

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

VERIFIED PETITION OF NORTHERN INDIANA PUBLIC)
SERVICE COMPANY LLC FOR (1) APPROVAL OF)
PETITIONER'S TDSIC PLAN FOR ELIGIBLE)
TRANSMISSION, DISTRIBUTION, AND STORAGE SYSTEM)
IMPROVEMENTS, PURSUANT TO IND. CODE § 8-1-39-10(a))
INCLUDING TARGETED ECONOMIC DEVELOPMENT)
PROJECTS PURSUANT TO IND. CODE § 8-1-39-10(c), (2))
AUTHORITY TO DEFER COSTS FOR FUTURE)
RECOVERY, (3) APPROVAL FOR INCLUSION OF)
NIPSCO'S TDSIC PLAN PROJECTS IN ITS RATE BASE IN)
ITS NEXT GENERAL RATE PROCEEDING PURSUANT TO)
IND. CODE § 8-1-2-23, AND (4) AUTHORITY TO)
RECOVERY OPERATION AND MAINTENANCE EXPENSES)
AS TDSIC COSTS PURSUANT TO IND. CODE § 8-1-39-7)
UNDER ITS APPROVED RIDER 888 – ADJUSTMENT OF)
CHARGES OR TRANSMISSION, DISTRIBUTION AND)
STORAGE SYSTEM IMPROVEMENT CHARGES.)

CAUSE NO. 45557

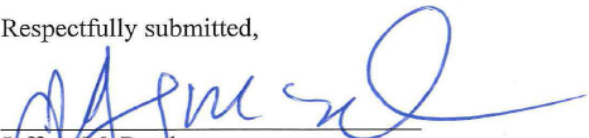
INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR

PUBLIC'S EXHIBIT NO. 2

**REDACTED TESTIMONY OF
OUCC WITNESS SERGIO HUNT**

August 30, 2021

Respectfully submitted,



Jeffrey M. Reed
Attorney No. 11651-49
Deputy Consumer Counselor

TESTIMONY OF OUCC WITNESS SERGIO G. HUNT
CAUSE NO. 45557
NORTHERN INDIANA PUBLIC SERVICE COMPANY

I. INTRODUCTION

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

2 A: My name is Sergio G. Hunt, and my business address is 115 West Washington St.,
3 Suite 1500 South, Indianapolis, Indiana 46204.

4 **Q: By whom are you employed and in what capacity?**

5 A: I am employed by the Indiana Office of Utility Consumer Counselor (“OUCC”) as
6 an economist, with the official job title of Utility Analyst, in the Electric Division.
7 A summary of my educational and professional background, as well as my duties
8 and responsibilities at the OUCC, can be found in Appendix A.

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

10 A: I review the risk analysis presented by Northern Indiana Public Service Company
11 (“NIPSCO”) in its Electric Transmission, Distribution, and Storage System
12 Improvement Charge (“TDSIC”) Plan (“Plan”). I also use a statistical methodology
13 to evaluate the spending on a unit of risk basis and propose eliminating certain
14 projects and the associated costs from NIPSCO’s proposed Plan based on this
15 methodology.

16 **Q: Please describe the examination and analysis you conducted in order to**
17 **prepare your testimony.**

18 A: I reviewed the petition, direct testimony, and discovery responses NIPSCO
19 presented related to the topics I cover in my testimony.

1 **Q: To the extent you do not address a specific item in your testimony, should it be**
2 **construed to mean you agree with NIPSCO's proposal?**

3 A: No. My silence regarding any topics, issues, or items NIPSCO proposes does not
4 indicate my approval of those topics, issues, or items. Rather, the scope of my
5 testimony is limited to the specific items addressed herein.

II. NIPSCO'S PROPOSED PLAN

6 **Q: Please summarize NIPSCO's proposed Plan.**

7 A: The purpose of the Plan is to maintain and improve NIPSCO's ability to serve its
8 customers through investments in transmission, distribution, and storage systems.
9 Ind. Code § 8-1-39 allows a public utility to recover costs meeting the definition of
10 "eligible transmission, distribution, and storage system improvements" as defined
11 in section two of the code. NIPSCO is requesting approval from the Indiana Utility
12 Regulatory Commission ("Commission") to recover the costs presented in the Plan
13 pursuant to the referred Indiana Code in its approved Rider 888 – Adjustment of
14 Charges for Transmission, Distribution and Storage System Improvement.

15 **Q: What are the costs associated with the Plan?**

16 A: The Plan is estimated to cost \$1,635,535,402 and contains four separate investment
17 types: Aging Infrastructure, System Deliverability, Grid Modernization, and
18 Economic Development. Among the different investment types, costs are
19 distributed as follows: \$753,121,380 to Aging Infrastructure, \$281,439,419 to
20 System Deliverability, \$362,054,616 to Grid Modernization, and \$0 to Economic
21 Development. As described in Ind. Code § 8-1-39-10(a)(3) these estimated costs
22 must be justified by the incremental benefits attributable to the plan.

1 **Q: Has NIPSCO quantified incremental benefits connected with the Plan?**

2 A: Yes. As stated in Petitioner's witness Charles A. Vamos' testimony, the Aging
3 Infrastructure and System Deliverability investments NIPSCO estimated a 16%
4 reduction in total system risk.¹ That means more than one billion dollars of the
5 Plan's cost has a calculated incremental benefit providing a 16% reduction in risk.
6 Grid modernization was estimated to save customers \$529 million over a 20-year
7 period.

III. RISK CALCULATION

8 **Q: How was risk calculated?**

9 A: NIPSCO worked with Sargent & Lundy, L.L.C., an engineering consulting firm, to
10 update the NIPSCO T&D Risk Model Results ("TDSIC Risk Model") used in the
11 previous TDSIC case, Cause No. 44733. The TDSIC Risk Model ranks each asset
12 based on its total risk score. The risk score is calculated with the formula: Risk =
13 Consequence of Failure ("COF") x Likelihood of Failure ("LOF"). NIPSCO staff
14 calculates the COF using a qualitative and a quantitative assessment of factors.
15 NIPSCO staff gives each factor a ranking from 1-5, with 1 being the lowest. Once
16 the assets are given a ranking for each factor, they are put into a portfolio
17 management tool which calculates the COF score. Unless there is a significant
18 change to the system, the COF is unlikely to change substantially over time.

19 An asset's LOF is established by first correlating each asset class i.e.,
20 transmission circuits, breakers, and transformers with the "best fit" survivor curve

¹ See Petitioner's Exhibit 2, Verified Direct Testimony of Charles A. Vamos, p. 33, lines 1 through 11.

1 based on NIPSCO's retirement data. Survivor curve use is a standard practice for
2 asset management when forecasting service life and for approximating asset
3 depreciation rates. NIPSCO adjusts the scores based on maintenance and testing
4 programs to assess the condition of the assets to create an "effective age" for the
5 assets. This effective age considers assets of the same age and class may not be in
6 the same condition and should not have the same LOF score.

7 Once COF and LOF are used to calculate the risk score for an asset, it is put
8 into the Asset Register for Risk Based Projects.

9 **Q: How was risk reduction calculated?**

10 A: The NIPSCO electric system total risk profile was calculated, and a comparison
11 was made between a "Break-Fix" approach versus the Plan's approach to
12 proactively replacing assets. The 16% risk reduction is the percent difference
13 between the total risk at the end of 2026 using Break-Fix and the total risk at the
14 end of 2026 if the Plan is implemented.

15 **Q: Does the OUCC find using the Break-Fix method of calculating risk a**
16 **beneficial exercise?**

17 A: No. It must be noted NIPSCO has never used the Break-Fix approach for asset
18 replacement. See NIPSCO's responses to the NIPSCO Industrial Group's discovery
19 requests 3-003, 3-004, 3-005, and 3-006, attached as OUCC Attachment SGH-1.
20 The OUCC does not find this approach for calculating risk reduction reasonable
21 because it contrasts the Plan against a scenario that would not occur. Instead, the
22 Plan should be compared against NIPSCO's regular maintenance schedule. The
23 risk score calculated for the Plan overstates the risk reduction.

1 The risk score as calculated and presented is not associated with any
2 standard measure of reliability, deliverability, or safety, such as System Average
3 Interruption Frequency, System Average Interruption Duration Index, or Customer
4 Average Interruption Duration Index. NIPSCO also did not conduct any analysis
5 outside of the 16% reduction in the risk score to quantify the Aging Infrastructure
6 and System Deliverability projects' incremental benefits.

7 **Q: Do all projects that include risk ranked asset replacement provide the same**
8 **risk reduction?**

9 A: No. As expected, different projects have assets with diverse risk scores to be
10 replaced and thus have different risk reductions associated with each project. Also,
11 as expected, the costs of the projects vary. This leads to projects with dissimilar
12 costs per unit of risk reduction. The cost of each unit of risk reduction varies, and
13 it varies considerably.

IV. COST/BENEFIT RISK ANALYSIS

14 **Q: Why is the OUCC presenting a new source of risk analysis?**

15 A: The total cost of the first TDSIC plan cost \$781 million and achieved a 21%
16 reduction in system risk.² The TDSIC plan proposed in this case costs \$1.6 billion
17 and NIPSCO projects a 16% reduction in risk. With planned costs more than
18 doubling and benefits shrinking, the OUCC is providing a new analysis to
19 transparently and verifiably examine the cost of the incremental benefit on a per
20 project basis.

² See Petitioner's Exhibit 2, Verified Direct Testimony of Charles A. Vamos, p. 14, lines 1 through 17

1 **Q: What analysis did you perform to understand the cost of incremental benefits**
2 **by project?**

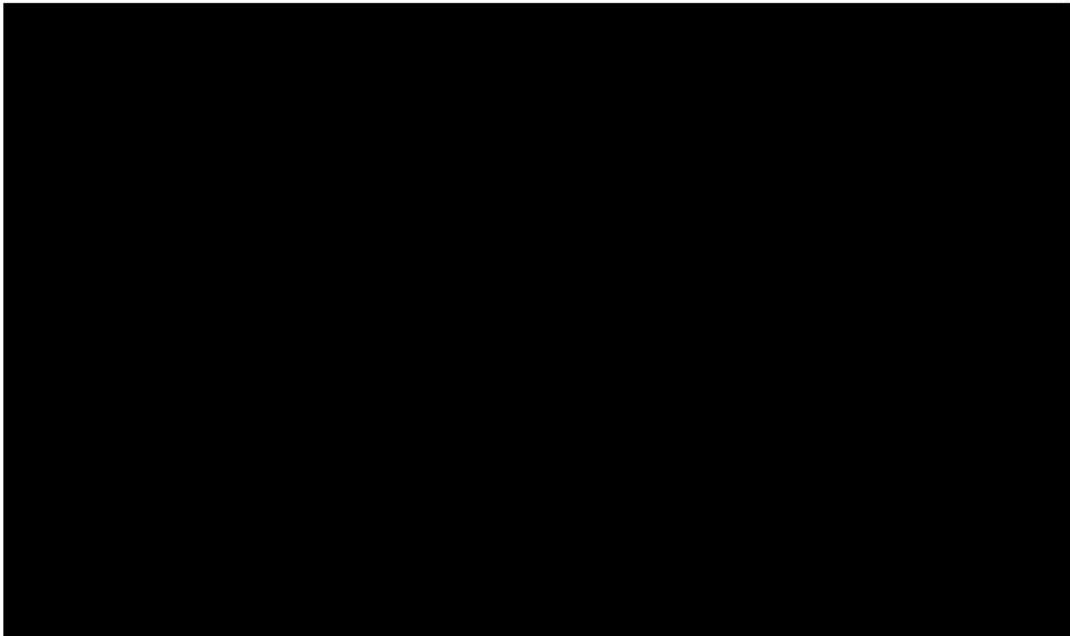
3 A: Each project is composed of a number of assets. NIPSCO provided each asset's risk
4 score based upon whether it will be replaced by 2026 and the risk score in the
5 situation where it will not be replaced by 2026. For example, an asset's risk score
6 may have been calculated to be 45 in 2026 if a Break/Fix approach was taken. If
7 that asset is replaced it may have a post replacement score of 4. The difference
8 between replacing the asset versus not is 41 units of risk. For my analysis I calculate
9 the difference in asset risk scores, using this difference as a proxy for the
10 incremental benefit of replacing each asset. I then summed the incremental benefit
11 of each asset by the associated Project ID. The summation provides the incremental
12 benefit to the risk score of each project. Finally, I divided the cost of each project
13 by the risk score difference associated with each project. My analysis uses
14 NIPSCO's own risk data and cost estimates to create a "dollar per unit of risk
15 reduction" value for each project.

16 A unit of risk is a discrete measurement of the risk score presented in
17 NIPSCO's testimony. Using the example provided above a risk score of 45 is equal
18 to 45 units of risk, and the risk score of 4 is equal to 4 units of risk. The difference
19 between these two is the units of risk reduction. In this way, the OUCC is accepting
20 all of NIPSCO's inputs and methodology of calculating the risk score.

1 My analysis, depicted in Figures 1, 2, and 4 below, shows how NIPSCO's
2 spending per unit of risk reduced varies considerably.³ For example, the most
3 economical five projects spend less than \$10,000 per unit of risk for each project
4 reduced. Comparing that value to the average \$2,000,000 per unit of risk reduced
5 among the five most expensive projects and it is easy to see the significant
6 difference in prices paid for projects per unit of risk reduction.

7

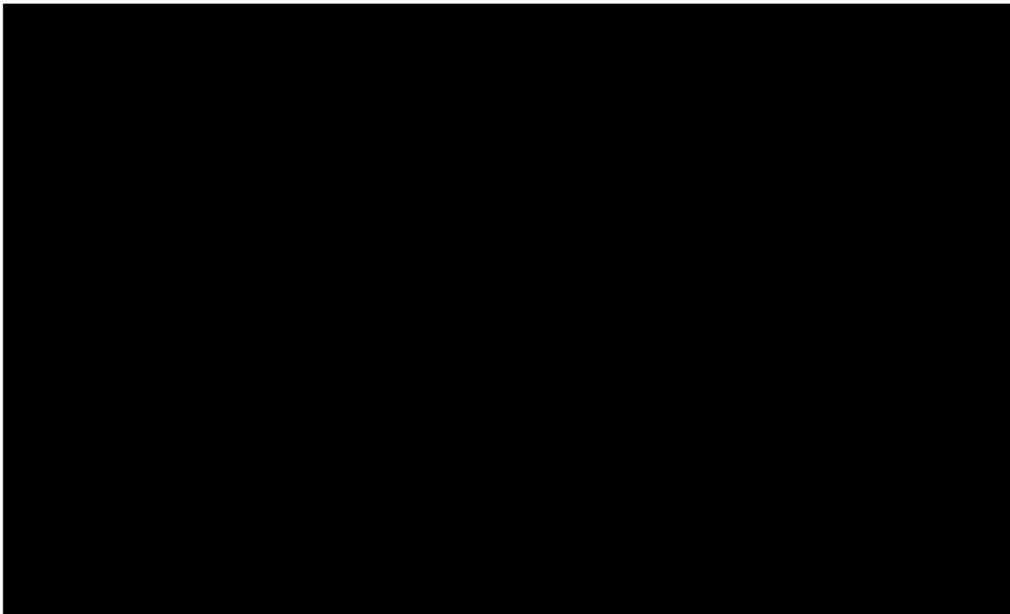
Figure-1



³ Also See Confidential OUCC SGH WP-1.

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Figure-2



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Figure-1 is a graphical representation of all projects ranked from least to greatest cost by dollar per risk unit reduced. The most expensive project per unit is so much of an outlier, it is hard to interpret the rest of the data; therefore, I created Figure-2, which excludes that project. Even after excluding the most expensive project, Figure-2 demonstrates the rapid increase in cost per unit of risk by project. From an economic standpoint, this exponential increase in cost makes sense as the law of diminishing marginal returns comes into effect. If the unit of risk reduced is seen as the benefit, moving from left to right demonstrates it is more expensive to realize the same reduction of risk.

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Q: Have you performed an analysis regarding what you consider to be a more reasonable method of where to draw the line in selecting projects based on NIPSO's dollar per unit cost?

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A: Yes. I propose an upper limit be set to eliminate outliers based upon their cost per unit of risk. The use of interquartile ranges to find outliers is a statistical method

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1 that can found in most statistics textbooks.⁴ Figure-3 is a chart of the calculations I
2 performed to find the upper limit.

3 **Figure-3**



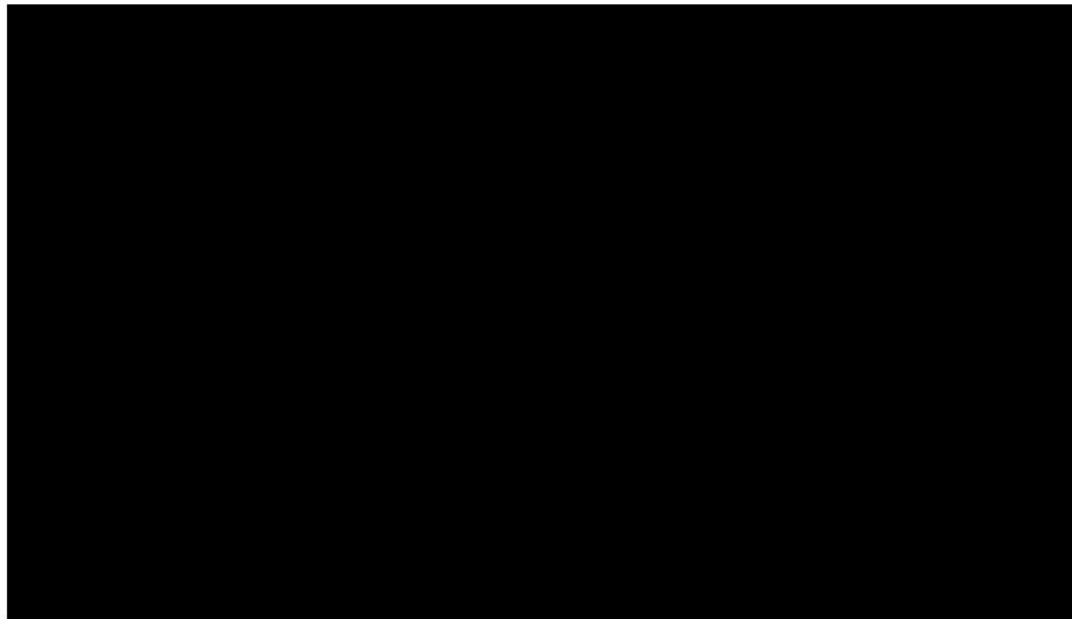
4 First, I found the first and third quartiles (“QTL”) of the dataset. I then found the
5 interquartile range by subtracting these quartiles from each other. This range
6 represents 50% of data falling between the first and third quartiles. To find the
7 upper and lower limits I used the following formulas: 1) Upper Limit = QTL3 +
8 1.5 x IQR, and 2) Lower Limit = QTL1 – 1.5 x IQR. Because I did not use negative
9 values in my analysis, and in general negative numbers do not make sense for costs,
10 I ignore the Lower Limit. However, the Upper Limit of the dataset is \$ [REDACTED]
11 per unit of risk reduction. Everything greater than that dollar amount is considered
12 in this methodology as an outlier. I propose eliminating all projects with dollar per
13 unit of risk greater than \$ [REDACTED]. Figure-4 is a graph of the same data in Figures
14 1 and 2 but excludes projects with dollar per unit of risk greater than this threshold.⁵
15 Here, the increase in dollar per unit of cost is more reasonable after the exclusions.

⁴ Online Statistics Education: A Multimedia Course of Study (<http://onlinestatbook.com/>). Project Leader: David M. Lane, Rice University. Page 146

⁵ See Confidential OUCC SGH WP-1.

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Figure-4



2 **Q: Does this analysis consider other perspectives that are related to the economics**
3 **of NIPSCO's proposal but that do not affect the comparison of incremental**
4 **benefits and incremental costs?**

5 A: No. This analysis is an economic analysis to determine a point where project costs
6 can be reasonably viewed to have exceeded their benefit for those that are risk
7 ranked (considering that NIPSCO has not quantified benefits in dollar terms). This
8 can be done for any set of projects or assets that have been assigned costs and risk
9 scores. I realize some projects may have been selected because they were
10 convenient to replace along with assets having a higher priority. For example, in
11 NIPSCO's response to OUCC's discovery request 4-001, NIPSCO demonstrated
12 there are some cost savings when replacing multiple assets simultaneously within
13 a substation. However, NIPSCO's desire to replace assets in an orderly or cost-
14 effective manner does not absolve it of the statutory requirement to ensure that
15 incremental benefits exceed incremental costs.

1 **Q: Is the method you propose for excluding outlier projects reasonable?**

2 A: Yes. As NIPSCO stated in response to NIPSCO IG DR 2-008, NIPSCO did not
3 perform a cost-benefit analysis for each project. The method I propose here takes
4 the data NIPSCO used in its ranking methodology, recognizes the huge variation in
5 cost per unit of "risk," and uses an accepted statistical method for identifying
6 outliers to exclude projects whose cost per unit of risk falls too far to the extreme.
7 Absent a method such as the one I propose here, there would be no transparent
8 repeatable basis for comparing the incremental benefits and incremental costs
9 among the projects proposed for funding.

10 **Q: Are all assets in the Aging Infrastructure category risk ranked?**

11 A: No. NIPSCO also has "Projects Ranked Using Other Sources" and "Projects
12 Ranked Using Independent Assessments" in the Aging Infrastructure category.
13 NIPSCO presented no analysis to quantify the benefit of non-risk ranked projects.
14 As previously stated, the OUCC does not find the methodology NIPSCO presents
15 in testimony for calculating risk as fully satisfactory, but it does provide some
16 measurement of incremental benefit. In contrast, the projects that are non-risk
17 ranked do not have incremental benefits quantified and thus it cannot be determined
18 whether they are cost effective at all.

V. CONCLUSIONS AND RECOMMENDATION

19 **Q: Please summarize the OUCC's concerns with NIPSCO's proposed Plan.**

20 A: NIPSCO measures risk for Aging Infrastructure as a proxy for incremental benefit,
21 and its analysis shows spending \$1.6 billion could produce a 16% risk reduction in
22 completing the Plan by 2026 compared to conducting a Break/Fix approach.

1 Because NIPSCO does not utilize a Break/Fix approach the Plan overstates the
2 amount of risk reduced. The cost of the previous TDSIC plan was \$781 million and
3 included an associated a 21% reduction in risk.

4 The OUCC's concern is the exponential increase in the cost of some risk
5 ranked projects using NIPSCO's own risk quantifications. Some incremental units
6 of risk reduction are projected to cost upwards of \$1,000,000. While it is unknown
7 whether risk, as it is measured in this study, correlates to any known measure of
8 reliability, safety, or deliverability, the high cost of risk reduction for some projects
9 being proposed should be cause for concern, as ratepayers are paying for significant
10 costs with relatively little tangible, objective benefit. Removing outlier projects
11 with unreasonable costs per unit of risk reduction, as determined by statistical
12 analysis, provides an objective, transparent, reasonable method to meet I.C. 8-1-
13 39-10(b)(3)'s incremental benefits requirement. In this instance, this analysis
14 recommends eliminating approximately \$ [REDACTED] million from the Plan.⁶ The OUCC
15 is also concerned with projects having no risk ranking and thus are not associated
16 with any incremental benefit whatsoever. NIPSCO proposes [REDACTED] in
17 project costs without quantifying incremental benefits. These reductions make the
18 Plan cost more reasonable while still providing ample benefit for NIPSCO
19 customers.

⁶ See Confidential OUCC SGH WP-1.

⁷ See Confidential OUCC Attachment SGH-2, NIPSCO's Response to OUCC DR 4-003, which includes NIPSCO's response and attachment identified as "OUCC Request 4-003 Confidential Attachment A."

1 **Q: What does the OUCC recommend?**

2 A: The OUCC recommends removing projects above the \$ [REDACTED] per unit of risk

3 Upper Limit threshold resulting in an approximate \$ [REDACTED] million reduction in

4 NIPSCO's proposed Plan total cost.

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

6 A: Yes.

APPENDIX A - QUALIFICATIONS OF SERGIO G. HUNT

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

2 A: I received a Bachelor of Arts in Quantitative Economics and Political Science from
3 IUPUI in 2018. My undergraduate education included introductory training in
4 econometric modeling and analysis, microeconomic theory, macroeconomic
5 theory, and policy analysis. I went directly into the Master of Science in Economics
6 program with a concentration on health at IUPUI where I graduated in 2020. The
7 Master's program included courses on econometric analysis, time series analysis,
8 graduate level microeconomic and macroeconomic theory, and applied economic
9 theory. While finishing my graduate degree I began working for the Indiana Office
10 of Utility Consumer Counselor as an Economist in the Utility Analyst role in
11 February of 2020

12 **Q: Please describe your duties and responsibilities at the OUCC.**


13 A: I review petitions submitted to the Commission for their economic justification and
14 perform other duties as assigned by the Agency.

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

16 A: Yes. I presented testimony to the Commission in Cause No. 45420, Crawfordsville
17 Electric Light & Power rate case.

AFFIRMATION

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



Sergio Hunt
Utility Analyst
Indiana Office of Utility Consumer Counsel

Cause No. 45557
NIPSCO, LLC

Date: August 30, 2021

Cause No. 45557
Northern Indiana Public Service Company LLC's
Objections and Responses to
NIPSCO Industrial Group's Third Set of Data Requests

Industrials Request 3-003:

Please see the direct testimony of Timothy Dehring as submitted by NIPSCO in Cause No. 43969 on November 19, 2010, attached hereto as Exhibit A, and provide the following information:

- a. Please confirm that Exhibit A is a true and accurate copy of Mr. Dehring's direct testimony in Cause No. 43969 as submitted by NIPSCO on November 19, 2010;
- b. With specific reference to Section II of that testimony at pages 3 to 6, please confirm that Mr. Dehring's testimony accurately describes NIPSCO's reliability-related programs, initiatives and planning process, as of November 19, 2010;
- c. Please state whether NIPSCO sought rate recovery in Cause No. 43969 for the costs and investments associated with the reliability-related programs and initiatives described in Section II of Mr. Dehring's testimony; and
- d. Please state whether and to what extent the rate recovery sought by NIPSCO in Cause No. 43969 associated with the reliability-related programs and initiatives described in Section II of Mr. Dehring's testimony was granted by the Commission in its final order in that cause.

Objections:

NIPSCO objects to this Request on the grounds and to the extent that this Request seeks publicly available information.

NIPSCO further objects to this Request on the separate and independent grounds and to the extent that this Request solicits an analysis, calculation, or compilation which has not already been performed and which NIPSCO objects to performing.

Response:

Subject to and without waiver of the foregoing general and specific objections, NIPSCO is providing the following response:

- a. Exhibit A appears to be a true and accurate copy of Mr. Dehring's direct testimony in Cause No. 43969 as submitted by NIPSCO on November 19, 2010.

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NIPSCO Industrial Group's Third Set of Data Requests

- b. Pages 3 to 6 of Mr. Dehring's testimony (included as Exhibit A) appear to accurately describe NIPSCO's reliability-related programs, initiatives and planning process, as of November 19, 2010.
- c. NIPSCO sought rate recovery in Cause No. 43969 for the costs and investments associated with its electric system for the period ended June 30, 2010, which would have included the reliability-related programs and initiatives described in Section II of Mr. Dehring's testimony to the extent they were in-service as of that date.
- d. NIPSCO has not performed and objects to performing a comparison of the rate recovery sought by NIPSCO in Cause No. 43969 and the extent to which it was granted for any categories of assets. That proceeding was resolved via a Stipulation and Settlement Agreement, which varied in many respects from what NIPSCO proposed in its case-in-chief. The Commission's final order in Cause No. 43969 was issued on September 12, 2011 and approved the Stipulation and Settlement Agreement.

Cause No. 45557
Northern Indiana Public Service Company LLC's
Objections and Responses to
NIPSCO Industrial Group's Third Set of Data Requests

Industrials Request 3-004:

Please see the direct testimony of Michael Hooper as submitted by NIPSCO in Cause No. 44688 on October 1, 2015, relevant portions of which are attached hereto as Exhibit B, and provide the following information:

- a. Please confirm that Exhibit B is a true and accurate copy of portions of Mr. Hooper's direct testimony in Cause No. 44688 as submitted by NIPSCO on October 1, 2015;
- b. With specific reference to pages 38-45, please confirm that Mr. Hooper's testimony accurately describes NIPSCO's reliability-related programs, initiatives and planning process, as of October 1, 2015;
- c. Please identify with specificity which reliability-related programs and initiatives as described at pages 38-45 of Mr. Hooper's testimony were included in the Electric TDSIC Plan approved on February 14, 2014 and which programs and initiatives were undertaken by NIPSCO outside of that Electric TDSIC Plan;
- d. Please state whether NIPSCO sought rate recovery in Cause No. 44688 for the costs and investments associated with the reliability-related programs and initiatives described at pages 38-45 of Mr. Hooper's testimony; and
- e. Please state whether and to what extent the rate recovery sought by NIPSCO in Cause No. 44688 associated with the reliability-related programs and initiatives described at pages 38-45 of Mr. Hooper's testimony was granted by the Commission in its final order in that cause.

Objections:

NIPSCO objects to this Request on the grounds and to the extent that this Request seeks publicly available information.

NIPSCO further objects to this Request on the separate and independent grounds and to the extent that this Request solicits an analysis, calculation, or compilation which has not already been performed and which NIPSCO objects to performing.

Response:

Cause No. 45557
Northern Indiana Public Service Company LLC's
Objections and Responses to
NIPSCO Industrial Group's Third Set of Data Requests

Subject to and without waiver of the foregoing general and specific objections, NIPSCO is providing the following response:

- a. Exhibit B appears to be a true and accurate copy of portions of Mr. Hooper's direct testimony in Cause No. 44688 as submitted by NIPSCO on October 1, 2015.
- b. Pages 38-45 of Mr. Hooper's testimony (included as Exhibit B) appear to accurately describe NIPSCO's reliability-related programs, initiatives and planning process, as of October 1, 2015.
- c. NIPSCO has not performed and objects to performing an analysis that would "identify with specificity which reliability-related programs and initiatives as described at pages 38-45 of Mr. Hooper's testimony were included in the Electric TDSIC Plan approved on February 14, 2014 and which programs and initiatives were undertaken by NIPSCO outside of that Electric TDSIC Plan." However, NIPSCO notes that it has ensured costs recovered pursuant to its Electric TDSIC Plan are not also recovered in its base rates.
- d. NIPSCO sought rate recovery in Cause No. 44688 for the costs and investments associated with its electric system for the period ended June 30, 2015, which would have included the reliability-related programs and initiatives described in pages 38-45 of Mr. Hooper's testimony to the extent they were in-service as of that date.
- e. NIPSCO has not performed and objects to performing a comparison of the rate recovery sought by NIPSCO in Cause No. 44688 and the extent to which it was granted for any categories of assets. That proceeding was resolved via a Stipulation and Settlement Agreement, which varied in many respects from what NIPSCO proposed in its case-in-chief. The Commission's final order in Cause No. 44688 was issued on July 18, 2016 and approved the Stipulation and Settlement Agreement.

Cause No. 45557
Northern Indiana Public Service Company LLC's
Objections and Responses to
NIPSCO Industrial Group's Third Set of Data Requests

Industrials Request 3-005:

Please see the direct testimony of Benjamin Felton as submitted by NIPSCO in Cause No. 45159 on October 31, 2018, relevant portions of which are attached hereto as Exhibit C, and provide the following information:

- a. Please confirm that Exhibit C is a true and accurate copy of portions of Mr. Felton's direct testimony in Cause No. 45159 as submitted by NIPSCO on October 31, 2018;
- b. With specific reference to pages 35-40, please confirm that Mr. Felton's testimony accurately describes NIPSCO's reliability-related programs, initiatives and planning process, as of October 31, 2018;
- c. Please identify with specificity which reliability-related programs and initiatives as described at pages 35-40 of Mr. Felton's testimony were included in NIPSCO's Electric Plan 1 and which programs and initiatives were undertaken by NIPSCO outside of Electric Plan 1;
- d. Please state whether NIPSCO sought rate recovery in Cause No. 45159 for the costs and investments associated with the reliability-related programs and initiatives described at pages 35-40 of Mr. Felton's testimony;
- e. Please state whether and to what extent the rate recovery sought by NIPSCO in Cause No. 45159 associated with the reliability-related programs and initiatives described at pages 35-40 of Mr. Felton's testimony was granted by the Commission in its final order in that cause; and
- f. Please state whether the reliability-related programs, initiatives and planning process described at pages 35-40 of Mr. Felton's testimony have been changed in any material way by NIPSCO subsequent to October 31, 2018, and if so please identify with specificity all such material changes.

Objections:

NIPSCO objects to this Request on the grounds and to the extent that this Request seeks publicly available information.

Cause No. 45557
Northern Indiana Public Service Company LLC's
Objections and Responses to
NIPSCO Industrial Group's Third Set of Data Requests

NIPSCO further objects to this Request on the separate and independent grounds and to the extent that this Request solicits an analysis, calculation, or compilation which has not already been performed and which NIPSCO objects to performing.

Response:

Subject to and without waiver of the foregoing general and specific objections, NIPSCO is providing the following response:

- a. Exhibit C appears to be a true and accurate copy of portions of Mr. Felton's direct testimony in Cause No. 45159 as submitted by NIPSCO on October 31, 2018.
- b. Pages 35-40 of Mr. Felton's testimony (included as Exhibit C) appear to accurately describe NIPSCO's reliability-related programs, initiatives and planning process, as of October 31, 2018.
- c. NIPSCO has not performed and objects to performing an analysis that would "identify with specificity which reliability-related programs and initiatives as described at pages 35-40 of Mr. Felton's testimony were included in NIPSCO's Electric Plan 1 and which programs and initiatives were undertaken by NIPSCO outside of Electric Plan 1." However, NIPSCO notes that it has ensured costs recovered pursuant to its Electric Plan 1 are not also recovered in its base rates.
- d. NIPSCO sought rate recovery in Cause No. 45159 for the costs and investments associated with its electric system for the period ended December 31, 2019, which would have included the reliability-related programs and initiatives described in pages 35-40 of Mr. Felton's testimony to the extent they were in-service as of that date.
- e. NIPSCO has not performed and objects to performing a comparison of the rate recovery sought by NIPSCO in Cause No. 45159 and the extent to which it was granted for any categories of assets. That proceeding was resolved via a Stipulation and Settlement Agreement, which varied in many respects from what NIPSCO proposed in its case-in-chief. The Commission's final order in Cause No. 45159 was issued on December 4, 2019 and approved the Stipulation and Settlement Agreement.

Cause No. 45557
Northern Indiana Public Service Company LLC's
Objections and Responses to
NIPSCO Industrial Group's Third Set of Data Requests

Industrials Request 3-006:

With reference to footnote 3 at page 8 of Mr. Vamos's direct testimony (NIPSCO Ex. 2), please state whether NIPSCO strictly adhered to a "break/fix" approach prior to the approval of its initial Electric TDSIC Plan on February 14, 2014. Please identify with specificity all respects in which NIPSCO regularly engaged in proactive maintenance programs and practices targeting reliability prior to February 14, 2014.

Objections:

Response:

NIPSCO did not strictly adhere to a "break/fix" approach prior to the approval of its initial Electric TDSIC Plan on February 14, 2014. The "break/fix" approach is a holistic representation of no proactive replacements of aged and/or deteriorated assets and is typical for use as a baseline comparison when evaluating risk reduction. NIPSCO has utilized certain methods and practices for proactive maintenance programs. Below is a non-exhaustive list of programs/projects that were typical of NIPSCO's operating practice prior to Electric Plan 1.

Wood Pole Life Extension
Transmission Line Tree Trimming
Distribution Line Tree Trimming
Circuit Performance Improvement
Substation Switch Projects - Distribution
Power Transformer Projects - Distribution
Line Switch Projects - Distribution
Protective Relay Upgrades - Distribution
Underground Cable Replacement Projects
Line Switch Projects - Transmission
Substation Switch Projects - Transmission
Transmission Substation Automation
Power Transformer Projects - Transmission
Protective Relay Upgrades - Transmission
Pole Mounted Capacitor Inspection
Transmission & Substation Aerial Patrol
Transmission Ground Patrol

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Pole Mounted Recloser Inspection & Maintenance	
Pole Mounted Voltage Regulator Inspection & Maintenance	
Padmounted Devices (750 kva & below) Inspection	
Padmounted Devices (1000kva & above) Inspection	
Transmission Line Tree Trimming	
Distribution Line Tree Trimming	
Battery & Charger Inspection & Maintenance	
Microwave Battery & Charger Inspection & Maintenance	
Regulator Inspection & Maintenance	
General Substation Inspection and IR Scans & Maintenance	
LTC Transformer Inspection & Maintenance	
Non- LTC Transformer Inspection & Maintenance	
Breaker/Recloser/Switchgear Inspection & Maintenance	
Regulator Inspection & Maintenance	
General Substation Inspection and IR Scans	
LTC Transformer Inspection & Maintenance	
Non- LTC Transformer Inspection & Maintenance	

**Northern Indiana Public Service Company LLC's
Objections and Responses to
Indiana Office of Utility Consumer Counselor's Fourth Set of Data Requests**

OUCC 4-003:

Please refer to Petitioner's Exhibit No. 2 Verified Direct Testimony of Charles A. Vamos, page 61 lines 3-7.

- a. Please identify the total costs in each of the three categories (Risky Ranked Projects, Projects Ranked Using Other Sources, Projects Ranked Using Independent Assessments) referenced in this section of testimony. Please provide calculations supporting those total costs. To the extent those calculations were performed in electronic spreadsheets, please provide those spreadsheets in electronic format with formulas intact.
- b. For projects that were not "Risk-Ranked" please provide evidence possessed by NIPSCO supporting a contention that the estimated costs are justified by the incremental benefit to the plan.

Objections:

NIPSCO objects to this Request on the grounds and to the extent that this Request seeks information that is confidential, proprietary, and/or trade secret.

Response:

Subject to and without waiver of the foregoing general and specific objections, NIPSCO is providing the following response:

- a. Please see OUCC Request 4-003 Confidential Attachment A. Please note, these totals are in direct dollars and do not include engineering and pre-construction costs.
- b. As stated in Question / Answer 27 of Mr. Vamos's direct testimony, the estimated costs of the eligible improvements included in the 2021-2026 Electric Plan are justified by the incremental benefits. Some of these benefits are quantifiable, while others are not. The information about the incremental benefits of NIPSCO's Plan provided in its case-in-chief is sufficient to justify the estimated costs of the eligible improvements proposed as required under Section 10 of the TDSIC Statute. This is explained in greater detail most directly in Questions / Answers 25-27 of Mr. Vamos's direct testimony.

[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

CERTIFICATE OF SERVICE


This is to certify that a copy of the foregoing *Indiana Office of Utility Consumer Counselor Public's Exhibit No. 3 Redacted Testimony of OUCC Witness Sergio Hunt* has been served upon the following counsel of record in the captioned proceeding by electronic service on August 30, 2021.

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