Year Increase/(Decrease) D REV <X>-22	Budget Twelve Months Ending December 31, 2022 E = C + D	Year-Over-Year Increase/(Decrease) F REV <X>-23	Budget Twelve Months Ending December 31, 2023 G = E + F	Rate-making Adjustments H REV <X>-23R	Pro forma Twelve Months Ending December 31, 2023 I = G + H
	Adjustment Reference									
1	Retail Revenue	\$ 1,511,405,301	\$ (14,035,169)	\$ 1,497,370,133	\$ (48,038,806)	\$ 1,449,331,327	\$ (7,095,937)	\$ 1,442,235,389	\$ (13,482,389)	\$ 1,428,753,000
2	Revenue Credit	(1,907,486)	-	(1,907,486)	(6,209,518)	(8,117,004)	(3,048,953)	(11,165,957)	11,083,096	(82,861)
3	FMCA Tracker	54,759	(54,759)	-	-	-	-	-	-	\$ -
4	ECRM Tracker	1,630	(1,630)	-	-	-	-	-	-	\$ -
5	TDSIC Tracker	24,952,224	(37,147)	24,915,077	8,737,860	33,652,936	25,147,032	58,799,968	3,308,368	\$ 62,108,337
6	RTO Tracker	39,247,162	(64,837)	39,182,325	(3,447,958)	35,734,366	2,329,500	38,063,866	(38,063,866)	\$ -
7	DSM Revenue	19,715,617	(72,384)	19,643,233	5,919,299	25,562,531	(1,388,082)	24,174,449	(12,549,808)	\$ 11,624,641
8	Interdepartment Sales	4,061,281	(407,420)	3,653,861	(321,045)	3,332,815	(76,114)	3,256,702	434,456	\$ 3,691,158
9	Off-System Sales	3,471,617	-	3,471,617	(3,471,617)	-	-	-	-	\$ -
10	Non-jurisdictional Tracker	69,446,257	-	69,446,257	(2,605,097)	66,841,160	3,144,922	69,986,082	(69,986,082)	\$ -
11	Transmission	15,606,964	-	15,606,964	311,589	15,918,553	-	15,918,553	(913,498)	\$ 15,005,056
12	Forfeited Discounts	5,404,228	(152,731)	5,251,497	(1,647,438)	3,604,059	-	3,604,059	(38,917)	\$ 3,565,141
13	Miscellaneous Service Revenue	1,046,550	-	1,046,550	(147,887)	898,663	-	898,663	-	\$ 898,663
14	Rent Revenue	2,284,363	-	2,284,363	301,742	2,586,105	-	2,586,105	-	\$ 2,586,105
15	Other Electric Revenue	5,027,244	(4,953,118)	74,126	(74,126)	-	-	-	190,438	\$ 190,438
16	DRR - Other Revenue	947,909	-	947,909	(947,909)	-	-	-	-	\$ -
	Total Revenue	<u>\$ 1,700,765,620</u>	<u>\$ (19,779,195)</u>	<u>\$ 1,680,986,425</u>	<u>\$ (51,640,914)</u>	<u>\$ 1,629,345,511</u>	<u>\$ 19,012,369</u>	<u>\$ 1,648,357,879</u>	<u>\$ (120,018,202)</u>	<u>\$ 1,528,339,678</u>

Line No.	A	B	C	D	E	F	G	H	I	J	K
		Pro Forma Adj. Description	Weather Normalization	Large Industrials Customer Migration	Small Customer Migration	FMCA	ECR	Interdepartmental	Forfeited Discounts	Revenue 495	Total Normalization Adjustments
	Subcomponent	Att. 3-B / Att. 3-C	REV 1A-21	REV 1B-21	REV 1C-21	REV 3-21	REV 4-21	REV 8-21	REV 12-21	REV 15-21	REV Module Column B
1											
2											
3	Retail Revenue	REV 1	\$ (12,935,828)	\$ (226,871)	\$ (872,469)						\$ (14,035,169)
4	Revenue Credit	REV 2									\$ -
5	FMCA Tracker	REV 3		\$ 3,105	\$ (1,032)	\$ (56,833)					\$ (54,759)
6	ECRM Tracker	REV 4					\$ (1,630)				\$ (1,630)
7	TDSIC Tracker	REV 5		\$ (2,915)	\$ (34,232)						\$ (37,147)
8	RTO Tracker	REV 6		\$ (13,664)	\$ (51,174)						\$ (64,837)
9	DSM Revenue	REV 7			\$ (72,384)						\$ (72,384)
10	Interdepartment Sales	REV 8						\$ (407,420)			\$ (407,420)
11	Off-System Sales	REV 9									\$ -
12	Non-jurisdictional Tracker	REV 10									\$ -
13	Transmission	REV 11									\$ -
14	Forfeited Discounts	REV 12							\$ (152,731)		\$ (152,731)
15	Miscellaneous Service Revenue	REV 13									\$ -
16	Rent Revenue	REV 14									\$ -
17	Other Electric Revenue	REV 15								\$ (4,953,116)	\$ (4,953,116)
18	DRR - Other Revenue	REV 16									\$ -
19		TOTAL	\$ (12,935,828)	\$ (240,345)	\$ (1,031,291)	\$ (56,833)	\$ (1,630)	\$ (407,420)	\$ (152,731)	\$ (4,953,116)	\$ (19,779,195)

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q
		Pro Forma Adj. Description	Demand Reforecast	EDR Reforecast	Lighting Projection	Rate 543 Migration and New Customer	Generation Credit	TDSIC PISCC	RTO	DSM Budget True-up	DSM lost Margins	LNG Adjustment	Remove Non-jurisdictional Tracker	Remove TMEP Revenue	Remove RTO related Revenue	Other Electric Revenues	Total Ratemaking Adjustments
	Subcomponent	Att. 3-B / Att. 3-C	REV 1A-23R	REV 1B-23R	REV 1C-23R	REV 1D-23R	REV 2-23R	REV 5-23R	REV 6-23R	REV 7A-23R	REV 7B-23R	REV 8-23R	REV 10-23R	REV 11-23R	REV 12-23R	REV 15-23R	REV Module Column H
20																	
21																	
22	Retail Revenue	REV 1	\$ (19,957,290)	\$ 4,521,845	\$ 596,943	\$ 1,356,113											\$ (13,482,389)
23	Revenue Credit	REV 2					\$ 11,083,096										\$ 11,083,096
24	FMCA Tracker	REV 3															\$ -
25	ECRM Tracker	REV 4															\$ -
26	TDSIC Tracker	REV 5				\$ 5,383		\$ 3,302,986									\$ 3,308,368
27	RTO Tracker	REV 6							\$ (38,063,866)								\$ (38,063,866)
28	DSM Revenue	REV 7				\$ 14,159				\$ (403,436)	\$ (12,160,531)						\$ (12,549,808)
29	Interdepartment Sales	REV 8	\$ 864,677									\$ (430,221)					\$ 434,456
30	Off-System Sales	REV 9															\$ -
31	Non-jurisdictional Tracker	REV 10											\$ (69,986,082)				\$ (69,986,082)
32	Transmission	REV 11											\$ (913,498)				\$ (913,498)
33	Forfeited Discounts	REV 12													\$ (38,917)		\$ (38,917)
34	Miscellaneous Service Revenue	REV 13															\$ -
35	Rent Revenue	REV 14															\$ -
36	Other Electric Revenue	REV 15														\$ 190,438	\$ 190,438
37	DRR - Other Revenue	REV 16															\$ -
38		TOTAL	\$ (19,092,613)	\$ 4,521,845	\$ 596,943	\$ 1,375,655	\$ 11,083,096	\$ 3,302,986	\$ (38,063,866)	\$ (403,436)	\$ (12,160,531)	\$ (430,221)	\$ (69,986,082)	\$ (913,498)	\$ (38,917)	\$ 190,438	\$ (120,018,202)

Northern Indiana Public Service Company LLC
Summary Statement of Fuel and Purchased Power Cost
Twelve Months Ended December 31, 2021 thru Pro Forma Twelve Months Ending December 31, 2023

Line No.	Subcomponent	Twelve Months Ended December 31, 2021 A	Normalization Adjustments B FPP <X>-21	Normalized Twelve Months Ended December 31, 2021 C = A + B	Year-Over-Year Increase/(Decrease) D FPP <X>-22	Budget Twelve Months Ending December 31, 2022 E = C + D	Year-Over-Year Increase/(Decrease) F FPP <X>-23	Budget Twelve Months Ending December 31, 2023 G = E + F	Ratemaking Adjustments H FPP <X>-23R	Pro forma Twelve Months Ending December 31, 2023 I = G + H
1	Retail Sales	\$ 415,475,520	\$ (3,743,669)	\$ 411,731,851	\$ (25,959,444)	\$ 385,772,406	\$ (4,834,159)	\$ 380,938,247	\$ 10,721,632	\$ 391,659,880
2	Interdepartment Sales	922,819	(100,091)	822,728	64,282	887,011	(26,530)	860,481	(10,726)	\$ 849,755
3	Total Fuel and Purchased Power Cost	<u>\$ 416,398,339</u>	<u>\$ (3,843,760)</u>	<u>\$ 412,554,579</u>	<u>\$ (25,895,162)</u>	<u>\$ 386,659,417</u>	<u>\$ (4,860,689)</u>	<u>\$ 381,798,728</u>	<u>\$ 10,710,906</u>	<u>\$ 392,509,634</u>

Northern Indiana Public Service Company LLC
 Fuel Normalization and Ratemaking Adjustments Summary

Petitioner's Exhibit No. 3
 Attachment 3-B-S2
 FPP Matrix

Line No.	A	B	C	D	E	F	G
1		Pro Forma Adj. Description	Weather Normalization	Large Industrials Customer Migration	Small Customer Migration	LNG Fuel	Total Normalization Adjustments
2	Subcomponent	Att. 3-B / Att. 3-C	FPP 1A-21	FPP 1B-21	FPP 1C-21	FPP 2-21	FPP Module Column B
3	Retail Sales	FP 1	\$ (3,306,821)	\$ (436,848)	\$ -		\$ (3,743,669)
4	Interdepartment Sales	FP 2				\$ (100,091)	\$ (100,091)
5		TOTAL	\$ (3,306,821)	\$ (436,848)	\$ -	\$ (100,091)	\$ (3,843,760)

Line No.	A	B	C	D	E	F	G	H	I	J
6		Pro Forma Adj. Description	Demand Reforecast	REC Sales	Cash Held at JV	OSS Margin Credit	Lighting Projection	Rate 543 Migration and New Customer	LNG Fuel	Total Ratemaking Adjustments
7	Subcomponent	Att. 3-B / Att. 3-C	FPP 1A-23R	FPP 1B-23R	FPP 1C-23R	FPP 1D-23R	FPP 1E-23R	FPP 1F-23R	FPP 2-23R	FPP Module Column H
8	Retail Sales	FP 1	\$ 64,669,313	\$ (15,420,440)	\$ (15,616,300)	\$ (23,059,206)	\$ 87,451	\$ 60,815		\$ 10,721,632
9	Interdepartment Sales	FP 2	\$ 98,537						\$ (109,263)	\$ (10,726)
10		TOTAL	\$ 64,767,849	\$ (15,420,440)	\$ (15,616,300)	\$ (23,059,206)	\$ 87,451	\$ 60,815	\$ (109,263)	\$ 10,710,906

Northern Indiana Public Service Company LLC
Summary Statement of Operations and Maintenance Expense
Twelve Months Ended December 31, 2021, thru Pro forma Twelve Months Ending December 31, 2023

Line No.	Subcomponent	Twelve Months Ended December 31, 2021	Normalization Adjustments	Normalized Twelve Months Ended December 31, 2021	Year-Over-Year Increase / (Decrease)	Budget Twelve Months Ending December 31, 2022	Year-Over-Year Increase / (Decrease)	Budget Twelve Months Ending December 31, 2023	Ratemaking Adjustments	Pro Forma Twelve Months Ending December 31, 2023
	Adjustment Reference	A	B	C = A + B	D	E = C + D	F	G = E + F	H	I = G + H
			OM<X>-21		OM<X>-22		OM<X>-23		OM<X>-23	
1	Labor	\$ 123,584,358	\$ -	\$ 123,584,358	\$ (1,608,134)	\$ 121,976,223	\$ 4,603,434	\$ 126,579,657	\$ 5,487,880	\$ 132,067,537
2	Electric Operations	132,638,684	(14,899,361)	117,739,323	18,917,698	136,657,021	40,984,078	177,641,098	(101,072,553)	\$ 76,568,545
3	Other Departments	40,443,669	3,197,961	43,641,629	6,139,863	49,781,492	(10,609,611)	39,171,881	393,638	\$ 39,565,519
4	TDSIC	-	-	-	1,738,399	1,738,399	-	1,738,399	(1,738,399)	\$ -
5	Non-Recoverable	-	-	-	-	-	-	-	(935,014)	\$ (935,014)
6	Corporate Service Bill	105,657,320	(769,654)	104,887,666	8,021,909	112,909,575	1,199,017	114,108,593	725,589	\$ 114,834,181
7	Corporate Insurance	17,858,619	-	17,858,619	1,966,858	19,825,477	924,539	20,750,016	231,366	\$ 20,981,382
8	Rents & Leases	3,394,100	-	3,394,100	(13,616)	3,380,484	(0)	3,380,484	(409,810)	\$ 2,970,674
9	Environmental Reserve	(5,550,358)	5,550,358	-	-	-	-	-	-	\$ -
10	Uncollectible	5,168,607	-	5,168,607	(1,701,864)	3,466,743	173,425	3,640,168	220,524	\$ 3,860,692
11	STI	12,376,645	(3,256,049)	9,120,596	(295,378)	8,825,218	261,752	9,086,970	651,681	\$ 9,738,651
12	Pension	(16,072,388)	-	(16,072,388)	9,929,952	(6,142,436)	497,996	(5,644,440)	9,846,653	\$ 4,202,213
13	OPEB	4,524,806	-	4,524,806	(1,191,026)	3,333,780	278,067	3,611,846	2,682,522	\$ 6,294,368
14	Medical Benefits	8,724,698	-	8,724,698	5,216,629	13,941,327	1,329,105	15,270,432	(4,013,461)	\$ 11,256,971
15	Other Benefits	6,795,969	(5,851,865)	944,104	(924,841)	19,263	-	19,263	2,884	\$ 22,147
16	Other Employee Benefits	7,859,785	-	7,859,785	(1,085,912)	6,773,873	197,048	6,970,921	1,713,668	\$ 8,684,589
17	LTIP	592,053	66,639	658,692	122,048	780,740	29,102	809,843	42,016	\$ 851,858
18	Profit Sharing	758,074	-	758,074	(127,760)	630,314	42,767	673,081	(673,081)	\$ -
19	Benefits Administration	1,574,620	-	1,574,620	(732,042)	842,578	-	842,578	633,936	\$ 1,476,515
20	RTO	40,911,882	(5,112,109)	35,799,774	(65,408)	35,734,366	2,329,500	38,063,866	(38,063,866)	\$ -
21	Cause No. 45159 Amortization	2,363,932	(2,363,932)	-	-	-	-	-	-	\$ -
22	Total Operations and Maintenance Expense	\$ 493,605,075	\$ (23,438,011)	\$ 470,167,063	\$ 44,307,375	\$ 514,474,439	\$ 42,240,218	\$ 556,714,657	\$ (124,273,829)	\$ 432,440,828

Northern Indiana Public Service Company LLC
Summary Statement of Depreciation Expense
Twelve Months Ended December 31, 2021, through Pro Forma Twelve Months Ending December 31, 2023

Line No.	Subcomponent	Twelve Months Ended	Normalized	Year-Over-Year	Projected	Year-Over-Year	Projected	Rate-making	Pro forma
		December 31, 2021	Twelve Months Ended December 31, 2021	Increase / (Decrease)	Twelve Months Ending December 31, 2022	Increase / (Decrease)	Twelve Months Ending December 31, 2023	Adjustments	Twelve Months Ending December 31, 2023
Adjustment Reference		A	C = A + B	D	E = C + D	F	G = E + F	H	I = G + H
				DEPR<X>-21	DEPR<X>-22	DEPR<X>-23		DEPR<X>-23R	
1	Electric Plant Asset Depreciation	\$ 287,006,678	\$ 287,006,678	\$ 4,377,856	\$ 291,384,534	\$ 19,114,361	\$ 310,498,894	\$ (2,020,180)	\$ 308,478,715
2	Electric Common Depreciation Expense	2,626,866	2,626,866	(70,101)	2,556,765	221,686	2,778,451	3,208,057	5,986,509
3	Cause No. 44688 and 45159 - Tracker Amortization	10,408,351	-	-	-	-	-	-	-
4	Total Depreciation Expense	<u>\$ 300,041,895</u>	<u>\$ 289,633,544</u>	<u>\$ 4,307,754</u>	<u>\$ 293,941,299</u>	<u>\$ 19,336,047</u>	<u>\$ 313,277,345</u>	<u>\$ 1,187,878</u>	<u>\$ 314,465,223</u>

Northern Indiana Public Service Company LLC
Summary Statement of Amortization Expense
Twelve Months Ended December 31, 2021, through Pro Forma Twelve Months Ending December 31, 2023

Line No.	Subcomponent	Twelve Months Ended December 31, 2021 A	Normalization Adjustments B AMTZ<X>-21	Normalized Twelve Months Ended December 31, 2021 C = A + B	Year-Over-Year Increase / (Decrease) D AMTZ<X>-22	Projected Twelve Months Ending December 31, 2022 E = C + D	Year-Over-Year Increase / (Decrease) F AMTZ<X>-23	Projected Twelve Months Ending December 31, 2023 G = E + F	Ratemaking Adjustments H AMTZ<X>-23R	Pro forma Twelve Months Ending December 31, 2023 I = G + H
1	Electric Plant Asset Amortization	\$ 5,915,929	\$ -	\$ 5,915,929	\$ (557,648)	\$ 5,358,281	\$ (1,171,837)	\$ 4,186,444	\$ (337,841)	\$ 3,848,603
2	Electric Common Amortization	13,008,399	-	13,008,399	1,259,059	14,267,458	(926,616)	13,340,842	(1,035,649)	12,305,193
3	Schahfer Units 14 and 15 Retirement Regulatory Asset Amortization	9,006,253	-	9,006,253	41,048,397	50,054,650	5,166,849	55,221,499	10,333,698	65,555,197
4	Renewable Reg Asset Amortization	119,085	-	119,085	-	119,085	9,330,279	9,449,364	18,898,728	28,348,092
5	TDSIC Regulatory Asset Amortization	-	-	-	-	-	-	-	7,155,773	7,155,773
6	FMCA CCR 20% Regulatory Asset	-	-	-	-	-	-	-	153,661	153,661
7	Cause No. 44988 and 45159 Amortization	-	31,141,324	31,141,324	(9,609,987)	21,531,337	(852,996)	20,678,341	-	20,678,341
8	COVID Regulatory Asset Amortization	-	-	-	-	-	-	-	1,877,852	1,877,852
9	Sugar Creek Purchase Acquisition	-	2,540,514	2,540,514	2	2,540,516	-	2,540,516	-	2,540,516
10	Electric Rate Case Expense Amortization	-	-	-	-	-	-	-	1,287,614	1,287,614
11	Total Amortization Expense	\$ 28,049,666	\$ 33,681,838	\$ 61,731,504	\$ 32,139,823	\$ 93,871,327	\$ 11,545,679	\$ 105,417,006	\$ 38,333,836	\$ 143,750,841

Northern Indiana Public Service Company LLC
Summary Statement of Taxes Other Than Income Expense
Twelve Months Ended December 31, 2021, thru Pro forma Twelve Months Ending December 31, 2023

Line No.	Subcomponent	Twelve Months Ended December 31, 2021	Normalization Adjustments	Normalized Twelve Months Ended December 31, 2021	Year-Over-Year Increase/(Decrease)	Budget Twelve Months Ending December 31, 2022	Year-Over-Year Increase/(Decrease)	Budget Twelve Months Ending December 31, 2023	Ratemaking Adjustments	Pro forma Twelve Months Ending December 31, 2023
	Adjustment Reference	A	B	C = A + B	D	E = C + D	F	G = E + F	H	I = G + H
			OTX<X>-21		OTX<X>-22		OTX<X>-23		OTX<X>-23R	
1	Property Tax	\$ 22,917,459	\$ (262,778)	\$ 22,654,681	\$ 9,511,714	\$ 32,166,395	\$ (1,884,365)	\$ 30,282,030	\$ (7,989,905)	\$ 22,292,125
2	Payroll Taxes	9,815,756	(249,088)	9,566,668	893,390	10,460,057	478,384	10,938,442	370,085	11,308,527
3	Sales Tax	96,268	(96,268)	-	-	-	-	-	-	-
4	URT	22,140,038	-	22,140,038	971,388	23,111,426	796,539	23,907,965	(23,907,965)	-
5	Public Utility Fee	1,924,458	-	1,924,458	163,071	2,087,529	-	2,087,529	(156,271)	1,931,258
6	Total Taxes Other than Income	<u>\$ 56,893,980</u>	<u>\$ (608,134)</u>	<u>\$ 56,285,845</u>	<u>\$ 11,539,562</u>	<u>\$ 67,825,407</u>	<u>\$ (609,441)</u>	<u>\$ 67,215,967</u>	<u>\$ (31,684,057)</u>	<u>\$ 35,531,910</u>

Northern Indiana Public Service Company
Summary Statement of Rate Base
As of December 31, 2021 through Projected as of December 31, 2023

Line No.	Subcomponent	Actuals as of December 31, 2021 A	Normalization Adjustments B RB<X>-21	Normalized as of December 31, 2021 C = A + B	Year-Over-Year Increase/(Decrease) D RB<X>-22	Projected As of December 31, 2022 E = C + D	Year-Over-Year Increase/(Decrease) F RB<X>-23	Projected as of December 31, 2023 G = E + F	Rate Making Adjustments H RB<X>-23R	Pro Forma as of December 31, 2023 I = G + H
Electric Rate Base										
1	Utility Plant	E \$ 7,020,936,484	\$ -	\$ 7,020,936,484	\$ 626,613,085	\$ 7,647,549,568	\$ 604,459,084	\$ 8,252,008,653	\$ -	\$ 8,252,008,653
2	Non Jurisdictional Plant	N 620,743,862	-	620,743,862	3,884,597	624,628,459	-	624,628,459	(624,628,459)	-
3	Common Allocated	C 323,933,755	-	323,933,755	30,856,323	354,790,078	30,104,339	384,894,416	-	384,894,416
	Total Electric Utility Plant	<u>7,965,614,101</u>	<u>-</u>	<u>7,965,614,101</u>	<u>661,354,004</u>	<u>8,626,968,105</u>	<u>634,563,423</u>	<u>9,261,531,528</u>	<u>(624,628,459)</u>	<u>8,636,903,069</u>
4	Utility Plant Accumulated Depreciation and Amortization	E (3,698,327,743)	-	(3,698,327,743)	(168,730,161)	(3,867,057,904)	(202,609,479)	(4,069,667,383)	-	(4,069,667,383)
5	Non Jurisdictional Plant Accumulated Depreciation and Amortization	N (53,660,584)	-	(53,660,584)	(16,290,517)	(69,951,102)	(15,229,872)	(85,180,974)	85,180,974	-
6	Common Allocated Accumulated Depreciation and Amortization	C (212,273,132)	-	(212,273,132)	(14,263,098)	(226,536,230)	(18,883,002)	(245,419,231)	-	(245,419,231)
	Total Electric Accumulated Depreciation and Amortization	<u>(3,964,261,459)</u>	<u>-</u>	<u>(3,964,261,459)</u>	<u>(199,283,776)</u>	<u>(4,163,545,235)</u>	<u>(236,722,352)</u>	<u>(4,400,267,588)</u>	<u>85,180,974</u>	<u>(4,315,086,614)</u>
	Net Electric Utility Plant	<u>\$ 4,001,352,641</u>	<u>\$ -</u>	<u>\$ 4,001,352,641</u>	<u>\$ 462,070,228</u>	<u>\$ 4,463,422,869</u>	<u>\$ 397,841,071</u>	<u>\$ 4,861,263,940</u>	<u>\$ (539,447,485)</u>	<u>\$ 4,321,816,455</u>
7	Schahfer Units 14 and 15 Retirement	695,272,917	-	695,272,917	(50,054,650)	645,218,268	(55,221,499)	589,996,769	-	589,996,769
8	Renewable Energy Joint Venture Investments	17,021,755	-	17,021,755	306,927,194	323,948,949	517,044,668	840,993,617	-	840,993,617
9	Cause Nos. 44688 & 45159 Remainder	40,254,336	-	40,254,336	(8,445,445)	31,808,891	(8,298,553)	23,510,338	-	23,510,338
10	Electric TDSIC Cause Nos. 44733 and 45557	5,528,538	-	5,528,538	7,298,503	12,827,041	11,731,445	24,558,486	-	24,558,486
11	Electric FMCA	146,440	-	146,440	-	146,440	398,949	545,389	-	545,389
12	Materials & Supplies	103,615,049	-	103,615,049	(4,626,039)	98,989,010	-	98,989,010	-	98,989,010
13	Production Fuel	32,190,387	-	32,190,387	10,072,768	42,263,155	3,008,670	45,271,825	-	45,271,825
	Total Electric Rate Base	<u>\$ 4,895,382,062</u>	<u>\$ -</u>	<u>\$ 4,895,382,062</u>	<u>\$ 723,242,560</u>	<u>\$ 5,618,624,622</u>	<u>\$ 866,504,752</u>	<u>\$ 6,485,129,374</u>	<u>\$ (539,447,485)</u>	<u>\$ 5,945,681,889</u>

Northern Indiana Public Service Company LLC
Summary of Capital Structure
Twelve Months Ended December 31, 2021, thru Pro forma Twelve Months Ending December 31, 2023

Line No.	Subcomponent	Twelve Months Ended December 31, 2021	Normalization Adjustments	Normalized Twelve Months Ended December 31, 2021	Year-Over-Year Increase/(Decrease)	Budget Twelve Months Ending December 31, 2022	Year-Over-Year Increase/(Decrease)	Budget Twelve Months Ending December 31, 2023	Ratemaking Adjustments	Pro forma Twelve Months Ending December 31, 2023
	Adjustment Reference	A	B	C = A + B	D	E = C + D	F	G = E + F	H	I = G + H
			CS<X>-21		CS<X>-22		CS<X>-23		CS<X>-23R	
1	Common Equity	\$ 3,499,241,723	\$ -	\$ 3,499,241,723	\$ 216,708,513	\$ 3,715,950,236	\$ 512,404,207	\$ 4,228,354,443	\$ 336,466,608	\$ 4,564,821,051
2	Long-Term Debt	2,488,921,252	-	2,488,921,252	235,017,216	2,723,938,468	510,014,508	3,233,952,976	-	3,233,952,976
3	Customer Deposits	64,811,362	-	64,811,362	(2,968,806)	61,842,556	(2,300,607)	59,541,950	-	59,541,950
4	Deferred Income Taxes	1,404,881,385	(51,509,982)	1,353,371,403	48,296,837	1,401,668,240	74,005,296	1,475,673,536	(82,007,681)	1,393,665,855
5	Post-Retirement Liability	39,472,666	-	39,472,666	(13,794,760)	25,677,906	(13,904,330)	11,773,576	2,171,540	13,945,116
6	Prepaid Pension Asset	(433,464,769)	-	(433,464,769)	(7,558,283)	(441,023,052)	(3,270,835)	(444,293,887)	19,347,107	(424,946,780)
7	Post-1970 ITC	1,226,420	-	1,226,420	(317,054)	909,366	(269,088)	640,278	-	640,278
8	Total Capital Structure	<u>\$ 7,065,090,039</u>	<u>\$ (51,509,982)</u>	<u>\$ 7,013,580,057</u>	<u>\$ 475,383,663</u>	<u>\$ 7,488,963,720</u>	<u>\$ 1,076,679,152</u>	<u>\$ 8,565,642,872</u>	<u>\$ 275,977,574</u>	<u>\$ 8,841,620,445</u>

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Revenue
Twelve Months Ending December 31, 2023

This Pro Forma adjusts the twelve months ended December 31, 2021, Electric revenue for base retail revenue to reflect normalization adjustments, budget adjustments for 2022 and 2023, and ratemaking adjustments for the twelve months ending December 31, 2023, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual revenue - December 31, 2021		\$ 1,511,405,301
2	Weather Normalization	REV 1A - 21	(12,935,828)
3	Large Industrial Customer Migration	REV 1B - 21	(226,871)
4	Small Customer Migrations	REV 1C - 21	(872,469)
5	Total Normalization		<u>(14,035,169)</u>
6	Normalized revenue for the twelve months ended December 31, 2021		<u>\$ 1,497,370,133</u>
7	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	REV 1-22	<u>(48,038,806)</u>
8	Budgeted revenue for the twelve months ending December 31, 2022		<u>\$ 1,449,331,327</u>
9	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	REV 1-23	<u>(7,095,937)</u>
10	Budgeted revenue for the twelve months ending December 31, 2023		<u>\$ 1,442,235,389</u>
11	Demand Forecast Update - Margin	REV 1A-23R	(19,957,290)
12	Discontinued Economic Development Rider	REV 1B-23R	4,521,845
13	Lighting Projection	REV 1C-23R	596,943
14	Rate 543 Migration and New Customer	REV 1D-23R	1,356,113
15	Total Ratemaking		<u>(13,482,389)</u>
16	Ratemaking revenue for the twelve months ending December 31, 2023		<u>\$ 1,428,753,000</u>

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Operating Revenue
Twelve Months Ended December 31, 2021

This Pro Forma adjustment decreases the twelve months ended December 31, 2021 operating revenue to normalize weather.

Line No.	Description	Adjustments	Amount
	A	B	C
1	Retail Sales Revenue by Rates		
2	Total Retail Sales Revenue - Rate 811		\$ (9,348,090)
3	Total Retail Sales Revenue - Rate 821		(2,189,677)
4	Total Retail Sales Revenue - Rate 823		(730,251)
5	Total Retail Sales Revenue - Rate 824		(449,124)
6	Total Retail Sales Revenue - Rate 826		<u>(218,686)</u>
7	Decrease in the Twelve Months Ended December 31, 2021 Operating Revenue	REV 1A-21	<u>\$ (12,935,828)</u>

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Operating Revenue
Twelve Months Ended December 31, 2021

This Pro Forma adjustment decreases the twelve months ended December 31, 2021 operating revenue for large customer rate migration in order to match migrations included in the budget for the twelve months ending December 31, 2022 or December 31, 2023.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Retail Sales by Rate		
2	Total Retail Sales Revenue - Rate 826		\$ (268,495)
3	Total Retail Sales Revenue - Rate 833		\$ (1,903,785)
4	Total Retail Sales Revenue - Rate 831		\$ 1,931,935
5	Decrease in the Twelve Months Ended December 31, 2021 Operating Revenue	REV 1B-21	<u>\$ (240,345)</u>
6	Revenues by Subcomponent		
7	Retail Sales	REV 1B-21, REV 1	\$ (226,871)
8	FMCA Tracker	REV 1B-21, REV 3	\$ 3,105
9	TDSIC Tracker	REV 1B-21, REV 5	\$ (2,915)
10	RTO Tracker	REV 1B-21, REV 6	\$ (13,664)
11	Decrease in the Twelve Months Ended December 31, 2021 Operating Revenue	REV 1B-21	<u>\$ (240,345)</u>

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Operating Revenue
Twelve Months Ended December 31, 2021

This Pro Forma adjustment decreases the twelve months ended December 31, 2021 operating revenue for large customer rate migration in order to match migrations included in the budget for the twelve months ending December 31, 2022 or December 31, 2023.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Retail Sales by Rate		
2	Total Retail Sales Revenue - Rate 821		\$ (708,682)
3	Total Retail Sales Revenue - Rate 823		\$ (1,282,338)
4	Total Retail Sales Revenue - Rate 824		\$ (2,736,135)
5	Total Retail Sales Revenue - Rate 826		\$ 3,649,565
6	Total Retail Sales Revenue - Rate 841		\$ 46,298
7	Decrease in the Twelve Months Ended December 31, 2021 Operating Revenue	REV 1C-21	<u>\$ (1,031,291)</u>
8	Revenues by Subcomponent		
9	Retail Sales	REV 1C-21, REV 1	\$ (872,469)
10	FMCA Tracker	REV 1C-21, REV 3	\$ (1,032)
11	TDSIC Tracker	REV 1C-21, REV 5	\$ (34,232)
12	RTO Tracker	REV 1C-21, REV 6	\$ (51,174)
13	DSM Tracker	REV 1C-21, REV 7	\$ (72,384)
14	Decrease in the Twelve Months Ended December 31, 2021 Operating Revenue	REV 1C-21	<u>\$ (1,031,291)</u>

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Operating Revenue
Twelve Months Ending December 31, 2023

This Pro Forma adjustment decreases the twelve months ending December 31, 2023 operating revenue to reflect the reforecast of revenues.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Operating Revenue by Rates		
2	Total Retail Sales Revenue - Rate 811		\$ (1,127,610)
3	Total Retail Sales Revenue - Rate 820		\$ (23,987)
4	Total Retail Sales Revenue - Rate 821		\$ (3,098,882)
5	Total Retail Sales Revenue - Rate 822		\$ (7,810)
6	Total Retail Sales Revenue - Rate 823		\$ (7,772,970)
7	Total Retail Sales Revenue - Rate 824		\$ (17,259,914)
8	Total Retail Sales Revenue - Rate 825		\$ 121,210
9	Total Retail Sales Revenue - Rate 826		\$ 14,515,199
10	Total Retail Sales Revenue - Rate 831		\$ (5,241,071)
11	Total Retail Sales Revenue - Rate 832		\$ 663,496
12	Total Retail Sales Revenue - Rate 833		\$ 46,214
13	Total Retail Sales Revenue - Rate 841		\$ 202,546
14	Total Retail Sales Revenue - Rate 842		\$ (20,267)
15	Total Retail Sales Revenue - Rate 844		\$ (203,841)
16	Total Retail Sales Revenue - Rate 850		\$ (829,941)
17	Total Retail Sales Revenue - Rate 855		\$ 33,681
18	Total Retail Sales Revenue - Rate 860		\$ 46,655
19	Decrease in the Twelve Months Ending December 31, 2023 Operating Revenue	REV 1A-23R, REV 1	\$ (19,957,290)
20	Total Retail Sales Revenue - Electric Interdepartmental	REV 1A-23R, REV 8	\$ 864,677
21	Net Decrease in the Twelve Months Ending December 31, 2023 Operating Revenue	REV 1A-23R	\$ (19,092,613)

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Operating Revenue
Twelve Months Ending December 31, 2023

This Pro Forma adjustment increases the twelve months ending December 31, 2023 operating revenue to reflect Economic Development Rider rates charged to customers in economic development contracts.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Operating Revenue by Rates		
2	Total Retail Sales Revenue - Rate 824		\$ 3,204,309
3	Total Retail Sales Revenue - Rate 826		\$ 1,135,655
4	Total Retail Sales Revenue - Rate 832		\$ 42,997
5	Total Retail Sales Revenue - Rate 833		\$ 138,884
6	Increase in the Twelve Months Ending December 31, 2023 Operating Revenue	REV 1B-23R	\$ 4,521,845

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Operating Revenue
Twelve Months Ending December 31, 2023

This Pro Forma adjustment increases the twelve months ending December 31, 2023 operating revenue, which adjusts 2023 lighting forecast to the 2023 projected for lighting including LED TDSIC Replacement.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Retail Sales by Rate		
2	Rate 850		\$ (94,962)
3	Rate 855		167,586
4	Rate 860		524,318
5	Increase in Pro forma Twelve Months Ending December 31, 2023 Operating Revenue	REV 1C-23R	<u>\$ 596,943</u>

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Operating Revenue
Twelve Months Ended December 31, 2023

This Pro Forma increases revenue for a new wind customer and reclasses the twelve months ended December 31, 2023 operating revenue for renewables into a new rate.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Retail Sales by Rate		
2	Total Retail Sales Revenue - Rate 824		\$ (1,057,692)
3	Total Retail Sales Revenue - Rate 543		\$ 2,433,347
4	Reclass in the Twelve Months Ended December 31, 2023 Operating Revenue	REV 1D-23R	<u>\$ 1,375,655</u>
5	Revenues by Subcomponent		
6	Retail Sales	REV 1D-23R, REV 1	\$ 1,356,113
7	TDSIC Tracker	REV 1D-23R, REV 5	\$ 5,383
8	DSM Tracker	REV 1D-23R, REV 7	\$ 14,159
9	Decrease in the Twelve Months Ended December 31, 2021 Operating Revenue		<u>\$ 1,375,655</u>

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Revenue
Twelve Months Ending December 31, 2023

This Pro Forma adjusts the twelve months ended December 31, 2021, Revenue Credit to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2022, and December 31, 2023, and ratemaking adjustment for the twelve months ending December 31, 2023, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual revenue - December 31, 2021		\$ (1,907,486)
2	Normalization adjustment - n/a		-
3	Normalized revenue for the twelve months ended December 31, 2021		\$ (1,907,486)
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	REV 2-22	(6,209,518)
5	Budgeted revenue for the twelve months ending December 31, 2022		\$ (8,117,004)
6	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2023	REV 2-23	(3,048,953)
7	Budgeted revenue for the twelve months ending December 31, 2023		\$ (11,165,957)
8	Ratemaking Adjustment to reforecast 2023 Revenue Credit, and remove the Revenue Credit currently priced in base rates	REV 2-23R	11,083,096
9	Ratemaking revenue for the twelve months ending December 31, 2023		\$ (82,861)

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Revenue
Twelve Months Ending December 31, 2023

This Pro Forma adjusts the twelve months ended December 31, 2021, Electric revenue for the Federally Mandated Capital and Expense tracker to reflect budget changes for the twelve months ending December 31, 2022 and December 31, 2023.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual revenue - December 31, 2021		\$ 54,759
2	Large Customer Migration	REV 1B - 21	3,105
3	Small Customer Migration	REV 1C - 21	(1,032)
4	Normalization adjustment to remove tracker revenue	REV 3-21	(56,833)
	Total adjustments		<u>(54,759)</u>
6	Normalized revenue for the twelve months ended December 31, 2021		\$ (0)
7	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	REV 3-22	<u>0</u>
8	Budgeted revenue for the twelve months ending December 31, 2022		\$ -
9	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2023	REV 3-23	<u>-</u>
10	Budgeted revenue for the twelve months ending December 31, 2023		\$ -
11	Ratemaking Adjustment N/A		-
12	Ratemaking revenue for the twelve months ending December 31, 2023		\$ -

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Revenue
Twelve Months Ending December 31, 2023

This Pro Forma adjusts the twelve months ended December 31, 2021, Electric revenue for Environmental Mandated Capital and Expense tracker to reflect budget changes for the twelve months ending December 31, 2022 and December 31, 2023.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual revenue - December 31, 2021		\$ 1,630
2	Normalization adjustment to remove tracker revenue	REV 4-21	(1,630)
3	Normalized revenue for the twelve months ended December 31, 2021		<u>\$ -</u>
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	REV 4-22	-
5	Budgeted revenue for the twelve months ending December 31, 2022		<u>\$ -</u>
6	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2023	REV 4-23	-
7	Budgeted revenue for the twelve months ending December 31, 2023		<u>\$ -</u>
8	Rate-making Adjustment N/A		-
9	Rate-making revenue for the twelve months ending December 31, 2023		<u><u>\$ -</u></u>

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Revenue
Twelve Months Ending December 31, 2023

This Pro Forma adjusts the twelve months ended December 31, 2021, Electric revenue for the TDSIC tracker to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2022 and December 31, 2023, and ratemaking adjustment(s) for the twelve months ending December 31, 2023, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual revenue - December 31, 2021		\$ 24,952,224
2	Large Customer Migration	REV 1B - 21	(2,915)
3	Small Customer Migration	REV 1C - 21	(34,232)
4	Total adjustments		<u>(37,147)</u>
5	Normalized revenue for the twelve months ended December 31, 2021		<u>\$ 24,915,077</u>
6	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	REV 5-22	<u>8,737,860</u>
7	Budgeted revenue for the twelve months ending December 31, 2022		<u>\$ 33,652,936</u>
8	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2023	REV 5-23	<u>25,147,032</u>
9	Budgeted revenue for the twelve months ending December 31, 2023		<u>\$ 58,799,968</u>
10	Pro Forma adjustment to Increase revenue for Ratemaking based on the forecasted PISCC revenue not included in the Budget	REV 5-23R	3,302,986
11	Pro Forma adjustment to add new Wind Farm customer in Rate 543	REV 1D-23R	<u>5,383</u>
12	Ratemaking revenue for the twelve months ending December 31, 2023		<u>\$ 62,108,337</u>

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Operating Revenue
Twelve Months Ending December 31, 2023

This Pro Forma adjusts the twelve months ended December 31, 2021, Electric revenue for the RTO Tracker to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2022, December 31, 2023, and ratemaking adjustment(s) for the twelve months ending December 31, 2023, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual revenue - December 31, 2021		\$ 39,247,162
2	Large Customer Migration	REV 1B - 21	\$ (13,664)
3	Small Customer Migration	REV 1C - 21	\$ (51,174)
			\$ (64,837)
4	Normalized revenue for the twelve months ended December 31, 2021		\$ 39,182,325
5	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	REV 6-22	\$ (3,447,958)
6	Budgeted revenue for the twelve months ending December 31, 2022		\$ 35,734,366
7	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2023	REV 6-23	2,329,500
8	Budgeted revenue for the twelve months ending December 31, 2023		\$ 38,063,866
9	Ratemaking adjustment based on the most recent forecast		\$ 3,461,165
10	Ratemaking adjustment to remove RTO Revenue		\$ (41,525,032)
11	Total Ratemaking adjustment	REV 6-23R	\$ (38,063,866)
12	Ratemaking revenue for the twelve months ending December 31, 2023		\$ -

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Revenue
Twelve Months Ending December 31, 2023

This Pro Forma adjusts the twelve months ended December 31, 2021, Electric revenue for the DSM tracker to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2022, December 31, 2023, and ratemaking adjustment(s) for the twelve months ending December 31, 2023, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual revenue - December 31, 2021		\$ 19,715,617
2	Normalization adjustment to Increase / (Decrease) revenue to the DSM tracker	REV 1C-21	(72,384)
3	Normalized revenue for the twelve months ended December 31, 2021		\$ 19,643,233
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	REV 7-22	5,919,299
5	Budgeted revenue for the twelve months ending December 31, 2022		\$ 25,562,531
6	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2023	REV 7-23	(1,388,082)
7	Budgeted revenue for the twelve months ending December 31, 2023		\$ 24,174,449
8	Pro Forma adjustment to Increase/(Decrease) revenue to true-up budget to DSMA-17 Filing	REV 7A-23R	\$ (403,436)
9	Pro Forma adjustment to Increase/(Decrease) to remove lost margins that will remain in DSMA Tracker	REV 7B-23R	(12,160,531)
10	Pro Forma adjustment to add new Wind Farm customer in Rate 543	REV 1D-23R	14,159
11	Ratemaking revenue for the twelve months ending December 31, 2023		\$ 11,624,641

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Operating Revenue
Twelve Months Ending December 31, 2023

This Pro Forma adjusts the twelve months ended December 31, 2021, Electric revenue for Interdepartmental to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2022, December 31, 2023, and ratemaking adjustment(s) for the twelve months ending December 31, 2023, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual revenue - December 31, 2021		\$ 4,061,281
2	Normalization adjustment to Increase/(Decrease) revenue to Interdepartment Sales	REV 8-21	(407,420)
3	Normalized revenue for the twelve months ended December 31, 2021		\$ 3,653,861
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	REV 8-22	\$ (321,045)
5	Budgeted revenue for the twelve months ending December 31, 2022		3,332,815
6	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2023	REV 8-23	(76,114)
7	Budgeted revenue for the twelve months ending December 31, 2023		\$ 3,256,702
8	Pro Forma adjustment for Pricing Model update to Increase/(Decrease) revenue for the twelve months ending December 31, 2023	REV 1A-23R	864,677
9	Pro Forma adjustment for LNG update to Increase/(Decrease) revenue for the twelve months ending December 31, 2023	REV 8-23R	(430,221)
10	Total adjustments		\$ 434,456
11	Ratemaking revenue for the twelve months ending December 31, 2023		\$ 3,691,158

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Revenue
Twelve Months Ending December 31, 2023

This Pro Forma adjusts the twelve months ended December 31, 2021, Electric revenue for Off-System Sales to reflect budget changes for the twelve months ending December 31, 2022 and December 31, 2023.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual revenue - December 31, 2021		\$ 3,471,617
2	Normalization Adjustment N/A		-
3	Normalized revenue for the twelve months ended December 31, 2021		<u>\$ 3,471,617</u>
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	REV 9-22	<u>(3,471,617)</u>
5	Budgeted revenue for the twelve months ending December 31, 2022		<u>\$ -</u>
6	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2023	REV 9-23	<u>-</u>
7	Budgeted revenue for the twelve months ending December 31, 2023		<u>\$ -</u>
8	Ratemaking Adjustment N/A		<u>-</u>
9	Ratemaking revenue for the twelve months ending December 31, 2023		<u><u>\$ -</u></u>

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Operating Revenue
Twelve Months Ending December 31, 2023

This Pro Forma adjustment decreases the twelve months ending December 31, 2023 operating revenue to remove Non-Jurisdictional revenue recorded in 456 accounts per Order 44156-RTO-1.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual revenue - December 31, 2021		\$ 69,446,257
2	Normalization adjustment N/A		\$ -
3	Normalized revenue for the twelve months ended December 31, 2021		\$ 69,446,257
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	REV 10-22	(2,605,097)
5	Budgeted revenue for the twelve months ending December 31, 2022		\$ 66,841,160
6	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2023	REV 10-23	3,144,922
7	Budgeted revenue for the twelve months ending December 31, 2023		\$ 69,986,082
8	Ratemaking adjustment to remove Non-Jurisdictional Project Revenue	REV 10-23R	(69,986,082)
9	Ratemaking revenue for the twelve months ending December 31, 2023		\$ -

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Revenue
Twelve Months Ending December 31, 2023

This Pro Forma adjusts the twelve months ended December 31, 2021, Electric revenue for other transmission revenue to reflect budget changes for the twelve months ending December 31, 2022, and December 31, 2023.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual revenue - December 31, 2021		\$ 15,606,964
2	Normalization adjustment N/A		-
3	Normalized revenue for the twelve months ended December 31, 2021		\$ 15,606,964
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	REV 11-22	311,589
5	Budgeted revenue for the twelve months ending December 31, 2022		\$ 15,918,553
6	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2023	REV 11-23	-
7	Budgeted revenue for the twelve months ending December 31, 2023		\$ 15,918,553
8	Ratemaking Adjustment to remove TMEP revenue from forecasted test year	REV 11-23R	(913,498)
9	Ratemaking revenue for the twelve months ending December 31, 2023		\$ 15,005,056

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Revenue
Twelve Months Ending December 31, 2023

This Pro Forma adjusts the twelve months ended December 31, 2021, Electric Forfeited Discounts to reflect normalization adjustment, budget changes for the twelve months ending December 31, 2022 and 2023, and ratemaking adjustment for the twelve months ending December 31, 2023, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual revenue - December 31, 2021		\$ 5,404,228
2	Normalization adjustment to remove RTO related revenue	REV 12-21	(152,731)
3	Normalized revenue for the twelve months ended December 31, 2021		<u>\$ 5,251,497</u>
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	REV 12-22	(1,647,438)
5	Budgeted revenue for the twelve months ending December 31, 2022		<u>\$ 3,604,059</u>
6	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2023	REV 12-23	-
7	Budgeted revenue for the twelve months ending December 31, 2023		<u>\$ 3,604,059</u>
8	Ratemaking Adjustment to remove RTO related revenue	REV 12-23R	(38,917)
9	Ratemaking revenue for the twelve months ending December 31, 2023		<u><u>\$ 3,565,141</u></u>

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Revenue
Twelve Months Ending December 31, 2023

This Pro Forma adjusts the twelve months ended December 31, 2021, Electric revenue for miscellaneous services to reflect budget changes for the twelve months ending December 31, 2022 and 2023.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual revenue - December 31, 2021		\$ 1,046,550
2	Normalization adjustment N/A		-
3	Normalized revenue for the twelve months ended December 31, 2021		<u>\$ 1,046,550</u>
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	REV 13-22	<u>(147,887)</u>
5	Budgeted revenue for the twelve months ending December 31, 2022		<u>\$ 898,663</u>
6	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2023	REV 13-23	<u>-</u>
7	Budgeted revenue for the twelve months ending December 31, 2023		<u>\$ 898,663</u>
8	Ratemaking Adjustment N/A		-
9	Ratemaking revenue for the twelve months ending December 31, 2023		<u><u>\$ 898,663</u></u>

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Revenue
Twelve Months Ending December 31, 2023

This Pro Forma adjusts the twelve months ended December 31, 2021, Electric revenue for rent from electric property to reflect budget changes for the twelve months ending December 31, 2022 and 2023.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual revenue - December 31, 2021		\$ 2,284,363
2	Normalization adjustment N/A		-
3	Normalized revenue for the twelve months ended December 31, 2021		\$ 2,284,363
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	REV 14-22	301,742
5	Budgeted revenue for the twelve months ending December 31, 2022		\$ 2,586,105
6	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2023	REV 14-23	-
7	Budgeted revenue for the twelve months ending December 31, 2023		\$ 2,586,105
8	Rate-making Adjustment N/A		-
9	Rate-making revenue for the twelve months ending December 31, 2023		\$ 2,586,105

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Revenue
Twelve Months Ending December 31, 2023

This Pro Forma adjusts the twelve months ended December 31, 2021, Other Electric Revenues to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2022 and 2023, and ratemaking adjustment for the twelve months ending December 31, 2023, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual revenue - December 31, 2021		\$ 5,027,244
2	Normalization adjustment to reclass MISO Revenues OM 20	REV 15-21	<u>(4,953,118)</u>
3	Normalized revenue for the twelve months ended December 31, 2021		<u>\$ 74,126</u>
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	REV 15-22	<u>(74,126)</u>
5	Budgeted revenue for the twelve months ending December 31, 2022		<u>\$ -</u>
6	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2023	REV 15-23	<u>-</u>
7	Budgeted revenue for the twelve months ending December 31, 2023		<u>\$ -</u>
8	Ratemaking Adjustment for 4 year average of Other Electric Revenues	REV 15-23R	<u>190,438</u>
9	Ratemaking revenue for the twelve months ending December 31, 2023		<u><u>\$ 190,438</u></u>

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Revenue
Twelve Months Ending December 31, 2023

This Pro Forma adjusts the twelve months ended December 31, 2021, Electric revenue for Demand Resource to reflect budget changes for the twelve months ending December 31, 2022 and December 31, 2023.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual revenue - December 31, 2021		\$ 947,909
2	Normalization adjustment to remove Demand Resource revenue		-
3	Normalized revenue for the twelve months ended December 31, 2021		<u>\$ 947,909</u>
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	REV 16-22	(947,909)
5	Budgeted revenue for the twelve months ending December 31, 2022		<u>\$ -</u>
6	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2023	REV 16-23	-
7	Budgeted revenue for the twelve months ending December 31, 2023		<u>\$ -</u>
	Rate-making Adjustment N/A		-
8			<u>-</u>
9	Rate-making revenue for the twelve months ending December 31, 2023		<u><u>\$ -</u></u>

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Fuel and Purchase Power
Twelve Months Ending December 31, 2023

This Pro Forma adjusts the twelve months ended December 31, 2021, budget changes for the twelve months ending December 31, 2022 and 2023, and ratemaking adjustment for the twelve months ending December 31, 2023, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual Fuel and Purchase Power - December 31, 2021		\$ 415,475,520
2	Normalization adjustment -Weather Norm	FPP 1A-21	(3,306,821)
3	Normalization adjustment - Large Migration	FPP 1B-21	(436,848)
4	Normalization adjustment - Small Migration	FPP 1C-21	-
			<u>(3,743,669)</u>
5	Normalized revenue for the twelve months ended December 31, 2021		\$ 411,731,851
6	Year-Over-Year Increase/(Decrease) Fuel and Purchase Power for the twelve months ending December 31, 2022	FPP 1-22	<u>(25,959,444)</u>
7	Budgeted revenue for the twelve months ending December 31, 2022		\$ 385,772,406
8	Year-Over-Year Increase/(Decrease) Fuel and Purchase Power for the twelve months ending December 31, 2023	FPP 1-23	<u>(4,834,159)</u>
9	Budgeted revenue for the twelve months ending December 31, 2023		\$ 380,938,247
10	Ratemaking Adjustment to increase Fuel and Purchase Power for increased cost and updated demand forecast	FPP 1A -23R	64,669,313
11	Ratemaking Adjustment to decrease Fuel and Purchase Power for REC Sales	FPP 1B -23R	(15,420,440)
12	Ratemaking Adjustment to decrease Fuel and Purchase Power for Cash held at JV	FPP 1C -23R	(15,616,300)
13	Ratemaking Adjustment to pass back Fuel and Purchase Power for OSS Margin Credit	FPP 1D -23R	(23,059,206)
14	Ratemaking Adjustment to increase Lighting	FPP 1E-23R	87,451
15	Ratemaking Adjustment to increase Fuel for new renewable customer	FPP 1F-23R	60,815
			<u>10,721,632</u>
16	Ratemaking revenue for the twelve months ending December 31, 2023		\$ 391,659,880

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Operating Revenue
Twelve Months Ended December 31, 2021

This Pro Forma adjustment decreases the twelve months ended December 31, 2021 fuel cost to normalize weather.

Line No.	Description	Adjustments	Amount
	A	B	C
1	Retail Sales Revenue by Rates		
2	Total Retail Sales Revenue - Rate 811		\$ (2,271,720)
3	Total Retail Sales Revenue - Rate 821		(474,050)
4	Total Retail Sales Revenue - Rate 823		(240,866)
5	Total Retail Sales Revenue - Rate 824		(183,664)
6	Total Retail Sales Revenue - Rate 826		<u>(136,520)</u>
7	Decrease in the Twelve Months Ended December 31, 2021 Operating Revenue	FPP 1A-21	<u>\$ (3,306,821)</u>

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Operating Revenue
Twelve Months Ended December 31, 2021

This Pro Forma adjustment decreases the twelve months ended December 31, 2021 fuel cost for large customer rate migration in order to match migrations included in the budget for the twelve months ending December 31, 2022 or December 31, 2023.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Retail Sales by Rate		
2	Total Retail Sales Revenue - Rate 826		\$ (108,200)
3	Total Retail Sales Revenue - Rate 833		\$ (716,545)
4	Total Retail Sales Revenue - Rate 831		\$ 387,897
5	Decrease in the Twelve Months Ended December 31, 2021 Operating Revenue	FPP 1B-21	<u>\$ (436,848)</u>

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Fuel Cost
Twelve Months Ending December 31, 2021

This Pro Forma adjustment reclasses the twelve months ended December 31, 2021 fuel cost for small customer rate migration in order to match migrations included in the budget for the twelve months ending December 31, 2022 or December 31, 2023.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Retail Sales by Rate		
2	Total Retail Sales Revenue - Rate 821		\$ (119,766)
3	Total Retail Sales Revenue - Rate 823		\$ (212,863)
4	Total Retail Sales Revenue - Rate 824		\$ (703,291)
5	Total Retail Sales Revenue - Rate 826		\$ 1,026,636
6	Total Retail Sales Revenue - Rate 841		\$ 9,285
7	Reclass in Pro forma Twelve Months Ending December 31, 2021 Operating Revenue	FPP 1C-21	\$ 0

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Fuel Cost
Twelve Months Ending December 31, 2023

This Pro Forma adjustment increases the twelve months ending December 31, 2023 fuel cost to adjust 2023 lighting forecast to the 2023 projected for lighting including LED TDSIC Replacement.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Retail Sales by Rate		
2	Rate 850		\$ (30,012)
3	Rate 855		\$ 98,805
4	Rate 860		\$ 18,658
5	Increase in Pro Forma Twelve Months Ending December 31, 2023 Fuel Cost	FPP 1E-23R	\$ 87,451

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Fuel Cost
Twelve Months Ended December 31, 2023

This Pro Forma increases fuel cost for a new wind customer and reclasses the twelve months ended December 31, 2023 operating revenue for renewables to new a rate.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Retail Sales by Rate		
2	Total Retail Sales Revenue - Rate 824		\$ (45,955)
3	Total Retail Sales Revenue - Rate 543		\$ 106,770
4	Reclass in the Twelve Months Ended December 31, 2023 Operating Revenue	FPP 1F-23R	<u>\$ 60,815</u>

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Fuel and Purchase Power
Twelve Months Ending December 31, 2023

This Pro Forma adjusts the twelve months ended December 31, 2021, budget changes for the twelve months ending December 31, 2022 and 2023, and ratemaking adjustment for the twelve months ending December 31, 2023, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual Fuel and Purchase Power - December 31, 2021		\$ 922,819
2	Normalization adjustment - LNG Normalization	FPP 2-21	(100,091)
3	Normalized fuel and purchase power for the twelve months ended December 31, 2021		\$ 822,728
4	Pro Forma adjustment to Increase/(Decrease) Fuel and Purchase Power for the twelve months ending December 31, 2022	FPP 2-22	64,282
5	Budgeted fuel and purchase power for the twelve months ending December 31, 2022		\$ 887,011
6	Pro Forma adjustment to Increase/(Decrease) Fuel and Purchase Power for the twelve months ending December 31, 2023	FPP 2-23	(26,530)
7	Budgeted fuel and purchase power for the twelve months ending December 31, 2023		\$ 860,481
8	Ratemaking Adjustment to increase Fuel and Purchase Power for increased cost and updated demand forecast	FPP 1 COGS	\$ (98,537)
9	Adjustment for LNG Fuel	FPP 2-23R	(109,263)
10	Total adjustments		(207,800)
11	Ratemaking fuel and purchase power for the twelve months ending December 31, 2023		\$ 652,681

Petitioner's Exhibit No. 3
Attachment 3-C-S2
OM 2 Matrix
Page [.2]

CPI-All Urban Consumers (Current Series)
12-Month Percent Change

Series Id: CUUR0000SA0L1E

Not Seasonally Adjusted

Series All items less food and energy in U.S. city average, all urban consumers, not seasonally adjusted

Title:

Area: U.S. city average

Item: All items less food and energy

Base 1982-84=100

Period:

Years: 2012 to 2022

Line No.	Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
	A	B	C	D	E	F	G	H	I	J	K	L	M	N
1	2012	2.3	2.2	2.3	2.3	2.3	2.2	2.1	1.9	2.0	2.0	1.9	1.9	2.1
2	2013	1.9	2.0	1.9	1.7	1.7	1.6	1.7	1.8	1.7	1.7	1.7	1.7	1.8
3	2014	1.6	1.6	1.7	1.8	2.0	1.9	1.9	1.7	1.7	1.8	1.7	1.6	1.7
4	2015	1.6	1.7	1.8	1.8	1.7	1.8	1.8	1.8	1.9	1.9	2.0	2.1	1.8
5	2016	2.2	2.3	2.2	2.1	2.2	2.2	2.2	2.3	2.2	2.1	2.1	2.2	2.2
6	2017	2.3	2.2	2.0	1.9	1.7	1.7	1.7	1.7	1.7	1.8	1.7	1.8	1.8
7	2018	1.8	1.8	2.1	2.1	2.2	2.3	2.4	2.2	2.2	2.1	2.2	2.2	2.1
8	2019	2.2	2.1	2.0	2.1	2.0	2.1	2.2	2.4	2.4	2.3	2.3	2.3	2.2
9	2020	2.3	2.4	2.1	1.4	1.2	1.2	1.6	1.7	1.7	1.6	1.6	1.6	1.7
10	2021	1.4	1.3	1.6	3.0	3.8	4.5	4.3	4.0	4.0	4.6	4.9	5.5	3.6
11	2022	6.0	6.4	6.5	6.2	6.0								6.4

12

13

Average
Twelve Months Ended May 2022 5.2% [.1]

14

Source: U.S. Dept. of Labor

**Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Operations and Maintenance Expense
Twelve Months Ending December 31, 2023**

This Pro Forma adjusts the twelve months ended December 31, 2021, electric O&M expenses for Labor to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2022, and December 31, 2023, and ratemaking adjustment(s) for the twelve months ending December 31, 2023, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual Expense - December 31, 2021		\$ 123,584,358
2	Normalization Adjustment N/A		-
3	Normalized expense for the twelve months ended December 31, 2021		\$ 123,584,358
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	OM 1-22	(1,608,134)
5	Budgeted expense for the twelve months ending December 31, 2022		\$ 121,976,223
6	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2023	OM 1-23	4,603,434
7	Budgeted expense for the twelve months ending December 31, 2023		\$ 126,579,657
8	Pro Forma adjustment to Increase/(Decrease) Labor Expense for ratemaking purposes associated with increased headcount and additional positions	OM 1-23R	5,487,880
9	Ratemaking expense for the twelve months ending December 31, 2023		\$ 132,067,537

**Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Operations and Maintenance Expense
Twelve Months Ending December 31, 2023**

This Pro Forma adjusts the twelve months ended December 31, 2021, Electric O&M expenses for Generation Base Maintenance to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2022 and December 31, 2023, and ratemaking adjustment(s) for the twelve months ending December 31, 2023, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual expense - December 31, 2021		\$ 45,228,801
2	Normalization Adjustment to remove expense related to U14/15 base maintenance spend	OM 2A-21	(5,814,372)
3	Normalized expense for the twelve months ended December 31, 2021		\$ 39,414,429
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	OM 2A-22	(2,325,758)
5	Budgeted expense for the twelve months ending December 31, 2022		\$ 37,088,671
6	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2023	OM 2A-23	1,411,502
7	Budgeted expense for the twelve months ending December 31, 2023		\$ 38,500,173
8	Pro Forma adjustment to Increase / (Decrease) Generation Base Maintenance expense for Ratemaking based on a historical three year average.	OM 2A-23R	1,629,147
9	Budgeted expense for the twelve months ending December 31, 2023		\$ 40,129,320

**Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Operations and Maintenance Expense
Twelve Months Ending December 31, 2023**

This pro forma adjusts the twelve months ended December 31, 2021, Electric O&M expenses for Planned Outages to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2022 and December 31, 2023, and ratemaking adjustment(s) for the twelve months ending December 31, 2023, as described below.

Line No.	Description A	Adjustment B	Amount C
1	Actual expense - December 31, 2021		\$ 8,298,522
2	Normalization adjustment N/A		-
3	Normalized expense for the twelve months ended December 31, 2021		\$ 8,298,522
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	OM 2B-22	8,943,669
5	Budgeted expense for the twelve months ending December 31, 2022		\$ 17,242,191
6	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2023	OM 2B-23	338,759
7	Budgeted expense for the twelve months ending December 31, 2023		\$ 17,580,950
8	Pro Forma adjustment to Increase / (Decrease) Planned Outages expense for Ratemaking based on 3 year average	OM 2B-23R	(3,207,062)
9	Ratemaking expense for the twelve months ending December 31, 2023		\$ 14,373,888

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Operations and Maintenance Expense
Twelve Months Ending December 31, 2023

This Pro Forma adjusts the twelve months ended December 31, 2021, Electric O&M expenses for Forced Outages to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2022 and December 31, 2023, and ratemaking adjustment(s) for the twelve months ending December 31, 2023, as described below.

Line No.	Description A	Adjustment B	Amount C
1	Actual expense - December 31, 2021		\$ 5,172,781
2	Normalization Adjustment to remove U14/15 forced outage spend	OM 2C-21	(264,359)
3	Normalized expense for the twelve months ended December 31, 2021		\$ 4,908,422
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	OM 2C-22	(1,168,422)
5	Budgeted expense for the twelve months ending December 31, 2022		\$ 3,740,000
6	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2023	OM 2C-23	-
7	Budgeted expense for the twelve months ending December 31, 2023		\$ 3,740,000
8	Pro Forma adjustment to Increase / (Decrease) expense for a 3 year historical average of forced outage expense	OM 2C-23R	1,053,877
9	Ratemaking expense for the twelve months ending December 31, 2023		\$ 4,793,877

**Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Operations and Maintenance Expense
Twelve Months Ending December 31, 2023**

This Pro Forma adjusts the twelve months ended December 31, 2021, Electric O&M expenses for Variable Chemicals to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2022 and December 31, 2023, and ratemaking adjustment(s) for the twelve months ending December 31, 2023, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual expense - December 31, 2021		\$ 14,542,781
2	Normalization Adjustment to remove U14/15 variable chemical expenses	OM 2D-21	(897,199)
3	Normalized expense for the twelve months ended December 31, 2021		\$ 13,645,582
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	OM 2D-22	1,135,038
5	Budgeted expense for the twelve months ending December 31, 2022		\$ 14,780,620
6	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2023	OM 2D-23	6,584,814
7	Budgeted expense for the twelve months ending December 31, 2023		\$ 21,365,434
8	Pro Forma adjustment N/A	OM 2D-23R	-
9	Ratemaking expense for the twelve months ending December 31, 2023		\$ 21,365,434

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Operations and Maintenance Expense
Twelve Months Ending December 31, 2023

This Pro Forma adjusts the twelve months ended December 31, 2021, Electric O&M expenses for nontrackable fuel to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2022, and December 31, 2023, and ratemaking adjustment(s) for the twelve months ending December 31, 2023, as described below.

Line No.	Description A	Adjustment B	Amount C
1	Actual expense - December 31, 2021		\$ 25,847,365
2	Normalization Adjustment to remove the expense related to U14/15	OM 2E-21	(7,923,431)
3	Normalized expense for the twelve months ended December 31, 2021		\$ 17,923,934
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	OM 2E-22	(2,738,845)
5	Budgeted expense for the twelve months ending December 31, 2022		\$ 15,185,090
6	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2023	OM 2E-23	4,528,969
7	Budgeted expense for the twelve months ending December 31, 2023		\$ 19,714,059
8	Pro Forma adjustment N/A		-
9	Ratemaking expense for the twelve months ending December 31, 2023		\$ 19,714,059

**Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Operations and Maintenance Expense
Twelve Months Ending December 31, 2023**

This Pro Forma adjusts the twelve months ended December 31, 2021, Electric O&M expenses for Vegetation to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2022 and December 31, 2023, and ratemaking adjustment(s) for the twelve months ending December 31, 2023, as described below.

Line No.	Description A	Adjustment B	Amount C
1	Actual expense - December 31, 2021		\$ 18,723,549
2	Normalization Adjustment N/A		-
3	Normalized expense for the twelve months ended December 31, 2021		\$ 18,723,549
4	Year-Over-Year Increase/(Decrease) expense for the twelve months ending December 31, 2022	OM 2F-22	5,161,141
5	Budgeted expense for the twelve months ending December 31, 2022		\$ 23,884,690
6	Year-Over-Year Increase/(Decrease) expense for the twelve months ending December 31, 2023	OM 2F-23	6,978,605
7	Budgeted expense for the twelve months ending December 31, 2023		\$ 30,863,295
8	Pro Forma adjustment to Increase / (Decrease) expense for Ratemaking N/A		-
9	Ratemaking expense for the twelve months ending December 31, 2023		\$ 30,863,295

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Operations and Maintenance Expense
Twelve Months Ending December 31, 2023

This Pro Forma adjusts the twelve months ended December 31, 2021, Electric O&M expenses for Line Locates to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2022 and December 31, 2023, and ratemaking adjustment(s) for the twelve months ending December 31, 2023, as described below.

Line No.	Description A	Adjustment B	Amount C
1	Actual expense - December 31, 2021		\$ 2,573,672
2	Normalization Adjustment N/A		-
3	Normalized expense for the twelve months ended December 31, 2021		\$ 2,573,672
4	Year-Over-Year Increase/(Decrease) expense for the twelve months ending December 31, 2022	OM 2G-22	481,315
5	Budgeted expense for the twelve months ending December 31, 2022		\$ 3,054,987
6	Year-Over-Year Increase/(Decrease) expense for the twelve months ending December 31, 2023	OM 2G-23	-
7	Budgeted expense for the twelve months ending December 31, 2023		\$ 3,054,987
8	Pro Forma adjustment to Increase / (Decrease) expense for Ratemaking due to market price increase	OM 2G-23R	1,602,370
9	Ratemaking expense for the twelve months ending December 31, 2023		\$ 4,657,357

**Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Operations and Maintenance Expense
Twelve Months Ending December 31, 2023**

This Pro Forma adjusts the twelve months ended December 31, 2021, Electric O&M expenses for NOx Emission Allowances to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2022, December 31, and ratemaking adjustment(s) for the twelve months ending December 31, 2023, as described below.

Line No.	Description A	Adjustment B	Amount C
1	Actual Expense - December 31, 2021		\$ -
2	Normalization adjustment N/A		-
3	Normalized expense for the twelve months ended December 31, 2021		\$ -
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	OM 2H-22	-
5	Budgeted expense for the twelve months ending December 31, 2022		\$ -
6	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2023	OM 2H-23	9,960,000
7	Budgeted expense for the twelve months ending December 31, 2023		\$ 9,960,000
8	Pro Forma adjustment N/A		-
9	Ratemaking expense for the twelve months ending December 31, 2023		\$ 9,960,000

**Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Operations and Maintenance Expense
Twelve Months Ending December 31, 2013**

This Pro Forma adjustment adjusts twelve months ended December 31, 2023 O&M expenses for nonjurisdictional expenses to reflect ratemaking adjustment(s), as described below.

Line No.	Description A	Adjustment B	Amount C
1	Actual expense - December 31, 2021		\$ 165,902
2	Normalization Adjustment N/A		-
3	Normalized expense for the twelve months ended December 31, 2021		\$ 165,902
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	OM 2I-22	(165,902)
5	Budgeted expense for the twelve months ending December 31, 2022		\$ -
6	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2023	OM 2I-23	-
7	Budgeted expense for the twelve months ending December 31, 2023		\$ -
8	Pro Forma adjustment to Increase / (Decrease) O&M expense for the removal of non-jurisdictional expenses	OM 2I-23R	(474,915)
9	Ratemaking expense for the twelve months ending December 31, 2023		\$ (474,915)

**Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Operations and Maintenance Expense
Twelve Months Ending December 31, 2023**

This Pro Forma adjusts the twelve months ended December 31, 2021, Electric expense for nontrackable capacity purchases to reflect budget changes for the twelve months ending December 31, 2022 and December 31, 2023, as well as ratemaking adjustments for December 31, 2023 as described below.

Line No.	Description A	Adjustment B	Amount C
1	Actual revenue - December 31, 2021		\$ -
2	Normalization adjustment N/A		-
3	Normalized revenue for the twelve months ended December 31, 2021		\$ -
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	OM 2J-22	11,233,602
5	Budgeted revenue for the twelve months ending December 31, 2022		\$ 11,233,602
6	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2023	OM 2J-23	11,181,198
7	Budgeted revenue for the twelve months ending December 31, 2023		\$ 22,414,800
8	Pro forma adjustment N/A		-
9	Ratemaking revenue for the twelve months ending December 31, 2023		\$ 22,414,800

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Operations and Maintenance Expense
Twelve Months Ending December 31, 2023

This Pro Forma adjustment removes the twelve months ended December 31, 2023, non-labor coal fired generation electric operations O&M ratemaking expense from the base rate cost of service.

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>
1	Total Electric Operations O&M Expense to Remove from Base Rate Cost of Service	<u>101,675,971</u>
2	Adjustment to Remove Electric Operations O&M Expense	OM 2K-23R <u><u>(101,675,971)</u></u>

**Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Operations and Maintenance Expense
Twelve Months Ending December 31, 2023**

This Pro Forma adjusts the twelve months ended December 31, 2021, electric O&M expenses for Other Departments to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2022 and December 31, 2023, and ratemaking adjustment(s) for the twelve months ending December 31, 2023, as described below.

Line No.	Description A	Adjustment B	Amount C
1	Actual Expense - December 31, 2021		\$ 40,443,669
2	Normalization Adjustment to reflect the reversal and removal of expense entries associated with out of period activity from prior periods and the 2021 base period	OM 3-21	<u>3,197,961</u>
3	Normalized expense for the twelve months ended December 31, 2021		<u>\$ 43,641,629</u>
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	OM 3-22	<u>6,139,863</u>
5	Budgeted expense for the twelve months ending December 31, 2022		<u>\$ 49,781,492</u>
6	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2023	OM 3-23	<u>(10,609,611)</u>
7	Budgeted expense for the twelve months ending December 31, 2023		<u>\$ 39,171,881</u>
8	Pro Forma adjustment to Increase / (Decrease) Other Department expense for Ratemaking to update the budgeted gas/ electric allocation based upon the 2021 actual split	OM 3-23R	<u>393,638</u>
9	Ratemaking expense for the twelve months ending December 31, 2023		<u><u>\$ 39,565,519</u></u>

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Operations and Maintenance Expense
Twelve Months Ending December 31, 2023

This Pro Forma adjusts the twelve months ended December 31, 2021, electric O&M expenses for TDSIC to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2022 and December 31, 2023, and ratemaking adjustment(s) for the twelve months ending December 31, 2023, as described below.

Line No.	Description A	Adjustment B	Amount C
1	Actual Expense - December 31, 2021		\$ -
2	Normalization adjustment N/A		-
3	Normalized expense for the twelve months ended December 31, 2021		\$ -
4	Yea-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	OM 4-22	1,738,399
5	Budgeted expense for the twelve months ending December 31, 2022		\$ 1,738,399
6	Yea-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2023	OM 4-23	-
7	Budgeted expense for the twelve months ending December 31, 2023		\$ 1,738,399
8	Pro Forma adjustment to Increase/(Decrease) expense to remove one time expenses to be collected through the tracker.	OM 4-23R	(1,738,399)
9	Ratemaking expense for the twelve months ending December 31, 2023		\$ -

**Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Operations and Maintenance Expense
Twelve Months Ended December 31, 2023**

This Pro Forma adjustment adjusts twelve months ended December 31, 2023 O&M expenses for non-recoverable expenses to reflect ratemaking adjustment(s), as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	2023 Ratemaking Non-recoverable O&M Expense		
2	<u>Ratemaking Adjustments</u>		
3	Pro Forma adjustment to Increase / (Decrease) O&M expense for the removal of Certain Lobbying Expenses	OM 5A-23R	(441,378)
4	Pro Forma adjustment to Increase / (Decrease) O&M expense for the removal of Certain Advertisement Expenses	OM 5B-23R	(124,234)
5	Pro Forma adjustment to Increase / (Decrease) O&M expense for the removal of Certain Non-recoverable Expenses	OM 5C-23R	(369,402)
6	2023 Ratemaking Increase/(Decrease)		\$ (935,014)
7	Ratemaking expense for the twelve months ending December 31, 2023	OM 5-23R	\$ (935,014)

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Operations and Maintenance Expense
Twelve Months Ending December 31, 2023

This Pro Forma adjustment adjusts twelve months ended December 31, 2021 O&M expenses for lobbying expenses to reflect ratemaking adjustment(s), as described below.

Line No.	Description A	Adjustment B	Amount C
1	<u>Ratemaking Adjustments</u>		
2	2023 Labor dollars related to lobbying activities		\$ (16,583)
3	2023 Estimated miscellaneous dues related to lobbying activities		(9,450)
4	2023 Estimated Edison Electric Institute (EEI) dues related to charity and lobbying activities		(98,678)
5	2023 Estimated Indiana Energy Association, Inc. (IEA) dues related to lobbying activities		<u>(316,668)</u>
6	Decrease in Pro forma Twelve Months Ending December 31, 2023 O&M Expense	OM 5A-23R	<u><u>\$ (441,378)</u></u>

**Northern Indiana Public Service Company
Pro Forma Adjustment to Operations and Maintenance Expense
Twelve Months Ending December 31, 2023**

This Pro Forma adjustment adjusts twelve months ended December 31, 2021 O&M expenses for advertising expenses to reflect ratemaking adjustment(s), as described below.

Line No.	Description A	Adjustment B	Amount C
1	Twelve Months Ended December 31, 2021 Advertisements to be Excluded in Base Rates (Mis-Coded Gas Advertisements)		\$ (26,800)
2	Twelve Months Ended December 31, 2021 Advertisements to be Excluded from Base Rates (Not Allowed and Electric Advertisements)		<u>(85,367)</u>
3	Net Twelve Months Ended December 31, 2021 Advertisements to be Excluded from Base Rates		\$ (112,167)
4	2022 Budget Increase - 5.2% [.4]		(5,879)
5	2023 Budget Increase - 5.2% [.4]		(6,188)
6	Decrease in Pro forma Twelve Months Ending December 31, 2023 O&M Expense	OM 5B-23R	<u>\$ (124,234)</u>

**Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Operations and Maintenance Expense
Twelve Months Ending December 31, 2023**

This Pro Forma adjustment decreases the twelve months ended December 31, 2021 O&M expense to exclude certain selected payments that NIPSCO is not seeking to recover in base rates for the twelve months ending December 31, 2022 and December 31, 2023.

Line No.	Description A	Adjustment B	Amount C
1	Twelve Months Ended December 31, 2021 Selected Payments to be Excluded from Base Rates		\$ (333,521)
2	2022 Budget Increase - 5.2% [.5]		(17,482)
3	2023 Budget Increase - 5.2% [.5]		(18,398)
4	Decrease in Pro forma Twelve Months Ending December 31, 2023 O&M Expense	OM 5C-23R	<u>\$ (369,402)</u>

**Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Operation and Maintenance Expense
Twelve Months Ending December 31, 2023**

This Pro Forma adjusts the twelve months ended December 31, 2021, electric O&M expenses for the NCSC Corporate Service Bill to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2022, December 31, 2023, and ratemaking adjustment(s) for the twelve months ending December 31, 2023, as described below.

Line No.	Description A	Adjustment B	Amount C
1	Actual Expense - December 31, 2021		\$ 105,657,320
2	Normalization adjustment to Increase / (Decrease) expense for the CIP consistent with target levels		(1,658,450)
3	Normalization adjustment to Increase / (Decrease) expense for the Outside Services Accrual		(1,199,332)
4	Normalization adjustment to Increase / (Decrease) expense for LTIP consistent with target levels		2,088,128
5	Total Normalization Adjustments	OM 6-21	(769,654)
6	Normalized expense for the twelve months ended December 31, 2021		\$ 104,887,666
7	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	OM 6-22	8,021,909
8	Budgeted expense for the twelve months ending December 31, 2022		\$ 112,909,575
9	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2023	OM 6-23	1,199,017
10	Budgeted expense for the twelve months ending December 31, 2023		\$ 114,108,593
	<u>Ratemaking Adjustments</u>		
11	Pro Forma adjustment to Increase / (Decrease) expense to reflect various adjustments		987,370
12	Pro Forma adjustment to Increase / (Decrease) expense for the removal of profit sharing		(261,781)
13		OM 6-23R	725,589
14	Ratemaking expense for the twelve months ending December 31, 2023		\$ 114,834,181

**Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Operations and Maintenance Expense
Twelve Months Ending December 31, 2023**

This Pro Forma adjusts the twelve months ended December 31, 2021, Electric O&M Expenses for Corporate Insurance to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2022, and December 31, 2023, and ratemaking adjustment(s) for the twelve months ending December 31, 2023, as described below.

Line No.	Description A	Adjustment B	Amount C
1	Actual balance - December 31, 2021		\$ 17,858,619
2	Normalization adjustment to Increase / (Decrease) Corporate Insurance expense to reflect an annualized level of expense		-
3	Normalized expense for the twelve months ended December 31, 2021		\$ 17,858,619
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	OM 7-22	1,966,858
5	Budgeted Expense for the twelve months ending December 31, 2022		\$ 19,825,477
6	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2023	OM 7-23	924,539
7	Budgeted Expense for the twelve months ending December 31, 2023		\$ 20,750,016
8	Pro Forma adjustment to Increase / (Decrease) Corporate Insurance expense to reflect the level of Corporate Insurance based on 2021 actual electric allocation and transfers and the expected ongoing level of expense	OM 7-23R	231,366
9	Ratemaking balance for the twelve months ending December 31, 2023		\$ 20,981,382

**Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Operations and Maintenance Expense
Twelve Months Ending December 31, 2023**

This Pro Forma adjusts the twelve months ended December 31, 2021, Electric O&M expenses for Rents & Leases to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2022, December 31, 2023, and ratemaking adjustment(s) for the twelve months ending December 31, 2023, as described below.

Line No.	Description A	Adjustment B	Amount C
1	Actual Expense - December 31, 2021		\$ 3,394,100
2	Normalization adjustment to Increase / (Decrease) Rent & Leases expense to reflect an annualized level of expense for 134th Street Project minimum lease payments	OM 8-21	<u>-</u>
3	Normalized expense for the twelve months ended December 31, 2021		<u>\$ 3,394,100</u>
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	OM 8-22	<u>(13,616)</u>
5	Budgeted expense for the twelve months ending December 31, 2022		<u>\$ 3,380,484</u>
6	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2023	OM 8-23	<u>(0)</u>
7	Budgeted expense for the twelve months ending December 31, 2023		<u>\$ 3,380,484</u>
8	Pro Forma adjustment to Increase / (Decrease) Rent & Leases expense to reflect the level of rents and leases based on 2021 actual electric allocation and transfers and the expected ongoing level of expense	OM 8-23R	<u>(409,810)</u>
9	Ratemaking expense for the twelve months ending December 31, 2023		<u>\$ 2,970,674</u>

**Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Operations and Maintenance Expense
Twelve Months Ended December 31, 2023**

This Pro Forma adjusts the twelve months ended December 31, 2021, electric O&M expenses for environmental expense to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2022, and December 31, 2023, and ratemaking adjustment(s) for the twelve months ending December 31, 2023, as described below.

Line No.	Description A	Adjustment B	Amount C
1	Actual Expense - December 31, 2021		\$ (5,550,358)
2	Normalization adjustment to Increase / (Decrease) expense to remove environmental expense	OM 9-21	<u>5,550,358</u>
3	Normalized expense for the twelve months ended December 31, 2021		<u>\$ -</u>
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	OM 9-22	<u>-</u>
5	Budgeted expense for the twelve months ending December 31, 2022		<u>\$ -</u>
6	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2023	OM 9-23	<u>-</u>
7	Budgeted expense for the twelve months ending December 31, 2023		<u><u>\$ -</u></u>
8	Pro Forma adjustment N/A		<u>-</u>
9	Ratemaking expense for the twelve months ending December 31, 2023		<u><u>\$ -</u></u>

**Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Operations and Maintenance Expense
Twelve Months Ending December 31, 2023**

This Pro Forma adjusts the twelve months ended December 31, 2021, electric O&M expenses for uncollectibles to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2022, and December 31, 2023, and ratemaking adjustment(s) for the twelve months ending December 31, 2023, as described below.

Line No.	Description A	Adjustment B	Amount C
1	Actual Expense - December 31, 2021		\$ 5,168,607
2	Normalization Adjustment N/A		-
3	Normalized expense for the twelve months ended December 31, 2021		<u>\$ 5,168,607</u>
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	OM 10-22	<u>(1,701,864)</u>
5	Budgeted expense for the twelve months ending December 31, 2022		<u>\$ 3,466,743</u>
6	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2023	OM 10-23	<u>173,425</u>
7	Budgeted expense for the twelve months ending December 31, 2023		<u>\$ 3,640,168</u>
8	Pro Forma adjustment to Increase / (Decrease) Bad Debt expense for Ratemaking based on seven year average write-offs and electric allocations based on 2021 actuals	OM 10-23R	<u>220,524</u>
9	Ratemaking expense for the twelve months ending December 31, 2023		<u><u>\$ 3,860,692</u></u>

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Operations and Maintenance Expense
Twelve Months Ending December 31, 2023

This Pro Forma adjusts the twelve months ended December 31, 2021, electric O&M expenses for short term incentive (STI) to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2022, and December 31, 2023, and ratemaking adjustment(s) for the twelve months ending December 31, 2023, as described below.

Line No.	Description A	Adjustment B	Amount C
1	Actual Expense - December 31, 2021		\$ 12,376,645
2	Normalization adjustment to Increase / (Decrease) expense to normalize the STI expenses.	OM 11-21	<u>(3,256,049)</u>
3	Normalized expense for the twelve months ended December 31, 2021		<u>\$ 9,120,596</u>
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	OM 11-22	<u>(295,378)</u>
5	Budgeted expense for the twelve months ending December 31, 2022		<u>\$ 8,825,218</u>
6	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2023	OM 11-23	<u>261,752</u>
7	Budgeted expense for the twelve months ending December 31, 2023		<u>\$ 9,086,970</u>
8	Pro Forma adjustment to Increase / (Decrease) STI expense for Ratemaking based on 2021 actual transfers and electric allocation	OM 11-23R	<u>651,681</u>
9	Ratemaking expense for the twelve months ending December 31, 2023		<u><u>\$ 9,738,651</u></u>

**Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Operations and Maintenance Expense
Twelve Months Ending December 31, 2023**

This Pro Forma adjusts the twelve months ended December 31, 2021, electric O&M expenses for pension to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2022, and December 31, 2023, and ratemaking adjustment(s) for the twelve months ending December 31, 2023, as described below.

Line No.	Description A	Adjustment B	Amount C
1	Actual Expense - December 31, 2021		\$ (16,072,388)
2	Normalization adjustment N/A		-
3	Normalized expense for the twelve months ended December 31, 2021		<u>\$ (16,072,388)</u>
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	OM 12-22	<u>9,929,952</u>
5	Budgeted expense for the twelve months ending December 31, 2022		<u>\$ (6,142,436)</u>
6	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2023	OM 12-23	<u>497,996</u>
7	Budgeted expense for the twelve months ending December 31, 2023		<u>\$ (5,644,440)</u>
8	Pro forma adjustment to Increase (Decrease) expense for ratemaking based on the 2021 actual transfers, electric allocations, and updated Hewitt Report	OM 12-23R	<u>9,846,653</u>
9	Ratemaking expense for the twelve months ending December 31, 2023		<u><u>\$ 4,202,213</u></u>

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Operations and Maintenance Expense
Twelve Months Ending December 31, 2023

This Pro Forma adjusts the twelve months ended December 31, 2021, electric O&M expenses for OPEB to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2022, December 31, 2023, and ratemaking adjustment(s) for the twelve months ending December 31, 2023, as described below.

Line No.	Description A	Adjustment B	Amount C
1	Actual Expense - December 31, 2021		\$ 4,524,806
2	Normalization adjustment N/A		-
3	Normalized expense for the twelve months ended December 31, 2021		\$ 4,524,806
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	OM 13-22	(1,191,026)
5	Budgeted expense for the twelve months ending December 31, 2022		\$ 3,333,780
6	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2023	OM 13-23	278,066
7	Budgeted expense for the twelve months ending December 31, 2023		\$ 3,611,846
8	Pro Forma adjustment to Increase / (Decrease) OPEB expense for Ratemaking based on 2021 actual transfers and electric allocations	OM 13-23R	2,682,522
9	Ratemaking expense for the twelve months ending December 31, 2023		\$ 6,294,368

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Operations and Maintenance Expense
Twelve Months Ending December 31, 2023

This Pro Forma adjusts the twelve months ended December 31, 2021, Electric O&M expenses for medical benefits to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2022, and December 31, 2023, and ratemaking adjustment(s) for the twelve months ending December 31, 2023, as described below.

Line No.	Description A	Adjustment B	Summer Update Amount C
1	Actual expense - December 31, 2021		\$ 8,724,698
2	Pro Forma adjustment to Increase/(Decrease) expense for the twelve months ended December 31, 2021		-
3	Normalized expense for the twelve months ended December 31, 2021		\$ 8,724,698
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	OM 14-22	5,216,629
5	Budgeted expense for the twelve months ending December 31, 2022		\$ 13,941,327
6	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2023	OM 14-23	1,329,105
7	Budgeted expense for the twelve months ending December 31, 2023		\$ 15,270,432
8	Pro forma to decrease electric medical costs based on the updated Hewitt report, true-up transfers and electric allocations based on 2021 actuals, the estimated NIPSCO headcount, and the VEBA Trust return	OM 14-23R	(4,013,461)
9	Ratemaking expense for the twelve months ending December 31, 2023		\$ 11,256,971

**Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Operations and Maintenance Expense
Twelve Months Ending December 31, 2023**

This Pro Forma adjusts the twelve months ended December 31, 2021, electric O&M expenses for other benefits to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2022, December 31, 2023, and ratemaking adjustment(s) for the twelve months ending December 31, 2023, as described below.

Line No.	Description A	Adjustment B	Amount C
1	Actual Expense - December 31, 2021		\$ 6,795,969
2	Normalization adjustment to Increase/ (Decrease) expense to remove non recurring severance pay	OM 15-21	<u>(5,851,865)</u>
3	Normalized expense for the twelve months ended December 31, 2021		<u>\$ 944,104</u>
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	OM 15-22	<u>(924,841)</u>
5	Budgeted expense for the twelve months ending December 31, 2022		<u>\$ 19,263</u>
6	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2023	OM 15-23	<u>-</u>
7	Budgeted expense for the twelve months ending December 31, 2023		<u>\$ 19,263</u>
8	Pro Forma adjustment to Increase / (Decrease) other benefits expense for Ratemaking based on actual 2021 electric allocation	OM 15-23R	<u>\$ 2,884</u>
9	Ratemaking expense for the twelve months ending December 31, 2023		<u><u>\$ 22,147</u></u>

**Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Operations and Maintenance Expense
Twelve Months Ending December 31, 2023**

This Pro Forma adjusts the twelve months ended December 31, 2021, Electric O&M expenses for other employee benefits to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2022, and December 31, 2023, and ratemaking adjustment(s) for the twelve months ending December 31, 2023, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual expense - December 31, 2021		\$ 7,859,785
2	Normalization Adjustment N/A		-
3	Normalized expense for the twelve months ended December 31, 2021		<u>\$ 7,859,785</u>
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	OM 16-22	<u>(1,085,912)</u>
5	Budgeted expense for the twelve months ending December 31, 2022		<u>\$ 6,773,873</u>
6	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2023	OM 16-23	<u>197,048</u>
7	Budgeted expense for the twelve months ending December 31, 2023		<u>\$ 6,970,921</u>
8	Pro forma adjustment to increase / (decrease) other employee benefit expenses for Ratemaking based on updated Hewitt Report, true-up transfers and electric allocations using 2021 actuals and adjusting for the NIPSCO estimated headcount.	OM 16-23R	1,713,668
9	Ratemaking expense for the twelve months ending December 31, 2023		<u><u>\$ 8,684,589</u></u>

**Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Operations and Maintenance Expense
Twelve Months Ending December 31, 2023**

This Pro Forma adjusts the twelve months ended December 31, 2021, electric O&M expenses for LTIP to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2022, and December 31, 2023, and ratemaking adjustment(s) for the twelve months ending December 31, 2023, as described below.

Line No.	Description A	Adjustment B	Amount C
1	Actual expense - December 31, 2021		\$ 592,053
2	Normalization adjustment to Increase / (Decrease) expense to normalize the LTIP expenses.	OM 17-21	<u>66,639</u>
3	Normalized expense for the twelve months ended December 31, 2021		<u>\$ 658,692</u>
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	OM 17-22	<u>122,048</u>
5	Budgeted expense for the twelve months ending December 31, 2022		<u>\$ 780,740</u>
6	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2023	OM 17-23	<u>29,102</u>
7	Budgeted expense for the twelve months ending December 31, 2023		<u>\$ 809,843</u>
8	Pro Forma adjustment to Increase / (Decrease) LTIP expense for Ratemaking based on 2021 electric actuals allocation.	OM17-23R	<u>\$ 42,016</u>
9	Ratemaking expense for the twelve months ending December 31, 2023		<u><u>\$ 851,858</u></u>

**Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Operations and Maintenance Expense
Twelve Months Ending December 31, 2023**

This Pro Forma adjusts the twelve months ended December 31, 2021, electric O&M expenses for profit sharing to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2022, and December 31, 2023, and ratemaking adjustment(s) for the twelve months ending December 31, 2023, as described below.

Line No.	Description A	Adjustment B	Amount C
1	Actual Expense - December 31, 2021		\$ 758,074
2	Pro Forma adjustment N/A		-
3	Normalized expense for the twelve months ended December 31, 2021		\$ 758,074
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	OM 18-22	(127,760)
5	Budgeted expense for the twelve months ending December 31, 2022		\$ 630,314
6	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2023	OM 18-23	42,767
7	Budgeted expense for the twelve months ending December 31, 2023		\$ 673,081
8	Pro Forma adjustment to Increase / (Decrease) expense for Ratemaking by removing profit sharing expense	OM 18-23R	(673,081)
9	Ratemaking expense for the twelve months ending December 31, 2023		\$ -

**Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Operations and Maintenance Expense
Twelve Months Ending December 31, 2023**

This Pro Forma adjusts the twelve months ended December 31, 2021, Electric O&M expenses for Benefits Administration to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2022, and December 31, 2023, and ratemaking adjustment(s) for the twelve months ending December 31, 2023, as described below.

Line No.	Description A	Adjustment B	Amount C
1	Actual expense - December 31, 2021		\$ 1,574,620
2	Normalization Adjustment N/A		-
3	Normalized expense for the twelve months ended December 31, 2021		\$ 1,574,620
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	OM 19-22	(732,042)
5	Budgeted expense for the twelve months ending December 31, 2022		\$ 842,578
6	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2023	OM 19-23	-
7	Budgeted expense for the twelve months ending December 31, 2023		\$ 842,578
8	Pro Forma adjustment to Increase / (Decrease) benefits administration expense for Ratemaking based on 2021 actual Electric allocation and the 2022 Controller's Letter.	OM 19-23R	633,936
9	Ratemaking expense for the twelve months ending December 31, 2023		\$ 1,476,515

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Operations and Maintenance Expense
Twelve Months Ending December 31, 2023

This Pro Forma adjusts the twelve months ended December 31, 2021, Electric O&M expenses for RTO to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2022, and December 31, 2023, and ratemaking adjustment(s) for the twelve months ending December 31, 2023, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual expense - December 31, 2021		\$ 40,911,882
2	Normalization adjustment to Increase / (Decrease) expense for the reclass of MISO Transmission Revenue to Off-set MISO Transmission Expense REV 15	OM 20A-21	(4,953,118)
3	Normalization adjustment to Increase / (Decrease) expense for the reclass of RTO related revenue REV 12	OM20B-21	(152,731)
4	Normalization adjustment to Increase / (Decrease) expense for the removal of Gas expense	OM20C-21	(6,260)
			<u>(5,112,109)</u>
5	Normalized expense for the twelve months ended December 31, 2021		\$ 35,799,774
6	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	OM 20-22	(65,408)
7	Budgeted expense for the twelve months ending December 31, 2022		\$ 35,734,366
8	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2023	OM 20-23	2,329,500
9	Budgeted expense for the twelve months ending December 31, 2023		\$ 38,063,866
10	Pro Forma adjustment to Increase / (Decrease) RTO expense for Ratemaking to include RTO Forfeited Discounts REV 12	OM 20A-23R	(38,917)
11	Pro Forma adjustment to Increase / (Decrease) RTO expense for Ratemaking to adjust to RTO Forecast	OM 20B-23R	3,461,165
12	Pro Forma adjustment to Increase / (Decrease) RTO expense for Ratemaking to remove RTO from Base Rates	OM 20C-23R	(41,486,115)
		OM 20-23R	<u>(38,063,866)</u>
13	Ratemaking expense for the twelve months ending December 31, 2023		\$ -

**Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Operations and Maintenance Expense
Twelve Months Ended December 31, 2023**

This Pro Forma adjusts the twelve months ended December 31, 2021, electric O&M expenses for Cause No. 44688 and Cause No. 45159 amortization to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2022, and December 31, 2023, and ratemaking adjustment(s) for the twelve months ending December 31, 2023, as described below.

<u>Line No.</u>	<u>Description</u>	<u>Adjustment</u>	<u>Amount</u>
	A	B	C
1	Actual Expense - December 31, 2021		\$ 2,363,932
	Normalization adjustment to Increase / (Decrease) expense to reclassify the O&M expense related to the 44688 and 45159 regulatory asset amortization to amortization expense -		
2	AMTZ 7	OM 22-21	<u>(2,363,932)</u>
3	Normalized expense for the twelve months ended December 31, 2021		\$ -
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	OM 22-22	<u>-</u>
5	Budgeted expense for the twelve months ending December 31, 2022		\$ -
6	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2023	OM 22-23	<u>-</u>
7	Budgeted expense for the twelve months ending December 31, 2023		\$ -
8	Pro Forma adjustment N/A		<u>-</u>
9	Ratemaking expense for the twelve months ending December 31, 2023		\$ -

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Depreciation Expense
Twelve Months Ending December 31, 2023

This pro forma adjusts the twelve months ended December 31, 2021, Electric depreciation expenses for electric plant to reflect projected changes for the twelve months ending December 31, 2022, and December 31, 2023, and ratemaking adjustment for the twelve months ending December 31, 2023, as described below.

Line No.	Description A	Adjustment B	Amount C	Page Reference D
1	Actual expense - December 31, 2021		\$ 287,006,678	[.2]
2	Normalization Adjustment N/A	DEPR 1-21	-	
3	Normalized expense for the twelve months ended December 31, 2021		\$ 287,006,678	
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	DEPR 1-22	4,377,856	
5	Projected expense for the twelve months ending December 31, 2022		\$ 291,384,534	[.2]
6	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2023	DEPR 1-23	19,114,361	
7	Projected expense for the twelve months ending December 31, 2023		\$ 310,498,894	[.2]
8	Pro Forma adjustment to Increase/(Decrease) depreciation expense for Ratemaking related to the implementation of new rates	DEPR 1A-23R	9,896,800	
9	Pro Forma adjustment to Increase/(Decrease) depreciation expense for Ratemaking to remove nonjurisdictional depreciation expense	DEPR 1B-23R	(11,916,980)	
		DEPR 1-23R	(2,020,180)	
10	Ratemaking expense for the twelve months ending December 31, 2023		\$ 308,478,715	[.2]

Northern Indiana Public Service Company
Pro Forma Adjustment to Depreciation Expense
Twelve Months Ended December 31, 2023

This pro forma adjusts the twelve months ended December 31, 2021, electric common depreciation expenses for electric plant to reflect projected changes for the twelve months ending December 31, 2022, and December 31, 2023, and ratemaking adjustment for the twelve months ending December 31, 2023, as described below.

Line No.	Description	Adjustment	Amount	Page Reference
	A	B	C	D
1	Actual expense - December 31, 2021		\$ 2,626,866	[.2]
2	Normalization Adjustment N/A	DEPR 2-21	-	
3	Normalized expense for the twelve months ended December 31, 2021		\$ 2,626,866	
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	DEPR 2-22	(70,101)	
5	Projected expense for the twelve months ending December 31, 2022		\$ 2,556,765	[.2]
6	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2023	DEPR 2-23	221,686	
7	Projected expense for the twelve months ending December 31, 2023		\$ 2,778,451	[.2]
8	Pro Forma adjustment to Increase/(Decrease) depreciation expense for Ratemaking	DEPR 2-23R	3,208,057	
9	Ratemaking expense for the twelve months ending December 31, 2023		\$ 5,986,509	[.2]

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Depreciation Expense
Twelve Months Ending December 31, 2023

This pro forma adjusts the twelve months ended December 31, 2021, Electric depreciation expenses for Cause No. 44688 AND 45159 - Tracker Amortization to reflect projected changes for the twelve months ending December 31, 2022, and December 31, 2023, and ratemaking adjustment for the twelve months ending December 31, 2023, as described below.

Line No.	Description A	Adjustment B	Amount C	Page Reference D
1	Actual expense - December 31, 2021		\$ 10,408,351	[.2]
2	Normalization Adjustment	DEPR 3-21	(10,408,351)	
3	Normalized expense for the twelve months ended December 31, 2021		<u>\$ -</u>	
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	DEPR 3-22	-	
5	Projected expense for the twelve months ending December 31, 2022		<u>\$ -</u>	[.2]
6	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2023	DEPR 3-23	-	
7	Projected expense for the twelve months ending December 31, 2023		<u>\$ -</u>	[.2]
8	Pro Forma adjustment to Increase/(Decrease) depreciation expense for Ratemaking	DEPR 3-23R	-	
9	Ratemaking expense for the twelve months ending December 31, 2023		<u><u>\$ -</u></u>	[.2]

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Amortization Expense
Twelve Months Ending December 31, 2023

This pro forma adjusts the twelve months ended December 31, 2021 test year electric plant asset amortization expense to reflect projected changes for the twelve months ending December 31, 2022 and December 31, 2023.

Line No.	Description	Adjustment	Amount	Page Reference
	A	B	C	D
1	Actual expense - December 31, 2021		\$ 5,915,929	[.2]
2	Normalization adjustment N/A	AMTZ 1-21	-	
3	Normalized expense for the twelve months ended December 31, 2021		\$ 5,915,929	
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	AMTZ 1-22	(557,648)	
5	Projected expense for the twelve months ending December 31, 2022		\$ 5,358,281	[.3]
6	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2023	AMTZ 1-23	(1,171,837)	
7	Projected expense for the twelve months ending December 31, 2023		\$ 4,186,444	[.3]
8	Pro Forma adjustment to Increase/(Decrease) amortization expense for Ratemaking	AMTZ 1-23R	(337,841)	[.3]
9	Ratemaking expense for the twelve months ending December 31, 2023		\$ 3,848,603	

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Depreciation and Amortization Expense
Twelve Months Ending December 31, 2023

This pro forma adjusts the twelve months ended December 31, 2021 test year electric common amortization expense to reflect projected changes for the twelve months ending December 31, 2022 and December 31, 2023.

Line No.	Description	Adjustment	Amount	Page Reference
	A	B	C	D
1	Actual expense - December 31, 2021		\$ 13,008,399	[.2]
2	Normalization adjustment N/A	AMTZ 2-21	-	
3	Normalized expense for the twelve months ended December 31, 2021		<u>\$ 13,008,399</u>	
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	AMTZ 2-22	1,259,059	
5	Projected expense for the twelve months ending December 31, 2022		<u>\$ 14,267,458</u>	[.3]
6	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2023	AMTZ 2-23	(926,616)	
7	Projected expense for the twelve months ending December 31, 2023		<u>\$ 13,340,842</u>	[.3]
8	Pro Forma adjustment to Increase/(Decrease) amortization expense for Ratemaking	AMTZ 2-23R	(1,035,649)	[.3]
9	Ratemaking expense for the twelve months ending December 31, 2023		<u>\$ 12,305,193</u>	

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Depreciation and Amortization Expense
Twelve Months Ending December 31, 2023

This pro forma adjusts the twelve months ended December 31, 2021 test year Schahfer Units 14 and 15 Retirement amortization expense to reflect projected changes for the twelve months ending December 31, 2022, and December 31, 2023.

Line No.	Description	Adjustment	Amount	Page Reference
	A	B	C	D
1	Actual Expense - December 31, 2021		\$ 9,006,253	[.2]
2	Normalization adjustment N/A		-	
3	Normalized expense for the twelve months ended December 31, 2021		<u>\$ 9,006,253</u>	
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	AMTZ 3-22	<u>41,048,397</u>	
5	Projected expense for the twelve months ending December 31, 2022		<u>\$ 50,054,650</u>	[.3]
6	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2023	AMTZ 3-23	<u>5,166,849</u>	
7	Projected expense for the twelve months ending December 31, 2023		<u>\$ 55,221,499</u>	[.3]
8	Pro Forma adjustment to Increase/(Decrease) amortization expense for Ratemaking	AMTZ 3-23R	<u>10,333,698</u>	[.3]
9	Ratemaking expense for the twelve months ending December 31, 2023		<u><u>\$ 65,555,197</u></u>	

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Depreciation and Amortization Expense
Twelve Months Ending December 31, 2023

This pro forma adjusts the twelve months ended December 31, 2021, electric amortization expenses for the Renewable Regulatory Asset to reflect normalization adjustment(s), projected changes for the twelve months ending December 31, 2022, December 31, 2023, and ratemaking adjustment(s) for the twelve months ending December 31, 2023, as described below.

Line No.	Description	Adjustment	Amount	Page Reference
	A	B	C	D
1	Actual Expense - December 31, 2021		\$ 119,085	[.2]
2	Normalization adjustment N/A	AMTZ 4-21	-	
3	Normalized expense for the twelve months ended December 31, 2021		<u>\$ 119,085</u>	
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	AMTZ 4-22	-	
5	Projected expense for the twelve months ending December 31, 2022		<u>\$ 119,085</u>	
6	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2023	AMTZ 4-23	9,330,279	
7	Projected expense for the twelve months ending December 31, 2023		<u>\$ 9,449,364</u>	[.3]
8	Pro Forma adjustment to Increase/(Decrease) amortization expense for Ratemaking	AMTZ 4-23R	18,898,728	[.3]
9	Ratemaking expense for the twelve months ending December 31, 2023		<u>\$ 28,348,092</u>	

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Depreciation and Amortization Expense
Twelve Months Ending December 31, 2023

This pro forma adjusts the twelve months ended December 31, 2021, electric amortization expenses for the Electric TDSIC Regulatory Asset to reflect normalization adjustment(s), projected changes for the twelve months ending December 31, 2022, and December 31, 2023, and ratemaking adjustment for the twelve months ending December 31, 2023, as described below.

Line No.	Description	Adjustment	Amount	Page Reference
	A	B	C	D
1	Actual Expense - December 31, 2021		\$ -	
2	Normalization adjustment N/A	AMTZ 5-21	-	
3	Normalized expense for the twelve months ended December 31, 2021		\$ -	
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	AMTZ 5-22	-	
5	Projected expense for the twelve months ending December 31, 2022		\$ -	
6	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2023	AMTZ 5-23	-	
7	Projected expense for the twelve months ending December 31, 2023		\$ -	
8	Pro Forma adjustment to Increase/(Decrease) amortization expense for Ratemaking	AMTZ 5-23R	7,155,773	[.2]
9	Ratemaking expense for the twelve months ending December 31, 2023		\$ 7,155,773	

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Depreciation and Amortization Expense
Twelve Months Ending December 31, 2023

This pro forma adjustment increases the twelve months ending December 31, 2023 amortization expense to include the annual amortization of the Electric Federally Mandated Cost Adjustment (FMCA) pro forma regulatory asset.

Line No.	Description	Adjustment	Amount	Page Reference
	A	B	C	D
1	Actual expense - December 31, 2021		\$ -	
2	Normalization Adjustment N/A	AMTZ 6-21	-	
3	Normalized expense for the twelve months ended December 31, 2021		\$ -	
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	AMTZ 6-22	-	
5	Projected expense for the twelve months ending December 31, 2022		\$ -	
6	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2023	AMTZ 6-23	-	
7	Projected expense for the twelve months ending December 31, 2023		\$ -	
8	Pro Forma adjustment to Increase/(Decrease) amortization expense for Ratemaking	AMTZ 6-23R	153,661	[.2]
9	Ratemaking expense for the twelve months ending December 31, 2023		<u>\$ 153,661</u>	

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Depreciation and Amortization Expense
Twelve Months Ending December 31, 2023

Amortization expense approved in Cause Nos. 44688 and 45159 is recorded in the income statement line item where the activity originated and, therefore, there are no actuals recorded in the amortization expense line item on the FERC books. This pro forma reflects the reclassification of such amortization amounts recorded in O&M, Depreciation, Property Taxes, and Other Income to the amortization expense line item for the twelve months ended December 31, 2021 for state ratemaking purposes, reflects projected changes in 2022, and 2023, then reflects a ratemaking adjustment to allocate expense to electric based on 2021 actuals.

Line No.	Description	Adjustment	Amount	Page Reference
	A	B	C	D
1	Actual expense - December 31, 2021		\$ -	
2	Normalization Adjustment	AMTZ 7-21	31,141,324	[.2]
3	Normalized expense for the twelve months ended December 31, 2021		<u>\$ 31,141,324</u>	
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	AMTZ 7-22	(9,609,987)	
5	Projected expense for the twelve months ending December 31, 2022		<u>\$ 21,531,337</u>	[.2]
	Normalization Adjustment to Increase/(Decrease) due to Cause No. 44688 -June 30, 2023 - Fully Amortized		(2,558,988)	[.5]
6	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2023	AMTZ 7-23	1,705,992	
7	Projected expense for the twelve months ending December 31, 2023		<u>\$ 20,678,341</u>	[.2]
8	Pro Forma adjustment to Increase/(Decrease) amortization expense for Ratemaking	AMTZ 7-23R	-	
9	Ratemaking expense for the twelve months ending December 31, 2023		<u>\$ 20,678,341</u>	[.2]

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Depreciation and Amortization Expense
Twelve Months Ending December 31, 2023

This pro forma adjusts the twelve months ended December 31, 2021, electric amortization expenses for the COVID Regulatory Asset to reflect normalization adjustment(s), projected changes for the twelve months ending December 31, 2022, and December 31, 2023, and ratemaking adjustment(s) for the twelve months ending December 31, 2023 as described below.

Line No.	Description	Adjustment	Amount	Page Reference
	A	B	C	D
1	Actual Expense - December 31, 2021		\$ -	
2	Normalization adjustment N/A	AMTZ 8-21	-	
3	Normalized expense for the twelve months ended December 31, 2021		\$ -	
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	AMTZ 8-22	-	
5	Projected expense for the twelve months ending December 31, 2022		\$ -	
6	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2023	AMTZ 8-23	-	
7	Projected expense for the twelve months ending December 31, 2023		\$ -	
8	Pro Forma adjustment to Increase/(Decrease) amortization expense for Ratemaking	AMTZ 8-23R	1,877,852	[.3]
9	Ratemaking expense for the twelve months ending December 31, 2023		\$ 1,877,852	

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Amortization Expense
Twelve Months Ending December 31, 2023

This pro forma adjusts the twelve months ended December 31, 2021, Electric amortization expenses for Sugar Creek Acquisition to reflect normalization adjustment(s), projected changes for the twelve months ending December 31, 2022, and December 31, 2023, and ratemaking adjustment(s) for the twelve months ending December 31, 2023, as described below.

Line No.	Description	Adjustment	Amount	Page Reference
	A	B	C	D
1	Actual expense - December 31, 2021		\$ -	
2	Normalization adjustment to Increase/(Decrease) expense to Sugar Creek purchase acquisition premium	AMTZ 9-21	2,540,514	[.2]
3	Normalized expense for the twelve months ended December 31, 2021		\$ 2,540,514	
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	AMTZ 9-22	2	
5	Projected expense for the twelve months ending December 31, 2022		\$ 2,540,516	[.3]
6	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2023	AMTZ 9-23	-	
7	Projected expense for the twelve months ending December 31, 2023		\$ 2,540,516	[.3]
8	Pro Forma adjustment to Increase/(Decrease) amortization expense for Ratemaking	AMTZ 9-23R	-	
9	Ratemaking expense for the twelve months ending December 31, 2023		\$ 2,540,516	[.3]

**Northern Indiana Public Service Company LLC
Pro forma Adjustment to Depreciation and Amortization Expense
Twelve Months Ending December 31, 2023**

This pro forma adjusts the twelve months ended December 31, 2021, Electric amortization expense for electric rate case expenses to reflect normalization adjustment(s), projected changes for the twelve months ending December 31, 2022, and December 31, 2023, and ratemaking adjustment(s) for the twelve months ending December 31, 2023, as described below.

Line No.	Description A	Adjustment B	Amount C	Page Reference D
1	Actual expense - December 31, 2021		\$ -	
2	Normalization Adjustment N/A	AMTZ 10-21	-	
3	Normalized expense for the twelve months ended December 31, 2021		\$ -	
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	AMTZ 10-22	-	
5	Projected expense for the twelve months ending December 31, 2022		\$ -	
6	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2023	AMTZ 10-23	-	
7	Projected expense for the twelve months ending December 31, 2023		\$ -	
8	Pro Forma adjustment to Increase/(Decrease) amortization expense for Ratemaking	AMTZ 10-23R	1,287,614	
9	Ratemaking expense for the twelve months ending December 31, 2023		\$ 1,287,614	[.2]

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Taxes Other Than Income
Twelve Months Ending December 31, 2023

This pro forma adjusts the twelve months ended December 31, 2021, Electric Taxes Other than Income for Property Tax to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2022, and December 31, 2023, and ratemaking adjustment(s) for the twelve months ending December 31, 2023, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual Expense - December 31, 2021		\$ 22,917,459
2	Normalization adjustment to Increase / (Decrease) expense to reclass from Property Tax Expense to Amortization Expense - AMTZ 7	OTX 1-21	\$ (262,778)
3	Normalized expense for the twelve months ended December 31, 2021		<u>\$ 22,654,681</u>
4	Year-Over-Year Increase/(Decrease) expense for the twelve months ending December 31, 2022	OTX 1-22	<u>9,511,714</u>
5	Budgeted expense for the twelve months ending December 31, 2022		<u>\$ 32,166,395</u>
6	Year-Over-Year Increase/(Decrease) expense for the twelve months ending December 31, 2023	OTX 1-23	<u>(1,884,365)</u>
7	Budgeted expense for the twelve months ending December 31, 2023		<u>\$ 30,282,030</u>
8	Pro Forma adjustment to Increase / (Decrease) property tax expense for Ratemaking based on updates for the most recent property tax filing and nonjurisdictional property.	OTX 1-23R	<u>(7,989,905)</u>
9	Ratemaking expense for the twelve months ending December 31, 2023		<u>\$ 22,292,125</u>

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Taxes Other Than Income
Twelve Months Ending December 31, 2023

This pro forma adjustment increases the twelve months ended December 31, 2021, Electric Taxes Other than Income for Payroll expenses to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2022, and December 31, 2023, and ratemaking adjustment(s) for the twelve months ending December 31, 2023, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual Expense - December 31, 2021		\$ 9,815,756
2	Normalization adjustment to Increase / (Decrease) expense to reflect a short term incentive compensation payout with target levels	OTX 2-21	(249,088)
			<u>(249,088)</u>
3	Normalized expense for the twelve months ended December 31, 2021		\$ 9,566,668
4	Year-Over-Year Increase/(Decrease) expense for the twelve months ending December 31, 2022	OTX 2-22	893,389
5	Budgeted expense for the twelve months ending December 31, 2022		\$ 10,460,057
6	Year-Over-Year Increase/(Decrease) expense for the twelve months ending December 31, 2023	OTX 2-23	478,384
7	Budgeted expense for the twelve months ending December 31, 2023		\$ 10,938,442
8	Pro Forma adjustment to Increase / (Decrease) payroll tax expense based on actual electric allocation	OTX 2A-23R	(49,738)
9	Pro Forma adjustment to Increase / (Decrease) payroll tax expense based on the ratemaking adjustment for Labor expense OM 1-23R	OTX 2B-23R OTX 2-23R	419,823
			\$ 370,085
10	Ratemaking expense for the twelve months ending December 31, 2023		\$ 11,308,527

**Northern Indiana Public Service Company LLC
Pro forma Adjustment to Taxes Other Than Income
Twelve Months Ending December 31, 2023**

This pro forma adjusts the twelve months ended December 31, 2021, Electric Taxes Other than Income for sales taxes to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2022, and December 31, 2023, and ratemaking adjustment(s) for the twelve months ending December 31, 2023, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual Expense - December 31, 2021		\$ 96,268
2	Normalization adjustment to Increase / (Decrease) expense to remove nonrecurring sales tax expense.	OTX 3-21	<u>(96,268)</u>
3	Normalized expense for the twelve months ended December 31, 2021		<u>\$ -</u>
4	Year-Over-Year Increase/(Decrease) expense for the twelve months ending December 31, 2022	OTX 3-22	<u>\$ -</u>
5	Budgeted expense for the twelve months ending December 31, 2022		<u>\$ -</u>
6	Year-Over-Year Increase/(Decrease) expense for the twelve months ending December 31, 2023	OTX 3-23	<u>-</u>
7	Budgeted expense for the twelve months ending December 31, 2022		<u>\$ -</u>
8	Pro Forma adjustment NA		<u>\$ -</u>
9	Ratemaking expense for the twelve months ending December 31, 2023		<u>\$ -</u>

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Taxes Other Than Income
Twelve Months Ending December 31, 2023

This pro forma adjusts the twelve months ended December 31, 2021, Electric Taxes Other than Income for Utility Receipts Tax to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2022, and December 31, 2023, and ratemaking adjustment(s) for the twelve months ending December 31, 2023, as described below.

Line No.	Description A	Adjustment B	Amount C
1	Actual Expense - December 31, 2021		\$ 22,140,038
2	Normalization adjustment N/A		<u>-</u>
3	Normalized expense for the twelve months ended December 31, 2021		\$ 22,140,038
4	Year-Over-Year Increase/(Decrease) expense for the twelve months ending December 31, 2022	OTX 4-22	971,388
5	Budgeted expense for the twelve months ending December 31, 2022		<u>\$ 23,111,426</u>
6	Year-Over-Year Increase/(Decrease) expense for the twelve months ending December 31, 2023	OTX 4-23	796,539
7	Budgeted expense for the twelve months ending December 31, 2023		<u>\$ 23,907,965</u>
8	Pro Forma adjustment to Increase / (Decrease) to remove URT expense for Ratemaking to reflect the repeal of URT enacted by HEA 1002-2022.	OTX 4-23R	<u>(23,907,965)</u>
9	Ratemaking expense for the twelve months ending December 31, 2023		<u>\$ -</u>

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Taxes Other Than Income
Twelve Months Ending December 31, 2023

This pro forma adjusts the twelve months ended December 31, 2021, Electric Taxes Other than Income for Public Utility Fee to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2022, and December 31, 2023, and ratemaking adjustment(s) for the twelve months ending December 31, 2023, as described below.

Line No.	Description	Adjustments	Amount
	A	B	C
1	Actual Expense - December 31, 2021		\$ 1,924,458
2	Normalization adjustment N/A		-
3	Normalized expense for the twelve months ended December 31, 2021		1,924,458
4	Year-Over-Year Increase/(Decrease) expense for the twelve months ending December 31, 2022	OTX 5-22	163,071
5	Budgeted expense for the twelve months ending December 31, 2022		\$ 2,087,529
6	Year-Over-Year Increase/(Decrease) expense for the twelve months ending December 31, 2023	OTX 5-23	-
7	Budgeted expense for the twelve months ending December 31, 2023		\$ 2,087,529
8	Pro Forma adjustment to Increase / (Decrease) Public Utility Fee expense for Ratemaking to reflect the appropriate level of PUF expense based on the pro forma results based on current rates	OTX 5-23R	(156,271)
9	Ratemaking expense for the twelve months ending December 31, 2023		\$ 1,931,258

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Income Taxes
For the Twelve Month Period Ending December 31, 2023

This pro forma adjusts the twelve months ended December 31, 2021, federal and state income tax expense to reflect income tax expense based on pro forma current revenues. Additionally, this adjustment shows the PF adjustment to reflect income tax at the proposed revenue requirement.

Line No.	Description	Adjustments	Amount
	A	B	C
1	Actual Federal and State Income Taxes - December 31, 2021		\$ 55,596,061
2	Pro Forma adjustment to Increase / (Decrease) expense for Current Rates	ITX 1-23R	(49,720,170)
3	Federal and State Income Taxes at Pro Forma Current Rates		\$ 5,875,891
4	Pro Forma adjustment to Increase / (Decrease) expense for Proposed Revenue	PF-5	72,292,734
5	Federal and State Income Taxes at Proposed Revenue		\$ 78,168,625

Northern Indiana Public Service Company LLC
Pro forma Adjustment Based on Proposed Rates
For the Twelve Month Period Ending December 31, 2023

The proposed adjustments increase twelve months ending December 31, 2023, test year Revenue (PF-1) and Expense (PF-2 through PF-4) to reflect uncollectible, utility receipts tax, public utility fees, and income taxes based on the proposed revenue requirement.

Line No.	Description	Amount			
		B	C	D	E
		PF-1	PF-2	PF-3	PF-4
		Revenue Requirement	Uncollectible Accounts	Public Utility Fee Rate	Fed/State Income Taxes
1	Revenue Requirement Deficiency	\$ 218,378,065	\$ 291,780,191	\$ 291,780,191	\$ 291,780,191
2	Rate	133.6124081%	0.2526069%	0.1276080%	19.8950670% Fed State
3	Increase in Pro forma Test Year Revenue and O&M Expense Based on Proposed Rates	\$ 291,780,191	\$ 737,057	\$ 372,335	\$ 72,292,734

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Rate Base
As of December 31, 2023

This pro forma adjusts the twelve months ended December 31, 2021, Electric rate base gross utility plant to reflect projected changes for the twelve months ending December 31, 2022, and December 31, 2023, and ratemaking adjustment for the twelve months ending December 31, 2023, as described below.

Line No.	Description	Adjustment	Amount	Page Reference
	A	B	C	D
1	Actual balance - December 31, 2021		\$ 7,020,936,484	[.7]
2	Normalization adjustment N/A	RB 1-21	-	
3	Normalized balance as of December 31, 2021		\$ 7,020,936,484	
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	RB 1-22	626,613,085	
5	Projected balance for the twelve months ending December 31, 2022		\$ 7,647,549,568	[.7]
6	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2023	RB 1-23	604,459,084	
7	Projected balance for the twelve months ending December 31, 2023		\$ 8,252,008,653	[.8]
8	Pro Forma adjustment to Increase/(Decrease) balance for Ratemaking	RB 1-23R	-	
9	Ratemaking balance for the twelve months ending December 31, 2023		\$ 8,252,008,653	

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Rate Base
As of December 31, 2023

This pro forma adjusts the twelve months ended December 31, 2021, Electric rate base non-jurisdictional gross plant to reflect projected changes for the twelve months ending December 31, 2022, and December 31, 2023, and ratemaking adjustment for the twelve months ending December 31, 2023, as described below.

Line No.	Description	Adjustment	Amount	Page Reference
	A	B	C	D
1	Actual balance - December 31, 2021		\$ 620,743,862	[.9]
2	Normalization adjustment N/A	RB 2-21	-	
3	Normalized balance as of December 31, 2021		\$ 620,743,862	
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	RB 2-22	3,884,597	
5	Projected balance for the twelve months ending December 31, 2022		\$ 624,628,459	[.9]
6	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2023	RB 2-23	-	
7	Projected balance for the twelve months ending December 31, 2023		\$ 624,628,459	[.9]
8	Pro Forma adjustment to Increase/(Decrease) balance for Ratemaking	RB 2-23R	(624,628,459)	
9	Ratemaking balance for the twelve months ending December 31, 2023		\$ -	

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Rate Base
As of December 31, 2023

This pro forma adjusts the twelve months ended December 31, 2021, Electric rate base common gross plant to reflect projected changes for the twelve months ending December 31, 2022, and December 31, 2023, and ratemaking adjustment for the twelve months ending December 31, 2023, as described below.

Line No.	Description	Adjustment	Amount	Page Reference
	A	B	C	D
1	Actual balance - December 31, 2021		\$ 323,933,755	[.10]
2	Normalization adjustment N/A	RB 3-21	-	
3	Normalized balance as of December 31, 2021		\$ 323,933,755	
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	RB 3-22	30,856,323	
5	Projected balance for the twelve months ending December 31, 2022		\$ 354,790,078	[.10]
6	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2023	RB 3-23	30,104,339	
7	Projected balance for the twelve months ending December 31, 2023		\$ 384,894,416	[.10]
8	Pro Forma adjustment to Increase/(Decrease) balance for Ratemaking	RB 3-23R	-	
9	Ratemaking balance for the twelve months ending December 31, 2023		\$ 384,894,416	

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Rate Base
As of December 31, 2023

This pro forma adjusts the twelve months ended December 31, 2021, Electric rate base accumulated depreciation and amortization to reflect projected changes for the twelve months ending December 31, 2022, and December 31, 2023, and ratemaking adjustment for the twelve months ending December 31, 2023, as described below.

Line No.	Description	Adjustment	Amount	Page Reference
	A	B	C	D
1	Actual balance - December 31, 2021		\$ (3,698,327,743)	[.11]
2	Normalization adjustment N/A	RB 4-21	-	
3	Normalized balance as of December 31, 2021		\$ (3,698,327,743)	
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	RB 4-22	(168,730,161)	
5	Projected balance for the twelve months ending December 31, 2022		\$ (3,867,057,904)	[.11]
6	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2023	RB 4-23	(202,609,479)	
7	Projected balance for the twelve months ending December 31, 2023		\$ (4,069,667,383)	[.12]
8	Pro Forma adjustment to Increase/(Decrease) balance for Ratemaking	RB 4-23R	-	
9	Ratemaking balance for the twelve months ending December 31, 2023		\$ (4,069,667,383)	

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Rate Base
As of December 31, 2023

This pro forma adjusts the twelve months ended December 31, 2021, Electric rate base non-jurisdictional accumulated depreciation and amortization to reflect projected changes for the twelve months ending December 31, 2022, and December 31, 2023, and ratemaking adjustment for the twelve months ending December 31, 2023, as described below.

Line No.	Description	Adjustment	Amount	Page Reference
	A	B	C	D
1	Actual balance - December 31, 2021		\$ (53,660,584)	[.13]
2	Normalization adjustment N/A	RB 5-21	-	
3	Normalized balance as of December 31, 2021		\$ (53,660,584)	
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	RB 5-22	(16,290,517)	
5	Projected balance for the twelve months ending December 31, 2022		\$ (69,951,102)	[.13]
6	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2023	RB 5-23	(15,229,872)	
7	Projected balance for the twelve months ending December 31, 2023		\$ (85,180,974)	[.13]
8	Pro Forma adjustment to Increase/(Decrease) balance for Ratemaking	RB 5-23R	85,180,974	
9	Ratemaking balance for the twelve months ending December 31, 2023		\$ -	

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Rate Base
As of December 31, 2023

This pro forma adjusts the twelve months ended December 31, 2021, Electric rate base common accumulated depreciation and amortization to reflect projected changes for the twelve months ending December 31, 2022, and December 31, 2023, and ratemaking adjustment for the twelve months ending December 31, 2023, as described below.

Line No.	Description	Adjustment	Amount	Page Reference
	A	B	C	D
1	Actual balance - December 31, 2021		\$ (212,273,132)	[.14]
2	Normalization adjustment N/A	RB 6-21	-	
3	Normalized balance as of December 31, 2021		\$ (212,273,132)	
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	RB 6-22	(14,263,098)	
5	Projected balance for the twelve months ending December 31, 2022		\$ (226,536,230)	[.14]
6	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2023	RB 6-23	(18,883,002)	
7	Projected balance for the twelve months ending December 31, 2023		\$ (245,419,231)	[.14]
8	Pro Forma adjustment to Increase/(Decrease) balance for Ratemaking	RB 6-23R	-	
9	Ratemaking balance for the twelve months ending December 31, 2023		\$ (245,419,231)	

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Rate Base
As of December 31, 2023

This pro forma adjusts the twelve months ended December 31, 2021, Electric rate base Schahfer Units 14 and 15 Retirement to reflect projected changes for the twelve months ending December 31, 2022, and December 31, 2023, and ratemaking adjustment for the twelve months ending December 31, 2023, as described below.

Line No.	Description	Adjustment	Amount	Page Reference
	A	B	C	D
1	Actual balance - December 31, 2021		\$ 695,272,917	[2]
2	Normalization Adjustment N/A	RB 7-21	-	
3	Normalized balance as of December 31, 2021		\$ 695,272,917	
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	RB 7-22	(50,054,650)	
5	Projected balance for the twelve months ending December 31, 2022		\$ 645,218,268	[3]
6	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2023	RB 7-23	(55,221,499)	
7	Projected balance for the twelve months ending December 31, 2023		\$ 589,996,769	[3]
8	Pro Forma adjustment to Increase/(Decrease) balance for Ratemaking	RB 7-23R	-	
9	Ratemaking balance for the twelve months ending December 31, 2023		\$ 589,996,769	

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Rate Base
As of December 31, 2023

This pro forma adjusts the twelve months ended December 31, 2021, Electric rate base renewable energy joint venture investments regulatory assets to reflect projected changes for the twelve months ending December 31, 2022, and December 31, 2023, and ratemaking adjustment for the twelve months ending December 31, 2023, as described below.

Line No.	Description	Adjustment	Amount	Page Reference
	A	B	C	D
1	Actual balance - December 31, 2021		\$ 17,021,755	[.2]
2	Normalization Adjustment N/A	RB 8-21	-	
3	Normalized balance as of December 31, 2021		\$ 17,021,755	
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	RB 8-22	306,927,194	
5	Projected balance for the twelve months ending December 31, 2022		\$ 323,948,949	[.2]
6	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2023	RB 8-23	517,044,668	
7	Projected balance for the twelve months ending December 31, 2023		\$ 840,993,617	[.2]
8	Pro Forma adjustment to Increase/(Decrease) balance for Ratemaking	RB 8-23R	-	
9	Ratemaking balance for the twelve months ending December 31, 2023		\$ 840,993,617	

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Rate Base
As of December 31, 2023

This pro forma adjusts the twelve months ended December 31, 2021, Electric rate base regulatory assets from Cause Nos. 44688 and 45159 remainder to reflect projected changes for the twelve months ending December 31, 2022, and December 31, 2023, and ratemaking adjustment for the twelve months ending December 31, 2023, as described below.

Line No.	Description	Adjustment	Amount	Page Reference
	A	B	C	D
1	Actual balance - December 31, 2021		\$ 40,254,336	[.2]
2	Normalization Adjustment N/A	RB 9-21	-	
3	Normalized balance as of December 31, 2021		\$ 40,254,336	
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	RB 9-22	(8,445,445)	
5	Projected balance for the twelve months ending December 31, 2022		\$ 31,808,891	[.2]
6	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2023	RB 9-23	(8,298,553)	
7	Projected balance for the twelve months ending December 31, 2023		\$ 23,510,338	[.2]
8	Pro Forma adjustment to Increase/(Decrease) balance for Ratemaking	RB 9-23R	-	
9	Ratemaking balance for the twelve months ending December 31, 2023		\$ 23,510,338	

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Rate Base
As of December 31, 2023

This pro forma adjusts the twelve months ended December 31, 2021, for the Electric TDSIC Cause Nos. 44733 and 45557 regulatory asset to reflect projected changes for the twelve months ending December 31, 2022, and December 31, 2023, and ratemaking adjustment(s) for the twelve months ending December 31, 2023, as described below.

Line No.	Description	Adjustment	Amount	Page Reference
	A	B	C	D
1	Actual balance - December 31, 2021		\$ 5,528,538	[.2]
2	Normalization Adjustment N/A	RB 10-21	-	
3	Normalized balance as of December 31, 2021		<u>\$ 5,528,538</u>	
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	RB 10-22	7,298,503	
5	Projected balance for the twelve months ending December 31, 2022		<u>\$ 12,827,041</u>	[.3]
6	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2023	RB 10-23	11,731,445	
7	Projected balance for the twelve months ending December 31, 2023		<u>\$ 24,558,486</u>	[.3]
8	Pro Forma adjustment to Increase/(Decrease) balance for Ratemaking	RB 10-23R	-	
9	Ratemaking balance for the twelve months ending December 31, 2023		<u><u>\$ 24,558,486</u></u>	

Northern Indiana Public Service Company LLC
Pro forma Adjustment to Rate Base
As of December 31, 2023

This pro forma adjusts the twelve months ended December 31, 2021, for the Electric FMCA regulatory asset to reflect projected changes for the twelve months ending December 31, 2022 and December 31, 2023, and ratemaking adjustment for the twelve months ending December 31, 2023, as described below.

Line No.	Description A	Adjustment B	Amount C	Page Reference D
1	Actual balance - December 31, 2021		\$ 146,440	[.2]
2	Normalization Adjustment N/A	RB 11-21	-	
3	Normalized balance as of December 31, 2021		\$ 146,440	
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	RB 11-22	-	
5	Projected balance for the twelve months ending December 31, 2022		\$ 146,440	[.3]
6	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2023	RB 11-23	398,949	
7	Projected balance for the twelve months ending December 31, 2023		\$ 545,389	[.3]
8	Pro Forma adjustment to Increase/(Decrease) balance for Ratemaking	RB 11-23R	-	
9	Ratemaking balance for the twelve months ending December 31, 2023		\$ 545,389	

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Rate Base
As of December 31, 2023

This pro forma adjusts the twelve months ended December 31, 2021, Electric rate base materials and supplies to reflect projected changes for the twelve months ending December 31, 2022, and December 31, 2023, and ratemaking adjustment for the twelve months ending December 31, 2023, as described below.

Line No.	Description	Adjustment	Amount	Page Reference
	A	B	C	D
1	Actual Materials and Supplies - December 31, 2021		\$ 103,615,049	[.2]
2	Normalization Adjustment NA	RB 12-21	-	
3	Normalized Materials and Supplies as of December 31, 2021		\$ 103,615,049	
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	RB 12-22	(4,626,039)	
5	Projected balance for the twelve months ending December 31, 2022		\$ 98,989,010	[.2]
6	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2023	RB 12-23	-	
7	Projected balance for the twelve months ending December 31, 2023		\$ 98,989,010	[.2]
8	Pro Forma adjustment to Increase/(Decrease) balance for Ratemaking	RB 12-23R	-	
9	Ratemaking balance for the twelve months ending December 31, 2023		\$ 98,989,010	

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Rate Base
As of December 31, 2023

This pro forma adjusts the twelve months ended December 31, 2021, Electric rate base production fuel to reflect projected changes for the twelve months ending December 31, 2022, and December 31, 2023, and ratemaking adjustment for the twelve months ending December 31, 2023, as described below.

Line No.	Description	Adjustment	Amount	Page Reference
	A	B	C	D
1	Actual balance - December 31, 2021		\$ 32,190,387	[.2]
2	Normalization Adjustment N/A	RB 13-21	-	
3	Normalized balance as of December 31, 2021		<u>\$ 32,190,387</u>	
4	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2022	RB 13-22	10,072,768	
5	Projected balance for the twelve months ending December 31, 2022		<u>\$ 42,263,155</u>	[.2]
6	Year-Over-Year Increase/(Decrease) for the twelve months ending December 31, 2023	RB 13-23	3,008,670	
7	Projected balance for the twelve months ending December 31, 2023		<u>\$ 45,271,825</u>	[.2]
8	Pro Forma adjustment to Increase/(Decrease) balance for Ratemaking	RB 13-23R	-	[.2]
9	Ratemaking balance for the twelve months ending December 31, 2023		<u>\$ 45,271,825</u>	

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Capital Structure
As of December 31, 2023

This pro forma adjusts the balance as of December 31, 2021, capital structure for common equity to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2022 and December 31, 2023, and ratemaking adjustment(s) for the twelve months ending December 31, 2023, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual Balance - December 31, 2021		\$ 3,499,241,723
2	Normalization Adjustment N/A		-
3	Normalized balance as of December 31, 2021		<u>\$ 3,499,241,723</u>
4	Year-Over-Year Increase/(Decrease) balance as of December 31, 2022	CS 1-22	216,708,513
5	Budgeted balance as of December 31, 2022		<u>\$ 3,715,950,236</u>
6	Year-Over-Year Increase/(Decrease) balance as of December 31, 2023	CS 1-23	512,404,207
7	Budgeted balance as of December 31, 2023		<u>\$ 4,228,354,443</u>
8	Pro Forma adjustment to Increase/(Decrease) the balance for Ratemaking to account for GAAP to FERC reporting differences	CS 1-23R	336,466,608
9	Ratemaking balance as of December 31, 2023		<u><u>\$ 4,564,821,051</u></u>

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Capital Structure
As of December 31, 2023

This pro forma adjusts the balance as of December 31, 2021, capital structure for long term debt to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2022, and December 31, 2023, and ratemaking adjustment(s) for the twelve months ending December 31, 2023, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual Balance - December 31, 2021		\$ 2,488,921,252
2	Normalization adjustment N/A		-
3	Normalized balance as of December 31, 2021		\$ 2,488,921,252
4	Year-Over-Year Increase/(Decrease) balance as of December 31, 2022	CS 2-22	235,017,216
5	Budgeted balance as of December 31, 2022		\$ 2,723,938,468
6	Year-Over-Year Increase/(Decrease) balance as of December 31, 2023	CS 2-23	510,014,508
7	Budgeted balance as of December 31, 2023		\$ 3,233,952,976
8	Pro Forma adjustment N/A		-
9	Ratemaking balance as of December 31, 2023		\$ 3,233,952,976

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Capital Structure
As of December 31, 2023

This pro forma adjusts the balance as of December 31, 2021, capital structure for customer deposits to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2022, and December 31, 2023, and ratemaking adjustment(s) for the twelve months ending December 31, 2023, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual Balance - December 31, 2021		\$ 64,811,362
2	Normalization adjustment N/A		-
3	Normalized balance as of December 31, 2021		<u>\$ 64,811,362</u>
4	Year-Over-Year Increase/(Decrease) balance as of December 31, 2022	CS 3-22	<u>(2,968,806)</u>
5	Budgeted balance as of December 31, 2022		<u>\$ 61,842,556</u>
6	Year-Over-Year Increase/(Decrease) balance as of December 31, 2023	CS 3-23	<u>(2,300,606)</u>
7	Budgeted balance as of December 31, 2023		<u>\$ 59,541,950</u>
8	Pro Forma adjustment N/A		-
9	Ratemaking balance as of December 31, 2023		<u><u>\$ 59,541,950</u></u>

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Capital Structure
As of December 31, 2023

This pro forma adjusts the balance as of December 31, 2021, capital structure for deferred income taxes to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2022, and December 31, 2023, and ratemaking adjustment(s) for the twelve months ending December 31, 2023, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual Balance - December 31, 2021		\$ 1,404,881,385
2	Normalization adjustment to Increase / (Decrease) the balance for the removal of Rosewater deferred taxes	CS 4-21	(51,509,982)
3	Normalized balance as of December 31, 2021		\$ 1,353,371,403
4	Year-Over-Year Increase/(Decrease) balance as of December 31, 2022	CS 4-22	48,296,837
5	Budgeted balance as of December 31, 2022		\$ 1,401,668,240
6	Year-Over-Year Increase/(Decrease) balance as of December 31, 2023	CS 4-23	74,005,296
7	Budgeted balance as of December 31, 2023		\$ 1,475,673,536
8	Pro Forma adjustment to Increase / (Decrease) the balance for Ratemaking to account for GAAP to FERC reporting differences	CS 4-23R	(82,007,681)
9	Ratemaking balance as of December 31, 2023		\$ 1,393,665,855

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Capital Structure
As of December 31, 2023

This pro forma adjusts the balance as of December 31, 2021, capital structure for post-retirement liability to reflect normalization adjustment(s), projected changes for the twelve months ending December 31, 2022 and December 31, 2023 and ratemaking adjustment(s) for the twelve months ending December 31, 2023, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual Balance - December 31, 2021		\$ 39,472,666
2	Normalization adjustment N/A		-
3	Normalized balance as of December 31, 2021		\$ 39,472,666
4	Year-Over-Year Increase/(Decrease) balance as of December 31, 2022	CS 5-22	(13,794,760)
5	Projected balance as of December 31, 2022		\$ 25,677,906
6	Year-Over-Year Increase/(Decrease) balance as of December 31, 2023	CS 5-23	(13,904,330)
7	Projected balance as of December 31, 2023		\$ 11,773,576
8	Pro Forma adjustment to reflect the current Aon Hewitt forecast received July 2022	CS 5-23R	2,171,540
9	Ratemaking balance as of December 31, 2023		\$ 13,945,116

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Capital Structure
As of December 31, 2023

This pro forma adjusts the balance as of December 31, 2021, capital structure for prepaid pension asset to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2022 and December 31, 2023, and ratemaking adjustment(s) for the twelve months ending December 31, 2023, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual Balance - December 31, 2021		\$ (433,464,769)
2	Normalization Adjustment N/A		-
3	Normalized balance as of December 31, 2021		<u>\$ (433,464,769)</u>
4	Year-Over-Year Increase/(Decrease) balance as of December 31, 2022	CS 6-22	<u>(7,558,283)</u>
5	Budgeted balance as of December 31, 2022		<u>\$ (441,023,052)</u>
6	Year-Over-Year Increase/(Decrease) balance as of December 31, 2023	CS 6-23	<u>(3,270,835)</u>
7	Budgeted balance as of December 31, 2023		<u>\$ (444,293,887)</u>
8	Pro Forma adjustment to reflect the current Aon Hewitt forecast received July 2022	CS 6-23R	<u>19,347,107</u>
9	Ratemaking balance as of December 31, 2023		<u>\$ (424,946,780)</u>

Northern Indiana Public Service Company LLC
Pro Forma Adjustment to Capital Structure
As of December 31, 2023

This pro forma adjusts the balance as of December 31, 2021, capital structure for Post-1970 ITC to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2022, and December 31, 2023, and ratemaking adjustment(s) for the twelve months ending December 31, 2023, as described below.

Line No.	Description	Adjustment	Amount
	A	B	C
1	Actual Balance - December 31, 2021		\$ 1,226,420
2	Normalization adjustment N/A		-
3	Normalized balance as of December 31, 2021		<u>\$ 1,226,420</u>
4	Year-Over-Year Increase/(Decrease) balance as of December 31, 2022	CS 7-22	<u>(317,054)</u>
5	Budgeted balance as of December 31, 2022		<u>\$ 909,366</u>
6	Year-Over-Year Increase/(Decrease) balance as of December 31, 2023	CS 7-23	<u>(269,088)</u>
7	Budgeted balance as of December 31, 2023		<u>\$ 640,278</u>
8	Pro Forma adjustment N/A		-
9	Ratemaking balance as of December 31, 2023		<u><u>\$ 640,278</u></u>

Northern Indiana Public Service Company LLC
Statement of Operating Income
Actual, Pro forma, and Proposed
For the Twelve Month Period Ending December 31, 2023

Line No.	Description	Actual	Pro forma Adjustments Increases (Decreases)	Attachment 3-B Reference ¹	Pro forma Results Based on Current Rates	Pro forma Adjustments Increases (Decreases)	Attachment 3-C Reference	Pro forma Results Based on Proposed Rates
	A	B	C	D	E	F	G	H
1	Operating Revenue							
2	Revenue (Actual / Pro Forma)	\$ 1,700,765,620		REV, Col A	\$ 1,528,339,678	395,009,258	PF - 1	\$ 1,923,348,935
3	Pro forma Adjustments December 31, 2021		(19,779,195)	REV, Col B				
4	2022 Year-Over-Year Increase/(Decrease)		(51,640,914)	REV, Col D				
5	2023 Year-Over-Year Increase/(Decrease)		19,012,369	REV, Col F				
6	Ratemaking Adjustments December 31, 2023		(120,018,202)	REV, Col H				
7	Total Operating Revenue	\$ 1,700,765,620	\$ (172,425,942)		\$ 1,528,339,678	\$ 395,009,258		\$ 1,923,348,935
8	Fuel & Purchased Power							
9	Fuel Cost (Actual / Pro Forma)	\$ 416,398,339		FPP, Col A	\$ 392,509,634	-		\$ 392,509,634
10	Pro forma Adjustments December 31, 2021		(3,843,760)	FPP, Col B				
11	2022 Year-Over-Year Increase/(Decrease)		(25,895,162)	FPP, Col D				
12	2023 Year-Over-Year Increase/(Decrease)		(4,860,689)	FPP, Col F				
13	Ratemaking Adjustments December 31, 2023		10,710,906	FPP, Col H				
14	Total Fuel and Purchased Power Costs	\$ 416,398,339	\$ (23,888,705)		\$ 392,509,634	\$ -		\$ 392,509,634
15	Gross Margin	\$ 1,284,367,281	\$ (148,537,237)		\$ 1,135,830,043	\$ 395,009,258		\$ 1,530,839,301
16	Operations and Maintenance Expenses							
17	Operations and Maintenance Expenses (Actual / Pro Forma)	\$ 493,605,075		O&M, Col A	\$ 534,116,799	997,844	PF - 2	\$ 535,114,643
18	Pro forma Adjustments December 31, 2021		(23,438,011)	O&M, Col B				
19	2022 Year-Over-Year Increase/(Decrease)		44,307,375	O&M, Col D				
20	2023 Year-Over-Year Increase/(Decrease)		42,240,218	O&M, Col F				
21	Ratemaking Adjustments December 31, 2023		(22,597,858)	O&M, Col H				
22	Total Operations and Maintenance Expense	\$ 493,605,075	\$ 40,511,724		\$ 534,116,799	\$ 997,844		\$ 535,114,643
23	Depreciation Expense							
24	Depreciation Expense (Actual / Pro Forma)	\$ 300,041,895		DEPR, Col A	\$ 314,465,223			\$ 314,465,223
25	Pro forma Adjustments December 31, 2021		(10,408,351)	DEPR, Col B				
26	2022 Year-Over-Year Increase/(Decrease)		4,307,754	DEPR, Col D				
27	2023 Year-Over-Year Increase/(Decrease)		19,336,047	DEPR, Col F				
28	Ratemaking Adjustments December 31, 2023		1,187,878	DEPR, Col H				
29	Total Depreciation Expense	\$ 300,041,895	\$ 14,423,328		\$ 314,465,223	\$ -		\$ 314,465,223

Line No.	Description	Actual	Pro forma Adjustments Increases (Decreases)	Attachment 3-B Reference ¹	Pro forma Results Based on Current Rates	Pro forma Adjustments Increases (Decreases)	Attachment 3-C Reference	Pro forma Results Based on Proposed Rates
30	Amortization Expense							
31	Amortization Expense (Actual / Pro Forma)	\$ 28,049,666		AMTZ, Col A	\$ 143,750,842			\$ 143,750,842
32	Pro forma Adjustments December 31, 2021		33,681,838	AMTZ, Col B				
33	2022 Year-Over-Year Increase/(Decrease)		35,261,816	AMTZ, Col D				
34	2023 Year-Over-Year Increase/(Decrease)		20,002,648	AMTZ, Col F				
35	Ratemaking Adjustments December 31, 2023		26,754,873	AMTZ, Col H				
36	Total Amortization Expense	\$ 28,049,666	\$ 115,701,175		\$ 143,750,842	\$ -		\$ 143,750,842
37	Taxes							
38	Taxes Other than Income							
39	Taxes Other than Income (Actual / Pro Forma)	\$ 56,893,980		OTX, Col A	\$ 35,531,910			\$ 35,531,910
40	Pro forma Adjustments December 31, 2021		(608,134)	OTX, Col B				
41	2022 Year-Over-Year Increase/(Decrease)		11,539,562	OTX, Col D				
42	2023 Year-Over-Year Increase/(Decrease)		(609,441)	OTX, Col F				
43	Ratemaking Adjustments December 31, 2023		(31,684,057)	OTX, Col H		504,063	PF - 3	\$ 504,063
44	Total Taxes Other Than Income	\$ 56,893,980	\$ (21,362,070)		\$ 35,531,910	\$ 504,063		\$ 36,035,973
45	Operating Income Before Income Taxes	\$ 405,776,664	\$ (297,811,395)		\$ 107,965,269	\$ 393,507,350		\$ 501,472,619
46	Income Taxes							
47	Federal and State Taxes (Actual / Pro Forma)	\$ 55,596,061	(74,136,069)	Attachment 3-C-S, ITX 1	\$ (18,540,008)	97,869,213	PF - 4	\$ 79,329,205
48	Total Taxes	\$ 112,490,040	\$ (95,498,139)		\$ 16,991,902	\$ 98,373,276		\$ 115,365,178
49	Total Operating Expenses including Income Taxes	\$ 934,186,677	\$ 75,138,089		\$ 1,009,324,766	\$ 99,371,121		\$ 1,108,695,887
50	Required Net Operating Income	\$ 350,180,604	\$ (223,675,326)		\$ 126,505,277	\$ 295,638,137		\$ 422,143,414

Footnote 1 - Unless otherwise noted

Northern Indiana Public Service Company LLC
Calculation of Proposed Revenue Increase
Based on Pro forma Operating Results
Original Cost Rate Base Estimated at December 31, 2023

Line No.	Description			Revenue Deficiency
1	Net Original Cost Rate Base			\$ 5,945,681,889
2	Rate of Return			7.10%
3	Net Operating Income			422,143,414
4	Pro forma Net Operating Income			126,505,277
5	Increase in Net Operating Income (NOI Shortfall)			295,638,137
6	Effective Incremental Revenue / NOI Conversion Factor			74.843%
7	Increase in Revenue Requirement (Based on Net Original Cost Rate Base) (Line 5 / Line 6)			\$ 395,009,258
8	One	1.000000		
9	Less: Public Utility Fee	0.001276		
10	Less: Bad Debt	0.002526		
11	State Taxable Income		0.996198	
12	Taxable Adjusted Gross Income Tax	0.996198		
13	Adjusted Gross Income Tax Rate	0.049000		
14	Adjusted Gross Income Tax		0.048814	
15	Line 11 less line 14			0.947384
16	One		1.000000	
17	Less: Federal Income Tax Rate		0.210000	
18	One Less Federal Income Tax Rate			0.790000
19	Effective Incremental Revenue / NOI Conversion Factor			74.843%

Northern Indiana Public Service Company LLC
Summary of Rate Base
As Of December 31, 2023

<u>Line No.</u>	<u>Description</u>	<u>Pro forma As Of December 31, 2023</u>	<u>Attachment 3-B Reference</u>
	Rate Base		
1	Utility Plant	\$ 8,252,008,653	RB, Col I
2	Common Allocated	384,894,416	RB, Col I
2	Total Utility Plant	\$ 8,636,903,069	RB, Col I
3	Accumulated Depreciation and Amortization	(4,069,667,383)	RB, Col I
4	Common Allocated	(245,419,231)	RB, Col I
	Total Accumulated Depreciation and Amortization	\$ (4,315,086,614)	RB, Col I
4	Net Utility Plant	\$ 4,321,816,455	RB, Col I
5	RMS Unit 14/15 Retirement	\$ 589,996,769	RB, Col I
6	Joint Venture Reg Assets	840,993,617	RB, Col I
7	Reg Assets - Cause 44688 & 45159	23,510,338	RB, Col I
8	Electric 2021-2026 TDSIC Plan Cause #45557	24,558,486	RB, Col I
9	Materials & Supplies	545,389	RB, Col I
10	Production Fuel	98,989,010	RB, Col I
11	Economic Development Rider 877	45,271,825	RB, Col I
12	FMCA Reg Asset	-	RB, Col I
	Total Rate Base	\$ 5,945,681,889	RB, Col I

Northern Indiana Public Service Company LLC
Capital Structure
As Of December 31, 2023

Line No.	Description	Total Company Capitalization	Percent of Total	Cost	Weighted Average Cost
	A	B	C	D	E
1	Common Equity	\$ 4,564,821,051	51.63%	10.40%	5.37%
2	Long-Term Debt	3,233,952,976	36.58%	4.66%	1.70%
3	Customer Deposits	59,541,950	0.67%	4.77%	0.03%
4	Deferred Income Taxes	1,393,665,855	15.76%	0.00%	0.00%
5	Post-Retirement Liability	13,945,116	0.16%	0.00%	0.00%
6	Prepaid Pension Asset	(424,946,780)	-4.81%	0.00%	0.00%
7	Post-1970 ITC	640,278	0.01%	8.02%	0.00%
8	Totals	<u>\$ 8,841,620,445</u>	<u>100.00%</u>		<u>7.10%</u>

Cost of Investor Supplied Capital

	Description	Total Company Capitalization	Percent of Total	Cost	Weighted Average Cost
	A	B	C	D	E
9	Common Equity	\$ 4,564,821,051	58.53%	10.40%	6.09%
10	Long-Term Debt	3,233,952,976	41.47%	4.66%	1.93%
11	Totals	<u>\$ 7,798,774,027</u>	<u>100.00%</u>		<u>8.02%</u>

Consolidated Balance Sheets

As of December 31, <i>(in millions)</i>	2021	2020
ASSETS		
Property, Plant and Equipment		
Utility plant	\$ 10,982.9	\$ 10,257.5
Accumulated depreciation and amortization	(3,648.4)	(3,469.3)
Net utility plant	7,334.5	6,788.2
Other property, at cost, less accumulated depreciation	897.7	1,050.3
Net Property, Plant and Equipment ⁽¹⁾	8,232.2	7,838.5
Current Assets		
Cash and cash equivalents	23.2	1.5
Restricted cash	9.5	8.2
Accounts receivable (less reserve of \$9.5 and \$18.0, respectively)	337.3	330.6
Accounts receivable - affiliated	7.5	0.1
Income tax receivable	6.3	18.4
Gas inventory	123.1	62.8
Materials and supplies, at average cost	119.0	118.5
Electric production fuel, at average cost	32.2	68.4
Exchange gas receivable	6.0	2.4
Regulatory assets	100.5	58.9
Prepayments and other	61.9	49.3
Total Current Assets ⁽¹⁾	826.5	719.1
Other Assets		
Regulatory assets	1,213.6	733.3
Goodwill	17.8	17.8
Deferred charges and other	146.0	84.5
Total Other Assets	1,377.4	835.6
Total Assets	\$ 10,436.1	\$ 9,393.2

Consolidated Balance Sheets

As of December 31, (in millions)	2021	2020
MEMBER'S EQUITY AND LIABILITIES		
Member's Equity		
Member's equity - NIPSCO	\$ 3,504.2	\$ 3,174.5
Noncontrolling interest in consolidated subsidiaries	325.6	85.6
Total Member's Equity	3,829.8	3,260.1
Long-Term Debt		
Long-term debt, excluding amounts due within one year	74.4	82.0
Long-term debt - affiliated, excluding amounts due within one year	2,431.0	2,256.0
Total Long-Term Debt	2,505.4	2,338.0
Current Liabilities		
Current portion of long-term debt	12.2	1.9
Short-term borrowings - affiliated	414.4	432.2
Accounts payable	319.7	285.3
Accounts payable - affiliated	48.5	44.6
Customer deposits and credits	100.6	104.0
Taxes accrued	84.5	44.3
Interest accrued	18.7	18.4
Regulatory liabilities	68.3	68.4
Legal and environmental	9.9	14.6
Accrued compensation and employee benefits	74.5	55.7
Asset retirement obligations	42.7	18.5
Other accruals	46.5	54.1
Total Current Liabilities ⁽¹⁾	1,240.5	1,142.0
Other Liabilities		
Deferred income taxes	901.0	821.3
Deferred investment tax credits	1.2	1.5
Accrued liability for postretirement and postemployment benefits	273.6	292.1
Regulatory liabilities	887.0	952.3
Asset retirement obligations	391.3	414.3
Developer obligations	347.2	69.7
Other noncurrent liabilities	59.1	101.9
Total Other Liabilities ⁽¹⁾	2,860.4	2,653.1
Commitments and Contingencies (Refer to Note 17, "Other Commitments and Contingencies")		
Total Member's Equity and Liabilities	\$ 10,436.1	\$ 9,393.2

Statements of Consolidated Cash Flows

Year Ended December 31, <i>(in millions)</i>	2021
Operating Activities	
Net Income	\$ 333.6
Adjustments to Reconcile Net Income to Net Cash from Operating Activities:	
Depreciation and amortization	410.2
Deferred income taxes and investment tax credits	47.0
Deferred revenue	—
Stock compensation expense and 401(k) profit sharing contributions	1.8
Gain on sale of assets	(0.4)
Amortization of discount on debt	—
AFUDC equity	(10.3)
Changes in Assets and Liabilities:	
Accounts receivable - affiliated	(7.4)
Accounts receivable	(6.7)
Income tax receivable	12.1
Inventories	(39.8)
Accounts payable - affiliated	3.9
Accounts payable	(1.5)
Customer deposits and credits	(3.5)
Taxes accrued	33.8
Interest accrued	0.4
Exchange gas receivable/payable	(47.8)
Other accruals	(3.4)
Prepayments and other current assets	(12.4)
Regulatory assets/liabilities	78.4
Postretirement and postemployment benefits	(73.4)
Accrued compensation and employee benefits	13.2
Deferred credits	(1.2)
Deferred charges and other noncurrent assets	1.8
Other noncurrent liabilities	(11.7)
Net Cash Flows from Operating Activities	716.7
Investing Activities	
Capital expenditures	(749.3)
Changes in affiliated money pool lendings	—
Cost of removal	(95.1)
Payment to renewable generation asset developer	(240.4)
Net Cash Flows used for Investing Activities	(1,084.8)
Financing Activities	
Issuances of affiliated long-term debt	175.0
Payments of affiliated long-term debt	—
Repayments of long-term debt and capital lease obligations	(2.2)
Changes in affiliated money pool borrowings	(17.8)
Change in short-term borrowings	—
Equity and other debt related costs	(8.4)
Contributions from noncontrolling interest	245.1
Distributions to noncontrolling interest	(0.6)
Dividends paid - common stock	—
Net Cash Flows from (used for) Financing Activities	391.1
Change in cash, cash equivalents and restricted cash	23.0
Cash, cash equivalents and restricted cash at beginning of period	9.7
Cash, Cash Equivalents and Restricted Cash at End of Period	\$ 32.7

Year Ended December 31, <i>(in millions)</i>	2021	2020
Operating Revenues		
Customer revenues	\$ 2,438.2	\$ 2,151.5
Other revenues	93.3	96.5
Total Operating Revenues	2,531.5	2,248.0
Operating Expenses		
Cost of energy	812.0	588.1
Operation and maintenance	731.0	727.6
Depreciation and amortization	410.2	394.9
Gain on sale of assets	(0.4)	—
Other taxes	91.0	85.0
Total Operating Expenses	2,043.8	1,795.6
Operating Income	487.7	452.4
Other Income (Deductions)		
Interest on long-term debt, net	(5.2)	(5.2)
Interest on long-term debt, net - affiliated	(107.1)	(104.8)
Other, net	34.6	16.4
Total Other Deductions, Net	(77.7)	(93.6)
Income before Income Taxes	410.0	358.8
Income Taxes	76.4	69.2
Net Income	\$ 333.6	\$ 289.6
Net income attributable to noncontrolling interest	\$ 3.9	\$ 3.4
Net Income Attributable to NIPSCO	\$ 329.7	\$ 286.2
Common Dividends Declared	\$ —	\$ —

NORTHERN INDIANA PUBLIC SERVICE COMPANY
Ratio Summary for Allocation of Common Expenses
For the Period August 2022 to January 2023

Ratio	Ratio Short Name	Description	% to Elec	% to Gas
13	PC	# of Computing Devices	58.39%	41.61%
11	EMP	# of Employees	63.75%	36.25%
10	G-3	# of Retail Customers	38.21%	61.79%
G-2	G-2	All Customers	36.20%	63.80%
9	9	Automobile Units	47.98%	52.02%
E	E	Combination District Customers	48.71%	51.29%
7	7	Gross Depreciable Property and Operating Expenses	68.07%	31.93%
2	2	Gross Fixed Assets	68.35%	31.65%
1	1	Gross Fixed Assets and Operating Expenses	68.16%	31.84%
H	H	Investment	68.38%	31.62%
20	O&M	O&M Expenses	64.88%	35.12%
D	D	Payroll	64.57%	35.43%
Property Tax	PT	Property Tax allocation	59.52%	40.48%
MR	MR	Mainframe	29.52%	70.48%
MS	MS	NiFit	66.02%	33.98%