

Northern Indiana Public Service Company LLC
Cause No. 45621

FILED
September 29, 2021
**INDIANA UTILITY
REGULATORY COMMISSION**

VERIFIED DIRECT TESTIMONY OF ANDREW S. CAMPBELL

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

2 A1. My name is Andrew S. Campbell. I am the Director of Regulatory
3 Support & Planning for Northern Indiana Public Service Company LLC
4 ("NIPSCO" or "Company"). My business address is 1500 165th Street,
5 Hammond, Indiana 46320.

6 **Q2. Please describe your educational and employment background.**

7 A2. I graduated from Purdue University Calumet with a Bachelor of Science in
8 Mechanical Engineering and graduate studies in Interdisciplinary
9 Engineering. Additionally, I graduated with a Master of Business
10 Administration from the University of Notre Dame. I began my
11 employment with NIPSCO in June of 2009 as an Operations Analysis
12 Engineer. In September of 2011, I was promoted to the Manager of
13 Operations & Market Support and in May of 2013, assumed the role of
14 Manager of Planning & Regulatory Support. In September of 2017, I was
15 promoted to my current role as Director of Regulatory Support &
16 Planning. Prior to joining NIPSCO, I worked as an engineer for an

1 industrial manufacturing company that specialized in engine attachments
2 for marine and small power generation applications. I am also a veteran
3 of the Army National Guard.

4 **Q3. What are your responsibilities as Director of Regulatory Support &**
5 **Planning?**

6 A3. As the Director of Regulatory Support & Planning, I am responsible for
7 leading the regulatory support and financial planning functions for the
8 Energy Supply & Optimization ("ES&O") department within NIPSCO,
9 whereby my team supports NIPSCO's operations within the electric and
10 natural gas markets. More specifically, my team is responsible for leading
11 all electric and natural gas rate case related support activities for the
12 ES&O department, supporting the forecast and reconciliation of NIPSCO's
13 Fuel Adjustment Clause ("FAC"), Regional Transmission Organization
14 ("RTO") Adjustment, Resource Adequacy ("RA") Adjustment, Green
15 Power Rider ("GPR"), Gas Cost Adjustment ("GCA"), leading the
16 development of NIPSCO's natural gas and electric hedging programs, and
17 supporting NIPSCO's financial and business planning cadence. Most
18 recently, I have been leading the commercial execution of NIPSCO's
19 generation strategy outlined within its 2018 Integrated Resource Plan.

1 **Q4. Have you previously testified before the Indiana Utility Regulatory**
2 **Commission ("Commission") or any other regulatory commission?**

3 A4. Yes. Most relevant, I submitted testimony in NIPSCO's gas rate case in
4 Cause No. 44988 and NIPSCO's electric rate case in Cause No. 45159. I
5 have also submitted testimony before the Commission in support of (1)
6 NIPSCO's requests for a certificate of public convenience and necessity to
7 purchase and acquire (indirectly through joint venture structures) in
8 Cause Nos. 45194, 45310, 45462, 45511, 45524, and 45529; (2) NIPSCO's
9 requests for approval and associated cost recovery of power purchase
10 agreements in Cause Nos. 45195, 45196, 45403, 45472, and 45489; (3)
11 NIPSCO's request for a modification of the Commission's Order in Cause
12 No. 45310 authorizing a contract for differences as a third option in
13 addition to the approved offtake agreements in Cause No. 45463; (4)
14 NIPSCO's request for approval of its 2016 Hedging Plan (Cause No.
15 44205-S4), 2018 Hedging Plan in Cause No. 38706-FAC-118, 2019 Hedging
16 Plan in Cause No. 38706-FAC-122, 2020 Hedging Plan in Cause No. 38706-
17 FAC-126, and 2021 Hedging Plan in Cause No. 38706-FAC-130; (5)
18 NIPSCO's request for approval of an amendment to NIPSCO's 2017-2018
19 financing authority in Cause No. 45020); and (6) in some of the following

1 tracker filings: GCA tracker filings (Cause No. 43629-GCA-XX), FAC
2 tracker filings (Cause No. 38706-FAC-XX, including the subdocket
3 currently pending in Cause No. 38706-FAC-130-S1), RA Adjustment
4 tracker filings (Cause No. 44155-RA-XX), and RTO Adjustment tracker
5 filings (Cause No. 44156-RTO-XX).

6 **Q5. Are you sponsoring any attachments to your direct testimony in this**
7 **Cause?**

8 A5. Yes. I am sponsoring Attachments 11-A through 11-C, all of which were
9 prepared by me or under my direction and supervision. I also sponsor a
10 portion of the workpapers included in Petitioner's Confidential Exhibit
11 No. 19-S2.

12 **Q6. What is the purpose of your testimony?**

13 A6. The purpose of my direct testimony is to describe NIPSCO's gas
14 infrastructure and explain how the quality of that system supports the
15 safe delivery of natural gas. I also describe recent changes to NIPSCO's
16 Rates 128 and 138 in its Current Tariff. In addition, I discuss the planning
17 assumptions that support NIPSCO's forecasted cost of gas sold, forecasted
18 gas in storage, forecasted on-system storage activity, and the pro forma

1 adjustments for Liquefied Natural Gas ("LNG") liquefaction costs.
2 Finally, I provide support for the adjustment to the Company's test year
3 revenues to remove forecasted off-system displacement revenues.

4 **NIPSCO GAS DISTRIBUTION SYSTEM**

5 **Q7. Please describe NIPSCO's gas distribution system.**

6 A7. NIPSCO's gas distribution system is a dispersed/multiple city-gate,
7 integrated transmission/distribution and multiple-pressure-based system
8 providing gas service to approximately 850,000 customers. At the end of
9 2020, the Company had approximately 17,700 miles of transmission and
10 distribution lines.

11 **Q8. Has NIPSCO's gas distribution system been adequately maintained in**
12 **good operating condition?**

13 A8. Yes. NIPSCO has invested substantially in its gas distribution system
14 over the years, resulting in a very low percentage of bare steel pipe (115
15 miles or 0.65% of total system). In addition to regular maintenance and
16 inspection programs, the recent and planned investments to NIPSCO's
17 gas system approved in Cause Nos. 44403 and 45330 as part of its TDSIC
18 program are intended to increase long term reliability by replacing
19 infrastructure and allowing access to gas in more rural areas. The projects

1 being undertaken also demonstrate the Company's commitment to
2 providing a safe and reliable supply of gas to its customers.

3 **Q9. What is bare steel pipe?**

4 A9. Bare steel pipe is all gas main that was installed without coating and is not
5 cathodically protected.

6 **Q10. What benefits do NIPSCO and its customers realize from a low bare**
7 **steel pipe percentage?**

8 A10. Reducing a gas utility's bare steel pipe percentage increases safety and
9 reliability of the system. A low bare steel pipe percentage also reduces
10 repair costs because of the much lower likelihood of developing leaks.
11 Bare steel pipe is more likely to develop leaks that require repair and lead
12 to higher unaccounted for gas ("UAFG") costs. Gas companies aspire for
13 a low percentage of bare steel pipe to achieve these benefits.

14 **Q11. What is UAFG?**

15 A11. UAFG is the portion of gas that is delivered to the distribution system
16 which cannot be accounted for through sales or other known uses.¹ UAFG

¹ UAFG definition per the American Gas Association ("AGA"): The difference between the total gas available from all sources, and the total gas accounted for as sales, net interchange, and company use. This difference includes leakage or other actual losses, discrepancies due to meter

1 is a cost of providing gas service to customers because all gas systems,
2 regardless of how well maintained, have some level of UAFG in the form
3 of leakage, other actual losses, or other administrative losses. A well
4 maintained system, however, will reduce this expense because less gas is
5 lost through leaks. NIPSCO's low percentage of priority pipe helps
6 NIPSCO maintain a low UAFG.²

7 **SYSTEM DESIGN**

8 **Q12. How does NIPSCO evaluate system needs?**

9 A12. NIPSCO uses a third party gas network hydraulic simulation model for
10 new design applications. The two primary variables considered are the
11 maximum quantity of gas that will be needed to meet demand and the
12 minimum pressure needed at the delivery point. Because the maximum
13 demand on the system generally occurs on the coldest day, NIPSCO has
14 established Design Day Peak conditions based on extreme weather
15 probability for use in its model.

16

inaccuracies, variations of temperature and/or pressure, and other variants, particularly due to measurements being made at different times. In cycle billings, an amount of gas supply used but not billed as of the end of a period.

² NIPSCO's current system-wide UAFG is 0.62%.

1 **Q13. How does NIPSCO determine its Design Day?**

2 A13. NIPSCO evaluates historical weather to determine the design temperature
3 that is used to project system load in the hydraulic simulation model.
4 NIPSCO applies a one in thirty-three probability factor to determine the
5 Design Day temperature. This one in thirty-three probability indicates
6 that there is a 3% probability that any winter may have at least one day
7 equal to or colder than the Design Day temperature. Based on this
8 analysis, NIPSCO's Design Day represents a daily average of -15 degrees
9 Fahrenheit (or 80 heating degree days ("HDDs")). NIPSCO then evaluates
10 the gas usage of all of its stations during the Design Day to determine the
11 amount of gas that will be used and to design the system to ensure that
12 adequate supplies of gas are available. This model also is used to evaluate
13 whether new customers or growing usage will require infrastructure
14 improvements.³

15 **Q14. Why is it necessary to design NIPSCO's system for a Design Day it has**
16 **not experienced?**

17 A14. The consequences of failing to meet Design Day peak demand are

³ Additional details regarding the planning requirements for Design Day conditions can be found in the filings and Commission Order in Cause No. 37306-GCA-39-S1.

1 significant because of the basic operation of a gas system. If usage exceeds
2 the design capacity, gas pressure will degrade to a point where gas flow
3 will cease for customers located furthest away from the supply source.
4 Appliances using gas will shut-down because there is no flowing gas
5 supply. Appliances that rely on a pilot light may allow small amounts of
6 gas to leak into the premises when service pressure resumes because the
7 gas is not being burned. NIPSCO must send personnel out to these
8 customers' meters to shut-off the gas supply to avoid this danger and then
9 turn the meter back on when gas is available.

10 **Q15. Does NIPSCO have any other tools to avoid such a scenario?**

11 A15. Yes. NIPSCO's current and proposed tariff affords the ability to interrupt
12 services and issue curtailments of gas flow. NIPSCO's Rule 13 and Rates
13 128 and 138 (now 228 and 238) provide a concise and transparent
14 approach to the implementation of curtailments and potential penalties
15 associated with non-compliance.

16 **NIPSCO INTERCONNECTIONS**

17 **Q16. Please describe NIPSCO's gas delivery system.**

18 A16. The NIPSCO gas delivery system has 38 interconnects with seven
19 interstate gas pipelines. The transmission system that NIPSCO operates

1 allows for flexibility in the amount of gas needed through the 38 delivery
2 points. This flexibility helps ensure safe, reliable and cost effective service
3 and allows for a more efficient operation of the system.

4 **Q17. Are there any significant segments within the NIPSCO system?**

5 A17. Yes. NIPSCO has a group of high demand, high load factor customers
6 located in the northwest corner of the system. The primary feed to these
7 customers is through what is known as the 483 PSI system. In the summer
8 months, this system handles approximately two-thirds of the entire
9 NIPSCO system sendout.

10 **Q18. Please describe the other segments within the NIPSCO system.**

11 A18. NIPSCO has a 600 PSI high pressure loop that extends from the Illinois
12 state line to the Fort Wayne area. It branches north near South Bend and
13 south through Royal Center. All of the seven interstate pipelines
14 connected to the NIPSCO system have one, or more, station(s) that
15 delivers gas into this loop. The capacity in this system allows great
16 flexibility between delivery points and thus between deliveries by the
17 seven interstate pipelines, offering more choice of supply to all NIPSCO
18 customers. This flexibility also helps prevent system collapse should any

1 single delivering pipeline fail.

2 **Q19. Are there limitations in the capacity of the high pressure loop?**

3 A19. Yes. Although the 600 PSI high pressure loop offers a great deal of
4 flexibility, it still has limitations. For this reason, it is necessary for
5 NIPSCO to define three transportation zones. They are commonly
6 referred to as the Northwest Zone A, Southeast Zone B, and East Zone E.
7 The connection point between the Southeast Zone and the Northwest
8 Zone is the State Road 114 station, located on the 20" feed in Whitley
9 County.

10 **Q20. What interstate pipelines deliver into each transportation zone?**

11 A20. The table below details the NIPSCO transportation zone, and the
12 interstate pipeline(s) that interconnects and delivers gas into each zone:

NIPSCO Transportation Zone	Upstream Pipeline
Northwest Zone A	ANR Pipeline Crossroads Pipeline Natural Gas Pipeline Company of America Northern Border Trunkline Gas Company Vector Pipeline
Southeast Zone B	ANR Pipeline Panhandle Eastern Pipeline Company

East Zone E	Crossroads Pipeline
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2 **Q21. Do transportation customers have other restrictions in the delivery of**
3 **gas into the NIPSCO system?**

4 A21. Yes. To retain system integrity, it is important to have rules describing the
5 limits of daily delivery for transportation customers. One rule is that
6 these customers are daily balanced; in other words, there are rules to
7 ensure that the volumes delivered into the NIPSCO system each day are
8 close to the amount of gas being consumed by the customer.

9 **NIPSCO STORAGE FACILITIES, GAS IN STORAGE, AND COST OF GAS SOLD**

10 **Q22. Does NIPSCO own and operate any type of on-system storage**
11 **operations?**

12 A22. Yes. As discussed by NIPSCO Witness Sylvester, NIPSCO owns and
13 operates two on-system storage operations: an Underground Gas Storage
14 facility headquartered in Royal Center, Indiana ("Royal Center") and a
15 LNG facility. In addition, NIPSCO utilizes the operating pressure range
16 of its system ("line pack") for short duration storage.

17 **Q23. How do customers benefit from the Royal Center and LNG facilities**
18 **and from line pack capability?**

1 A23. Customers benefit from NIPSCO's on-system storage options because
2 access to storage facilities enhances cost effectiveness and reliability of
3 service. While storage is available from third-party providers, there are
4 pre-planning requirements and other management issues that may inhibit
5 the ability to use the stored gas when it is necessary. NIPSCO is able to
6 call on its storage facilities during the course of normal operations as well
7 as to supply gas when unexpected events occur. For example, on a day
8 when the temperature is much lower than projected, NIPSCO can call on
9 its own storage facilities rather than acquire gas on the market during
10 peak periods or rely on third-party storage and transportation options that
11 may not be sufficiently flexible to ensure gas is available when needed.

12 **Q24. Please describe NIPSCO's Royal Center operation.**

13 A24. NIPSCO's Royal Center facility is an aquifer storage field that is
14 commonly referred to as Trenton or Royal Center.⁴ Trenton has a working
15 capacity of 4 billion cubic feet of gas system storage capacity. The
16 working capacity is the amount of gas that can be injected and withdrawn

⁴ An aquifer storage facility is comprised of a porous rock formation capped by a non-porous rock formation. A series of wells are drilled through the non-porous rock and gas is pumped into the porous rock formation, displacing water present in the porous rock. The pressure of the displaced water allows the gas to be recovered when needed.

1 in one annual cycle. The forecasted average daily injection and
2 withdrawal during the Forward Test Year is 34,188 thousand cubic feet
3 ("MCF"). These injection and withdrawal averages were determined
4 using a typical injection and withdrawal process for the facility and are in
5 alignment with historical practices. This historical activity is reviewed
6 annually and subsequently incorporated into NIPSCO's gas in storage
7 plan on a normalized basis.

8 **Q25. Please describe NIPSCO's LNG operation.**

9 A25. NIPSCO's LNG facility takes natural gas and refrigerates it to its boiling
10 point of -260° Fahrenheit. When full to capacity, the LNG facility has ten
11 days of deliverability at its maximum daily vaporization capability. The
12 LNG facility is utilized to supplement system supply on "critical" winter
13 days of high customer demand. Operationally, the peaking resource is
14 held in reserve for these critical days, as the liquefaction capability of the
15 facility requires about 40 days to replenish the amount of LNG consumed
16 on a single maximum vaporization day.

17 **Q26. What is boil-off?**

18 A26. The LNG in the tank is stored at its boiling point. Because of this, there is

1 always a certain amount of liquid constantly changing into a gas. This gas
2 is called boil-off. The boil-off gas is taken, compressed and put back into
3 the NIPSCO system for use. On a planning basis, NIPSCO projects
4 replacement of boil-off.

5 **Q27. What is the average annual quantity of boil off that NIPSCO projects it**
6 **must replace?**

7 A27. The forecasted average annual boil-off at NIPSCO's LNG facility is 584,000
8 MCF. It takes approximately 60 to 70 days of liquefaction to replace this
9 boil-off gas. This historical activity is reviewed annually and
10 subsequently incorporated into NIPSCO's gas in storage plan on a
11 normalized basis.

12 **Q28. Aside from naturally occurring boil-off gas, does NIPSCO project to**
13 **vaporize gas during the Forward Test Year?**

14 A28. No. For purposes of the cost of gas sold in the Forward Test Year,
15 NIPSCO does not plan to vaporize LNG. In the event vaporization occurs,
16 NIPSCO's typical practice is to replace the amount vaporized, in addition
17 to the boil-off, during the subsequent injection season.

18 **Q29. Please describe Petitioner's Exhibit No. 3, Attachment 3-C, Adjustment**

1 **OM 2C and the amounts included in the Forward Test Year for LNG**
2 **expense.**

3 A29. Adjustment OM 2C-21 is to increase LNG expenses in the amount of
4 \$1,454,599 for the 2021 Budget Period (the period beginning January 1,
5 2021 and ending December 31, 2021) . The adjustment was calculated by
6 normalizing the Historic Base Period LNG expense to reflect an increase in
7 electricity costs. Expenses associated with electricity are the largest
8 expense associated with the liquefaction and vaporization of gas.
9 NIPSCO interdepartmental rates increased when Cause No. 45159 base
10 rates were implemented on March 2, 2020. Other costs have remained
11 reasonably flat in recent years. As such, no adjustment is required for the
12 Forward Test Year. If this adjustment is not included, the Forward Test
13 Year LNG expenses would be understated.

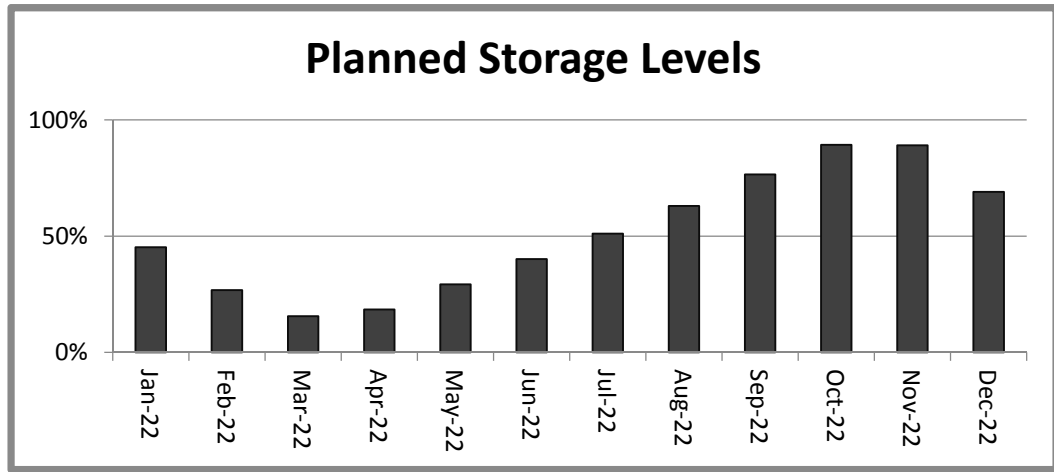
14 **Q30. You previously stated that NIPSCO's customers benefit from line pack.**
15 **Please describe line pack.**

16 A30. When more gas enters the system from the interstate pipelines than is
17 delivered to the customers, the gas is stored in the pipelines and the
18 pressure in the pipelines increases. When more gas leaves than enters the
19 system, gas stored in the pipeline is used and the pressure in the pipeline

1 decreases. Line pack is the amount of gas stored in the high pressure loop
2 as the pressure ranges between 350 and 540 PSI. One significant limitation
3 in line pack is its extreme short term availability. While the availability of
4 stored gas from Royal Center and LNG can be planned weeks ahead, the
5 availability of line pack is dependent on the pressure in the line at that
6 moment in time and thus cannot be relied upon as a firm source of
7 storage. Line pack is unique in that since pressure changes in the system
8 are managed by the pressures supplied by the interstate pipelines, line
9 pack is a no cost benefit NIPSCO is able to provide to its customers.

10 **Q31. How did NIPSCO determine its forecasted gas in storage for the**
11 **purposes of the proceeding?**

12 A31. Firm storage service contracts with Natural Gas Pipeline Company of
13 America, Panhandle Eastern Pipe Line Company, ANR Pipeline
14 Company, Washington 10 Storage Corporation, and Egan Hub Partners,
15 L.P. provide an annual peak working storage capability of approximately
16 29,842,000 Dth, with maximum daily withdrawal capability of
17 approximately 523,000 Dth to meet winter peaks, after allocations to the
18 Choice Suppliers. The forecasted gas in storage for the contracted storage
19 facilities during the Forward Test Year is detailed in the graph below.



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NIPSCO develops a storage plan that includes both planned injection and withdrawal activity required to meet the customers' needs based upon projected annual billing determinants provided by NIPSCO Witness Bartos. NIPSCO's overall philosophy for injecting and withdrawing from storage is a ratable, but weighted approach whereby NIPSCO seeks to maintain maximum flexibility for monthly and daily system balancing. All forecasted gas in storage levels are determined using forecasted demand and are targeted to achieve approximately 92% of contracted off-system storage and on-system storage volumes at the start of the winter season. The dollar value associated with the forecasted gas in storage is determined through this plan and is priced using the forward price NYMEX curve based on the projected purchases made and injected into storage in a given month to determine a total cost of gas. The total cost of gas is then utilized to

1 determine a Weighted Average Cost of Gas ("WACOG"). NIPSCO Witness
2 Dousias included gas in storage as a component of Rate Base. As shown in
3 Petitioner's Exhibit No. 3, Attachment 3-C-S2, RB 9 (Current Account 164)
4 and RB-10 (Non-current Account 117), a 13-month average for the Forward
5 Test Year is calculated using the monthly projected gas in storage inventory
6 volumes and costs that resulted from the planning process described above.

7 **Q32. How did NIPSCO determine its forecasted cost of gas sold for purposes**
8 **of this proceeding?**

9 A32. The bulk of NIPSCO's demand is supported through its storage activity.
10 Therefore, NIPSCO utilizes the total gas cost and WACOG determined in
11 its forecasted gas in storage for its cost of gas sold in order to align with
12 the forecasted plan utilized in this proceeding. The gas cost itself is
13 forecasted and reconciled on a quarterly basis through NIPSCO's GCA
14 tracker proceedings (Cause No. 43629-GCA-XX). See Petitioner's Exhibit
15 No. 3, Attachment 3-C, COGS 1 for the costs of gas included in this
16 proceeding.

17 **PENDING CHANGES TO RATES 128 AND 138**

18 **Q33. Please describe current Rates 128 and 138.**

19 A33. Rate 128 is available to large customers that have gas requirements during

1 the most recent calendar year averaging at least 200 Dth per day. Rate 138
2 is available to customers that have gas requirements during the most
3 recent calendar year averaging at least 100 Dth per day.

4 **Q34. Has NIPSCO encountered any recent issues with Rates 128 and 138?**

5 A34. Yes. Under Rates 128 and 138, when a NIPSCO large customer's actual
6 gas consumption is less than the allocated quantity of natural gas by less
7 than 20%, the tariff provides that NIPSCO purchase that gas at a below
8 market rate equal to 70% of the applicable City-gate midpoint. When a
9 customer's over-delivery exceeds 20%, NIPSCO must purchase the gas at
10 60% of the applicable City-gate price. Conversely, when a large
11 customer's actual gas consumption is greater than the allocated quantity
12 of natural gas at the Citygate by less than 20%, NIPSCO is obligated to sell
13 gas to that customer at an above-market rate equal to 130% of the
14 applicable City-gate midpoint. A higher premium is applied to under-
15 deliveries exceeding 20%. Typically, NIPSCO's obligation as supplier of
16 last resort to its large volume customers does not adversely impact GCA
17 customers because NIPSCO is either (i) purchasing gas from large volume
18 customers at a below-market rate or (ii) selling gas to large volume
19 customers at an above-market rate; however, cold weather events in

1 February 2021 created an imbalance of less than 20%, equivalent to
2 approximately 809,224 Dth for February 2021. In accordance with
3 NIPSCO's approved tariff, NIPSCO purchased the amount of gas not used
4 at 70% of the applicable City-gate price which, due to the high price of gas
5 at that time, cost approximately \$29.38 million.

6 Based on this occurrence, and in compliance with the Commission's
7 directive in its May 26, 2021 Order in Cause No. 43629-GCA-58 ("GCA-58
8 Order"), NIPSCO engaged in a collaborative dialogue with its stakeholders
9 to develop alternative provisions in Rates 128 and 138 relating to over and
10 under deliveries. NIPSCO made a 30-day filing reflecting the agreed upon
11 revisions to these provisions in the tariff designed to further mitigate the risk
12 to NIPSCO and its customers of increased gas costs resulting from under
13 deliveries, which is currently pending in 30-Day Filing No. 50455.

14 **Q35. What if NIPSCO's proposed revisions to Rates 128 and 138 are not**
15 **approved in NIPSCO's currently pending 30-Day Filing No. 50455?**

16 **A35.** While NIPSCO is hopeful its 30-Day Filing No. 50455 will be approved so
17 that the revisions can be implemented before the 2021-2022 heating
18 season, if NIPSCO's proposed revisions to Rates 128 and 138 are not

1 approved, NIPSCO will file supplemental direct testimony requesting
2 approval of revisions in this proceeding designed to mitigate the risk to all
3 of its customers resulting from an undertake of gas.

4 **Q36. Is NIPSCO proposing any changes to Rates 128 and 138 in this**
5 **proceeding?**

6 A36. Yes. NIPSCO is proposing to update the Balance Account Capacity
7 Charge ("Bank Capacity Charge") to \$0.2021 per Therm of capacity per
8 month. Additional changes to the rates and charges as a result of the rate
9 design are discussed by NIPSCO Witness Whitehead.

10 **Q37. How was the updated Bank Capacity Charge determined?**

11 A37. NIPSCO utilized a volume weighted average of its current off-system
12 storage portfolio that captures the cost difference between baseload
13 storage and no-notice / high-turn storage services. This approach is
14 essentially the opportunity cost incurred by NIPSCO's GCA customers by
15 maintaining more flexible storage assets for system balancing. In its last
16 gas rate case proceeding (Cause No. 44988), NIPSCO proposed a Bank
17 Capacity Charge within its Case-in-Chief using this same methodology.
18 Although the parties ultimately agreed to a lower Bank Capacity Charge

1 in settlement, when comparing to the \$0.167 per Therm of capacity per
2 month as originally proposed in its Case-in-Chief to the \$0.2021 per Therm
3 of capacity per month proposed here, it is clear the cost to offer this
4 service has increased as storage and pipeline companies continue to have
5 their own rate proceedings that seek to raise the rates NIPSCO pays for
6 off-system storage and no-notice services. Support for the updated Bank
7 Capacity Charge is shown in Attachment 11-C.

8 **OFF-SYSTEM DISPLACEMENT REVENUE ADJUSTMENT**

9 **Q38. Please describe Petitioner's Exhibit No. 3, Attachment 3-C-S2,**
10 **Adjustment REV 7 and the resulting impact on the Forward Test Year?**

11 A38. Adjustment REV 7-21 is to increase off-system displacement revenues in
12 the amount of \$126,856 for the 2021 Budget Period (the period beginning
13 January 1, 2021 and ending December 31, 2021) resulting in a 2021 Budget
14 Period amount of \$152,506. Adjustment REV 7-22R decreases Forward
15 Test Year operating revenues by \$152,506 to remove forecasted off-system
16 displacement revenues. The 5-year average of actual off-system
17 displacement revenues from 2016 through 2020 was \$120,394, which was
18 adjusted by \$32,112 to arrive at the 2022 forecast. The 2022 forecast of
19 \$152,506 is higher than the amount of off-system displacement revenues

1 received in 2016, 2017 and 2020, and lower than revenues received in 2018
2 and 2019. If this adjustment is not included, Forward Test Year operating
3 revenues would be overstated.

4 **Q39. What are off-system displacement revenues?**

5 A39. In general, off-system displacement revenues are the result of locational
6 exchanges. Locational exchanges are off-system transactions that involve
7 a locational exchange of gas whereby NIPSCO delivers gas to one side of
8 the NIPSCO system and the counterparty delivers an equal volume to
9 another side of the NIPSCO system. These transactions involve the
10 exchange of a commodity at a point in time with no additional costs
11 incurred by NIPSCO's customers. Due to the fact that there are no
12 additional costs incurred to NIPSCO customers and the gas is replaced
13 equally, in volume and price between the points, the fee paid by the
14 counterparty is kept by NIPSCO and is booked as off-system
15 displacement revenue.

16 **Q40. Why are off-system displacement revenues being removed from**
17 **NIPSCO's total revenues?**

18 A40. NIPSCO's shareholders assume all risks associated with off-system

1 displacement transactions. Moreover, the transactions involve assets that
2 are not included in rate base. Accordingly, these transactions traditionally
3 have been excluded from the Company's GCA revenues.

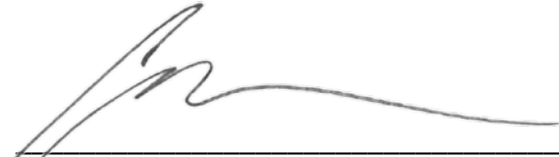
4 **CONCLUSION**

5 **Q41. Does this complete your prefiled direct testimony?**

6 A41. Yes.

VERIFICATION

I, Andrew S. Campbell, Director of Regulatory Support & Planning for Northern Indiana Public Service Company, affirm under penalties of perjury that the foregoing representations are true and correct to the best of my knowledge, information and belief.



Andrew S. Campbell

Dated: September 29, 2021

NORTHERN INDIANA PUBLIC SERVICE COMPANY
IURC Gas Service Tariff
Original Volume No. 8

First Revised, Sheet No. 52
Superseding
Original Sheet No. 52

Deleted: Original

RATE 128
RATE FOR GAS SERVICE
LARGE TRANSPORTATION AND BALANCING SERVICE

Sheet No. 1 of 13

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TO WHOM AVAILABLE

Available to Non-Residential Customers located in the area served by the Company whose gas requirements during the most recent calendar year average at least 200 Dth per day and to new or existing Non-Residential Customers presently utilizing an alternate fuel and/or adding additional load who shall certify in writing and demonstrates that their gas requirements will average at least 200 Dth per day.

Customers taking service under this Rate Schedule shall enter into a mutually agreeable written agreement for the delivery by the Company of quantities of gas obtained by the Customer from a source other than the Company and delivered to the Company for the purposes of service under this Rate Schedule.

CHARACTER OF SERVICE

Customers shall make all necessary agreements and obtain all necessary regulatory or governmental certificates or approvals to enable the gas transported under this Rate Schedule to be delivered to the Company to at least one interconnecting point/nominating meter with an upstream pipeline (City Gate) provided the Company's contractual arrangements and facilities are physically adequate to transport the contracted volumes to the facilities of the Customer. However, an Island Customer is restricted for transportation service of deliveries on its one supplying pipeline. The following table shows the nominating meters with upstream pipelines by zone:

NIPSCO Zone	Upstream Pipeline	Nominating Meter (City Gate)
A – Northwest Zone	ANR Pipeline	4375 – Michigan City 138744 – Crown Point
A – Northwest Zone	Crossroads Pipeline	736908 – Griffith
A – Northwest Zone	Natural Gas Pipeline Company of America	909260 – NIPSCO CDP
A – Northwest Zone	Northern Border	115 – North Hayden
A – Northwest Zone	Trunkline Gas Company	TRKNI - NIPSCO
A – Northwest Zone	Vector Pipeline	CP151FE001SF – Crown Point
B – Southeast Zone	ANR Pipeline	40184 – Fort Wayne
B – Southeast Zone	Panhandle Eastern Pipeline Company	NIPS – NIPSCO
E – East Zone	Crossroads Pipeline	736908 – Butler

The Company will be the sole determinant of pipeline City Gate capacity availability, such as a nomination cap and/or meter cap, for transport quantities of gas. The Company reserves the right to issue nomination and / or meter caps or further restrict the availability of approved delivery points whenever any of the following conditions occur or is anticipated to occur:

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CHARACTER OF SERVICE (Continued)

- (1) Off-system (upstream) pipeline maintenance, upgrades or inspections affecting one, or more, NIPSCO City Gates;
- 2) On-system maintenance, upgrades or inspections system affecting one, or more, NIPSCO City Gates or downstream systems; or
- 3) Nominated pipeline supplies to NIPSCO City Gates resulting in NIPSCO being unable to maintain system balances with current on- and / or off-system balancing services.

Prior to issuing nomination and / or meter caps or further restrict the availability of approved delivery points, the Company shall further exhaust all reasonable efforts and utilize all available alternatives that do not require such issuance. If determined issuing nomination and / or meter caps or further restrict the availability of approved delivery points is necessary, the Company shall implement any such measures in the least restrictive manner reasonably feasible, and shall provide affected Customers with as much advance notice as the Company can reasonably provide.

In the event Customers do not adhere to nomination and / or meter cap restrictions during a Critical Period, Rider 131 may apply.

Gas transported by the Company for a Customer under this Rate Schedule shall be for the sole and exclusive benefit of such Customer and shall not be available for resale except under the provisions of the Nomination Exchange Service and Imbalance Exchange Service available under this Rate Schedule.

AGREEMENT

Any Customer requesting service under this Rate Schedule shall enter into a written agreement with the Company for an initial period of one (1) year, or such other period as shall be mutually agreeable to the parties, and such agreement shall continue from month to month thereafter unless canceled by either party giving to the other party sixty (60) days' prior written notice of the termination of such agreement at the end of the initial period or any monthly period thereafter.

DELIVERY OF GAS BY THE COMPANY

All gas delivered by the Company to a Customer under this Rate Schedule shall be subject to an unaccounted for gas adjustment set forth in Appendix E.

The Company will allow a Customer to change nominations daily. Daily changes in nominations must be supplied to the Company no later than the time required for such nominations by the delivering pipeline(s).

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DELIVERY OF GAS BY THE COMPANY (Continued)

The Company acknowledges that the volume of Customer-owned gas delivered to the Company in any day, as adjusted for unaccounted for gas, may not, due to operating conditions, equal the amount of gas consumed by the Customer in the same day. However, the Company requires all Customers to be administratively in balance on a daily basis utilizing services provided under this Rate Schedule and/or other applicable rates.

The Company shall utilize its best efforts to provide notification to the Customer of its intention to begin initial or resumed delivery of gas, to make any material change in the rate of delivery of gas, to change the rate of delivery of gas, or to discontinue delivery of gas. Upon the provision of such notice, the Company shall have the right at any time and from time to time to make any such changes in rate of delivery of the gas delivered, or to begin delivery, to discontinue or to resume delivery. The Company shall not be liable for any loss of production or for any damages whatsoever by reason of any such curtailment or interruption of this service, whether due to the lack of advance notice or otherwise.

IMBALANCES

Daily administrative balancing is accomplished through the use of services available as follows:

A. Customers whose annual average daily gas requirements are 3,000 Dth per day or greater will be considered Category A and daily balancing for those Transportation Customers is set forth in the table below.

B. Customers whose annual average daily gas requirements are less than 3,000 Dth per day will be considered Category B and daily balancing for those Transportation Customers is set forth in the table below.

C. Customers whose annual average daily gas requirements are less than 3,000 Dth per day and request Category A services, will be considered Category C Customers and daily balancing for those Transportation Customers is set forth in the table below. The agreement will be for a minimum term of one (1) year and month to month thereafter.

Service	Category A	Category B	Category C
Nomination Exchange Service	✓	✓	✓
Imbalance Exchange Service	✓	N/A	✓
Company Balancing Service	✓	✓	✓
No-Notice Gas Undertake Service	✓	✓	✓
No-Notice Gas Overtake Service	✓	✓	✓
Nominated Gas Overtake Service	✓	✓	✓
Imbalance Netting Option	✓	✓	✓

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METERING REQUIREMENTS

As a condition of selecting balancing for either Category A or Category C, the Customer will have a daily meter recording device which will be installed by the Company at the Customer's expense. The Company may, on a non-discriminatory basis, require Customer to furnish remote communication equipment as specified by the Company.

PIPELINE BURNER TIP BALANCING RIDER

Rider 189 is available to Rate 128 "Category A" Customers receiving gas service from the Company whose gas requirements during the most recent calendar year average at least 3,000 Dth per day and have the propensity for large changes in intraday usage as part of normal business operations.

In the event a new Customer's load is expected to have large swings hour to hour and the Company is unable to balance the system without placing undue burden on existing balancing services, or in the case of an existing Customer if a material change in circumstances results in large swings hour to hour and the Company reasonably determines that it is unable to balance the system without placing undue burden on existing balancing services, the Company reserves the right to require the Customer to take balancing services through Rider 189.

IMBALANCE NETTING OPTION

Imbalance netting option will be available to Category A, B or C Customers.

A Customer may elect to participate in an imbalance netting pool which shall entitle Customer to have daily over- and under-take imbalances netted with other like Customers with the same metering requirements and transportation zone. Such aggregated pool quantity of gas shall be considered as one volume for the calculation of Balancing Charges set out in the Company Balancing Service provisions under this Rate Schedule, except as defined during a Critical Overtake Day or Critical Undertake Day.

The imbalance netting pool shall be managed by a Pool Operator designated by Customer or a third party. If Customer designates a third party to be a Pool Operator, such Pool Operator shall have authority to apply and utilize, on behalf of the pool, any and all balancing services available under this Rate Schedule to manage the imbalances of the pool so long as such Pool Operator has entered into a written agreement with the Company for imbalance netting service. If the Customer does not take all of its gas requirements within a single imbalance netting pool, then the Customer and the Company shall agree in writing in advance as to the allocation of imbalances among the Customer's gas supplies and imbalance netting pools.

During a Critical Overtake Day or Critical Undertake Day, as defined in Rider 131, a Pool Operator shall be assessed for penalty charges.

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IMBALANCE NETTING OPTION (Continued)

A Customer who elects to participate in an imbalance netting pool must enter into a Customer Pooling Agreement. Such agreement shall become an attachment to Customer's current transportation agreement with the Company. Customer's designation of a Pool Operator shall remain in effect until it is revoked, in writing, or a new Customer Pooling Agreement is received by the Company. Any such designations and/or revocations must be received in writing by the Company, by the ninth (9th) business day prior to the end of the month to effectuate such change for the following month. Said designation and/or revocation shall not be effective until acknowledged by the Company. Any application to participate in an imbalance netting pool submitted hereunder must be agreed to by the Company and be consistent with the Company's contractual and operational requirements, as determined by the Company in its reasonable discretion. The Company shall approve a third party Pool Operator provided either it submits proof of adequate financial responsibility for any charges assessed to the Pool, or the Customers in the Pool guarantee payment of any charges assessed to the Pool.

NOMINATION EXCHANGE SERVICE

Nomination Exchange Service will be available to those Customers or Pool Operators in Categories A, B, or C.

Under the scheduling provisions of this Rate Schedule, Customers or Pool Operators are required to make nominations within the guidelines required by the upstream pipeline(s) in order to meet the schedule confirmation deadlines of the upstream pipelines connected to the Company.

In order to provide Customers or Pool Operators with more flexibility in their supply management, the Company will allow Customers or their authorized agents or Pool Operators to exchange gas between each other or their authorized agents at the City Gate and thus adjust their scheduled pipeline transportation nominations on the Company's system by 7:00 a.m. C.C.T. prior to the end of each Gas Day.

Exchanges between Customers or Pool Operators is limited to Customers or Pool Operators in the same transportation zone and must result in no change in confirmed scheduled nominations at the City Gate between the Company and upstream pipelines. The Company will not take title to any Customer-owned gas which is exchanged under this service, and all transactions will occur at the City Gate. The Company must receive and confirm nominations from all Customers or Pool Operators involved in an exchange transaction prior to the exchange deadline.

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IMBALANCE EXCHANGE SERVICE

Imbalance Exchange Service will be available to those Customers or Pool Operators in Categories A or C.

From time to time, Customers or Pool Operators will over a day consume an amount of gas which is different from the quantity of gas nominated to the Company, adjusted for unaccounted for gas, on that day for the Customers' accounts. In order to provide Customers or Pool Operators with more flexibility in their supply management, the Company will permit Customers or their authorized agents or Pool Operators to exchange imbalances on the Company's system for the Gas Day just ended, thus allowing Customers or Pool Operators retroactive adjustments to their transportation receipts and deliveries on the Company's system. Exchange transactions between Customers or Pool Operators must be completed during a period commencing at the end of the Gas Day and continuing until 3:00 p.m. C.C.T. that same Gas Day.

Trading between Customers or Pool Operators is limited to Customers or Pool Operators in the same transportation zone and must result in no change in confirmed nominations between the Company and delivering pipelines. Scheduled balance account injections or withdrawals are considered Customer-specific confirmed nominations and cannot be exchanged under this Rate Schedule. The Company will accept prearranged buy/sell transactions between parties provided both parties and their authorized agents provide the Company binding acknowledgment of such trade by the trading deadline. The Company will not take title to any Customer-owned gas which is exchanged under this service, and all transactions will occur at the Burner Tip. The Company must receive binding confirmation from all Customers or Pool Operators involved in an exchange transaction prior to the 3:00 p.m. C.C.T. deadline.

COMPANY BALANCING SERVICE

Company Balancing Service will be available to those Customers or Pool Operators in Categories A, B, or C. The Company will make available each day firm Balancing Service up to the contracted balancing account capacity ("bank capacity") and injection/withdrawal limits, to those Customers or Pool Operators under this Rate Schedule who have a daily imbalance. A Customer or Pool Operator may request bank capacity or a change in bank capacity up to their limit any time throughout the year upon written notification to the Company by the ninth (9th) business day prior to the end of the month to effectuate such change for the following month. The maximum balancing account capacity limit available to each Customer or Pool Operator's customers in aggregate shall be fifth percent (50%) of the Customer's average daily use recorded during the previous calendar year. The firm daily injection/withdrawal limit shall be two percent (2%) of the capacity limit. In determining a Customer's average daily use, the Company may adjust for unusual levels of usage resulting from extended nonrecurring operational events. New Customers will be assigned a maximum balancing account capacity limit by the Company, which will be based on fifty percent (50%) of the expected average daily use for a calendar year. The maximum balancing account capacity available is limited to sixty percent (60%) of the total of the average daily use of all eligible Transportation Customers recorded during the previous calendar year. If all Customers or Pool Operators do not select their maximum balancing account capacity limit, any remaining capacity shall be made available to other Customers or

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COMPANY BALANCING SERVICE (Continued)

Pool Operators at the Company's sole discretion. Any balancing account over the maximum balancing account capacity limit made available to a Customer can be recalled by the Company upon thirty (30) days' notice.

On days when Customers' or Pool Operators' actual consumption of gas is less than their allocated quantities of gas at the City Gate, adjusted for unaccounted for gas, Customers or Pool Operators will be allowed to build a positive balancing account up to the balancing account capacity limit on a no-notice basis up to the firm injection limit and on an interruptible no-notice basis above the limit. The Commodity Charge for such service will depend on the undertake amount in accordance with the Balancing Charge set out in the Rates provisions below.

On days when Customers' or Pool Operators' actual consumption of gas is greater than their allocated quantities of gas at the City Gate, adjusted for unaccounted for gas, Customers or Pool Operators will be allowed to withdraw gas from their balancing account on a no-notice basis up to the firm withdrawal limit and on an interruptible no-notice basis above the limit, provided the Customer has a positive balance in the balancing account. The Commodity Charge for such service will depend on the overtake amount in accordance with the Balancing Charge set out in the Rates provisions below.

Customers or Pool Operators may nominate injections and withdrawals from their balancing accounts. The availability of injections and withdrawals will be interruptible and therefore, must be approved by the Company in time to make upstream pipeline nominations. The Customer or Pool Operator is responsible to assure that such nominated injections or withdrawals remain within their balancing account capacity limits. In the event that such nominated injections or withdrawals cause the Customer or Pool Operator to exceed the balancing account capacity limits (over or under), the daily No-Notice Gas Undertake Service or No-Notice Gas Overtake Service provisions of this Rate Schedule will apply. Nominated injections and withdrawals are included as part of a Customer's or Pool Operator's total daily scheduled quantity.

Customers or Pool Operators will be subject to the Balancing Charges for all no-notice injections into the balancing account and no-notice withdrawals from the balancing account in accordance with the Balancing Charge set out in the Rates provision below. There will be no charge for nominated injections and withdrawals from the balancing account provided such nominations do not cause the Customer or Pool Operator to exceed their balancing account capacity limits (over or under).

Quantities of gas assessed the Balancing Charge or scheduled for redelivery will be added or subtracted from a Customer's or Pool Operator's balancing account as appropriate up to the balancing account limit. Customers or Pool Operators will be allowed to carry-over from one month to the next any balancing account amount up to their elected balancing account limit.

Balancing Charges, inclusive of balance capacity charges and daily balancing charges, are credited to customers under Rider 170 – Gas Cost Adjustment (GCA) Rider.

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NO-NOTICE GAS UNDERTAKE SERVICE

No-Notice Gas Undertake Service will be available to those Customers or Pool Operators in Categories A, B or C.

The Company does not allow balancing accounts to go over contracted capacity limits. Therefore, in the event the balancing account limit is exceeded, the volume of undertake gas in excess of the allowable bank capacity, will be credited at a daily No-Notice Gas Undertake Service price for that day. The No-Notice Gas Undertake Service Charges, by zone, are set out in the Rates provision below. If a Critical Undertake Day is declared, Rider 131 would apply.

No-notice gas undertakes under the No-Notice Gas Undertake Service will be billed as a credit to the Customer or Pool Operator at a daily undertake price.

No-Notice Gas Undertake Service prices are allocated to Customers under Rider 170 – Gas Cost Adjustment (GCA) Rider by means of purchasing gas at a discount to the respective index price.

NO-NOTICE GAS OVERTAKE SERVICE AND NOMINATED GAS OVERTAKE SERVICE

No-Notice Gas Overtake Service and Nominated Gas Overtake Service will be available to those Customers or Pool Operators in Categories A, B or C.

The Company does not allow negative balances in a bank. Therefore, in the event that a Customer or Pool Operator overtakes gas and no quantities of gas are available in the bank such gas will be sold to the Customer or Pool Operator by the Company under the No-Notice Gas Overtake Service and/or Nominated Gas Overtake Service provisions of this Rate Schedule for that day. The No-Notice Gas Overtake Service Charges and/or Nominated Gas Overtake Service Charges, by zone, are set out in the Rates provisions below. This gas will be delivered to the Customer at NIPSCO's City Gate. If a Critical Overtake Day is declared, Rider 131 may apply.

A Customer or Pool Operator may elect to take service under the Company's Nominated Gas Overtake Service. Such service shall be nominated to the Company within the required timeframe. The Company reserves the sole and exclusive right to accept or reject nominations for Nominated Gas Overtake Service. All quantities of gas nominated by the Customer or Pool Operator and delivered by the Company shall be considered taken by the Customer or Pool Operator in the Gas Day requested by the Customer or Pool Operator and accepted by the Company.

No-notice gas overtakes under No-Notice Gas Overtake Service and nominated gas overtakes under the Nominated Gas Overtake Service will be billed to the Customer or Pool Operator at a daily overtake price.

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NO-NOTICE GAS OVERTAKE SERVICE AND NOMINATED GAS OVERTAKE SERVICE (Continued)

No-Notice Gas Overtake Service and Nominated Gas Overtake Service (on-time or late) fees are credited to customers under Rider 170 – Gas Cost Adjustment (GCA) Rider.

Customer or Pool Operators agree that by taking service under this No-Notice Gas Overtake Service, it will utilize this service to manage only daily overtakes and/or curtailments or interruptions in its transport from its supplying pipelines.

PIPELINE PENALTY ALLOCATION

In the event that a pipeline penalty charge is incurred by the Company as the result of an operational imbalance caused by a net system imbalance, the method of allocating the penalty charge will be on a pro rata basis between the Company, Customers under Rider 170 – Gas Cost Adjustment (GCA) Rider, Customers taking service under Rate 128 or Rate 138, and Imbalance Netting Pool Operators who contributed to the imbalance within the transportation zone that the penalty charge was incurred. Island Customers contributing to the imbalance will only be included in the proration if the pipeline penalty charge was incurred from the pipeline supplying gas to that Island Customer. The proration will be assessed based on the daily imbalance between the total Burner Tip nomination and actual metered volumes.

CAPACITY CURTAILMENT ALLOCATION

Curtailement of services under this Rate Schedule shall be implemented in accordance with Rule 13 of the Company Rules.

DETERMINATION OF BILLING DEMAND

The Billing Demand for the month is the Customer's Winter Average Daily Usage.

WINTER AVERAGE DAILY USAGE

The Customer's Winter Average Daily Usage will be calculated annually and will be the sum of the Customer's total usage in the previous billing cycles for the months of December, January, and February, divided by the sum of the total number of days in those billing cycles.

RATE

The rate for gas delivery service and gas supplied under this Rate Schedule shall consist of fees and charges, and applicable Riders as identified in Appendix A, as follows:

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RATE (Continued)

Customer Charge

\$1,000.00 per month

Administrative Charge for Balancing Services - Customer

\$1,590.00 per month for Category A Customers
\$660.00 per month for Category B Customers
\$1,590.00 per month for Category C Customers

Transportation Charge – High Pressure (“HP”) Customer, where Customer is served from a main operating at a pressure at or exceeding 60 psi

\$0.03280 per Therm for the first 300,000 Therms delivered in the month
\$0.00986 per Therm for all over 300,000 Therms delivered in the month

Monthly Demand Charge – HP Customer

\$0.02947 per therm of Billing Demand per month

The Customer’s Winter Average Daily Usage and Billing Demand will be reset annually. The Monthly Demand Charge will be recalculated to produce an annual demand revenue of \$2,549,903 established in Cause No. 44988 to become effective in June.

Transportation Charge – Distribution Pressure (“DP”) Customer, where Customer is served from a main operating at a pressure less than 60 psi

\$0.03377 per Therm for the first 300,000 Therms delivered in the month
\$0.00986 per Therm for all over 300,000 Therms delivered in the month

Monthly Demand Charge – DP Customer

\$0.10938 per therm of Billing Demand per month

The Customer’s Winter Average Daily Usage and Billing Demand will be reset annually. The Monthly Demand Charge will be recalculated to produce an annual demand revenue of \$805,239 established in Cause No. 44988 to become effective in June.

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Pooling Agreement Fee – Customer

\$60.00 per month that a Customer is in a pool

Nomination Exchange Service Charge – Customer or Pool Operator

\$10.00 per transaction for each counterparty for Category A, B and C

Imbalance Exchange Service Charge – Customer or Pool Operator

\$10.00 per transaction for each counterparty for Category A, B and C

Balance Account Capacity (“bank capacity”) Charge – Customer or Pool Operator

\$0.0325 per Therm of capacity per month

Balancing Charges – Customer or Pool Operator

Percent of Daily Nomination	Balancing Charge
+/- (0% to 10%)	0.0 cents per Therm
+/- (>10% to 20%)	3.2 cents per Therm
over +/- 20%	10.6 cents per Therm

No-Notice and/or Nominated Gas Service Charges – Customer or Pool Operator

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Daily Price. As used in this Rate, the prices posted under the table “City Gate, Pooling Point Prices” as published in Gas Daily. Zone A will be the daily price posted in Gas Daily / Daily Chicago City-gate Midpoint Price. Zones B and E will be the daily price posted in Gas Daily / Daily Mich Con City-gate Midpoint Price. In the event this posting is unavailable, the Company will establish a new Daily Price.

First of Month (FOM) Price. As used in this Rate, the “Prices of Spot Gas Delivered to Pipeline” for the first day of each month appearing under the table “Upper Midwest” as published in the INSIDE FERC Gas Market Report. Zone A will be the price using the Chicago City-gate index. Zones B and E will be the price using the Mich Con City-gate index. In the event this posting is unavailable, the Company will establish a new FOM Price.

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<u>Zone</u>	<u>No-Notice Undertake Service Price 0% – 20% Imbalance</u>	<u>No-Notice Undertake Service Price >20% Imbalance</u>
<u>A – Northwest Zone</u>	<u>Lesser of 70% Daily Price or 70% FOM Price</u>	<u>Lesser of 60% Daily Price or 60% FOM Price</u>
<u>B – Southeast Zone</u>	<u>Lesser of 70% Daily Price or 70% FOM Price</u>	<u>Lesser of 60% Daily Price or 60% FOM Price</u>
<u>E – East Zone</u>	<u>Lesser of 70% Daily Price or 70% FOM Price</u>	<u>Lesser of 60% Daily Price or 60% FOM Price</u>

Consistent with the terms of Rider 147, a customer or Pool Operator may elect to take Gas Parking Service as an alternative to No-Notice Undertake Service. To the extent reasonably practicable, taking into consideration current and forecasted system conditions at the time, NIPSCO shall use reasonable efforts to accommodate such requests.

No-Notice and Nominated Gas Overtake Service Charges

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<u>Zone</u>	<u>On-time Overtake Service Price</u>	<u>Late Overtake Service Price</u>	<u>No-Notice Overtake Service Price 0% - 20% Imbalance</u>	<u>No-Notice Overtake Service Price >20% Imbalance</u>
<u>A–Northwest Zone</u>	<u>105% Daily Price</u>	<u>Negotiated Rate</u>	<u>130% Daily Price</u>	<u>140% Daily Price</u>
<u>B–Southeast Zone</u>	<u>105% Daily Price</u>	<u>Negotiated Rate</u>	<u>130% Daily Price</u>	<u>140% Daily Price</u>
<u>E–East Zone</u>	<u>105% Daily Price</u>	<u>Negotiated Rate</u>	<u>130% Daily Price</u>	<u>140% Daily Price</u>

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Pool Administration Charge – Pool Operator

\$1,000.00 per month per pool for Pool Operators in Category A
\$500.00 per month per pool for Pool Operators in Category B
\$250.00 per month per pool for Pool Operators in Category C

Pool Participation Fee – Pool Operator

\$2,500.00 per Customer in the Pool per month for Pool Operators in Category A
\$87.50 per Customer in the Pool per month for Pool Operators in Category B
\$250.00 per Customer in the Pool per month for Pool Operators in Category C

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Volumetric Charge – Pool Operator

\$0.00015 per Therm delivered in the month

MONTHLY MINIMUM CHARGE

The Customer's monthly Minimum Charge under this Rate Schedule shall be the Customer Charge, Monthly Demand Charge, Administrative Charges for Balancing Services, Bank Capacity Charge, if applicable, and any applicable Riders as identified in Appendix A.

RULES AND REGULATIONS

Service hereunder shall be subject to the Company Rules and IURC Rules.

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NORTHERN INDIANA PUBLIC SERVICE COMPANY
IURC Gas Service Tariff
Original Volume No. 8

~~Sixth~~ Revised Sheet No. 79
Superseding
~~Fifth~~ Revised Sheet No. 79

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**RATE 138
RATE FOR GAS SERVICE
GENERAL TRANSPORTATION AND BALANCING SERVICE**

Sheet No. 9 of 11

RATE (Continued)

Customer Charge

\$750.00 per month

Administrative Charge for Balancing Services - Customer

\$250.00 per month

Transportation Charge - Customer

\$0.06483 per Therm for the first 6,000 Therms used per month
\$0.06383 per Therm for the next 24,000 Therms used per month
\$0.06283 per Therm for the next 60,000 Therms used per month
\$0.06183 per Therm for all over 90,000 Therms used per month

Monthly Demand Charge

\$0.11582 per therm of Billing Demand per month

The Customer's Winter Average Daily Usage and Billing Demand will be reset annually. The Monthly Demand Charge will be recalculated to produce an annual demand revenue of \$250,161 established in Cause No. 44988 to become effective in June.

Pooling Agreement Fee – Customer

\$60.00 per month that a Customer is in a pool

Nomination Exchange Service Charge – Customer or Pool Operator

\$10.00 per transaction for each counterparty

Balance Account Capacity (“bank capacity”) Charge – Customer or Pool Operator

\$0.0325 per Therm of capacity per month

Moved down [1]: Balancing Charges – Customer or Pool Operator

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NORTHERN INDIANA PUBLIC SERVICE COMPANY
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First Revised, Sheet No. 80
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Original Sheet No. 80

RATE 138
RATE FOR GAS SERVICE
GENERAL TRANSPORTATION AND BALANCING SERVICE

Sheet No. 10 of 11

RATES (Continued)

Balancing Charges – Customer or Pool Operator

Percent of Daily Nomination	Balancing Charge
+/- (0% to 10%)	0.0 cents per therm
+/- (>10% to 20%)	3.2 cents per therm
over +/- 20%	10.6 cents per therm

No-Notice and / or Nominated Gas Service Charges – Customer or Pool Operator

Daily Price. As used in this Rate, the prices posted under the table “City Gate, Pooling Point Prices” as published in Gas Daily. Zone A will be the daily price posted in Gas Daily / Daily Chicago City-gate Midpoint Price. Zones B and E will be the daily price posted in Gas Daily / Daily Mich Con City-gate Midpoint Price. In the event this posting is unavailable, the Company will establish a new Daily Price.

First of Month (FOM) Price. As used in this Rate, the “Prices of Spot Gas Delivered to Pipeline” for the first day of each month appearing under the table “Upper Midwest” as published in the INSIDE FERC Gas Market Report. Zone A will be the price using the Chicago City-gate index. Zones B and E will be the price using the Mich Con City-gate index. In the event this posting is unavailable, the Company will establish a new FOM Price.

No-Notice Gas Undertake Service Charges

Zone	No-Notice Undertake Service Price 0% – 20% Imbalance	No-Notice Undertake Service Price >20% Imbalance
A – Northwest Zone	<u>Lesser of 70% Daily Price or 70% FOM Price</u>	<u>Lesser of 60% Daily Price or 60% FOM Price</u>
B – Southeast Zone	<u>Lesser of 70% Daily Price or 70% FOM Price</u>	<u>Lesser of 60% Daily Price or 60% FOM Price</u>
E – East Zone	<u>Lesser of 70% Daily Price or 70% FOM Price</u>	<u>Lesser of 60% Daily Price or 60% FOM Price</u>

Consistent with the terms of Rider 147, a customer or Pool Operator may elect to take Gas Parking Service as an alternative to No-Notice Undertake Service. To the extent reasonably practicable, taking into consideration current and forecasted system conditions at the time, NIPSCO shall use reasonable efforts to accommodate such requests.

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Zone

[2]

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NORTHERN INDIANA PUBLIC SERVICE COMPANY
IURC Gas Service Tariff
Original Volume No. 8

First Revised, Sheet No. 81
Superseding
Original Sheet No. 81

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RATE 138
RATE FOR GAS SERVICE
GENERAL TRANSPORTATION AND BALANCING SERVICE

Sheet No. 11 of 11

RATES (Continued)

No-Notice and Nominated Gas Overtake Service Charges

<u>Zone</u>	<u>On-time Overtake Service Price</u>	<u>Late Overtake Service Price</u>	<u>No-Notice Overtake Service Price 0% - 20% Imbalance</u>	<u>No-Notice Overtake Service Price >20% Imbalance</u>
<u>A-Northwest Zone</u>	<u>105% Daily Price</u>	<u>Negotiated Rate</u>	<u>130% Daily Price</u>	<u>140% Daily Price</u>
<u>B-Southeast Zone</u>	<u>105% Daily Price</u>	<u>Negotiated Rate</u>	<u>130% Daily Price</u>	<u>140% Daily Price</u>
<u>E-East Zone</u>	<u>105% Daily Price</u>	<u>Negotiated Rate</u>	<u>130% Daily Price</u>	<u>140% Daily Price</u>

Pool Administration Charge – Pool Operator

\$250.00 per pool for Pool Operators

Pool Participation Fee – Pool Operator

\$25.00 per customer in the pool per month

Volumetric Charge – Pool Operator

\$0.00015 / per Therm delivered in the month

MONTHLY MINIMUM CHARGE

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RULES AND REGULATIONS

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Support for Proposed Bank Capacity Rate

Storage	MDWQ*	\$/Dth-mo of MDWQ	Nominated		No-Notice	
A	150,000	\$2.8763	70,000	\$ 2.8763		
B	80,000	\$3.0000			80,000	\$ 5.8763
C	50,000	\$3.6667	35,000	\$ 3.6667		
D	15,000	\$6.8750			15,000	\$ 10.5417
E	65,000	\$3.8077	65,000	\$ 3.8077		
F	130,000	\$5.1700			130,000	\$ 5.1700
G	35,000	\$2.7900	35,000	\$ 2.7900		
H	35,000	\$1.6250	35,000	\$ 1.6250		
I	86,791	\$5.9018	86,791	\$ 5.9018		
J	15,000	\$2.3055	15,000	\$ 2.3055		
K	40,000	\$3.9063	40,000	\$ 3.9063		
	606,791		381,791	\$ 3.7580	225,000	\$ 5.7793
					Difference	\$ 2.021

Per Dth

*Based on current winter MDWQ