FILED
July 30, 2018
INDIANA UTILITY
REGULATORY COMMISSION

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF NORTHERN INDIANA PUBLIC SERVICE COMPANY LLC FOR APPROVAL OF PETITIONER'S SECOND 7-YEAR 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) AND EXTENSIONS TO RURAL AREAS PURSUANT TO IND. CODE § 8-1-39-11.	)	**CAUSE NO. 45074**

INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR

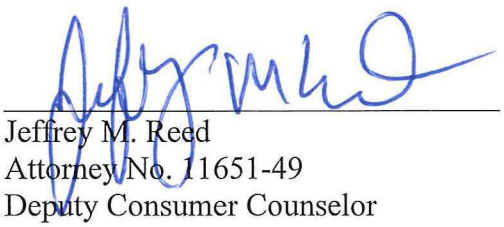
PUBLIC'S EXHIBIT NO. 2

PUBLIC (REDACTED) TESTIMONY OF OUCC WITNESS

LEON A. GOLDEN

JULY 30, 2018

Respectfully submitted,



Jeffrey M. Reed
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PUBLIC (REDACTED) TESTIMONY OF
OUCC WITNESS LEON A. GOLDEN
CAUSE NO. 45074
NORTHERN INDIANA PUBLIC SERVICE COMPANY, LLC

NOTE - [redacted] HIGHLIGHT INDICATES CONFIDENTIAL INFORMATION

I. INTRODUCTION

Q: Please state your name and business address.

A: My name is Leon A. Golden, and my business address is 115 West Washington Street, Suite 1500 South, Indianapolis, Indiana 46204.

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

A: I am employed by the Indiana Office of Utility Consumer Counselor ("OUCC"), as a Utility Analyst for the Natural Gas Division. My educational background and experience are detailed in Appendix LAG-1 attached to this testimony.

Q: What is the purpose of your testimony?

A: My testimony discusses my analysis of transmission, distribution, and storage projects included in Northern Indiana Public Service Company LLC's ("NIPSCO" or "Petitioner") proposed 7-Year capital improvement construction plan ("7-Year Plan" or "Gas Plan 2"). My testimony recommends the Commission disallow the inclusion of contingency dollars in NIPSCO's project cost estimates. For Gas Plan 1 projects that are in service on or before 12/31/2018, I recommend the dollar amounts associated with those projects be removed from Gas Plan 2. My testimony also discusses my review of Gas Plan 2 in light of the Indiana Supreme Court's recent Opinion on multiple-unit projects, *NIPSCO Industrial Group v. NIPSCO*, Case No. 18S-EX-334 (June 20, 2018, slip. op.) ("*NIPSCO TDSIC 4*"), and

confirms the projects included in Gas Plan 2 have the required level of detail, with exception of Bare Steel projects. I recommend Bare Steel projects be disallowed from NIPSCO's Gas Plan 2. I recommend any rolled over amounts from Gas Plan 1 be disallowed for Rural Extension projects not started as of 12/31/18. I also recommend contingent projects be disallowed from NIPSCO's proposed Gas Plan 2, and that the remaining Gas Plan 2 projects be approved.

Q: Please describe your analysis of NIPSCO's support provided for its proposed Gas Plan 2 projects.

A: My analysis began with a review of NIPSCO's testimonial and evidentiary support provided to determine the project reasonableness and the cost support provided for them. In this filing, I also reviewed projects and the cost support provided for projects being moved from NIPSCO's TDSIC 7-Year Plan approved in Cause No. 44403 ("Gas Plan 1"). While the projects being moved into Gas Plan 2 from Gas Plan 1 have already been approved, some of them have had additional "subprojects" added to the existing project scope. Subprojects are component projects that make up an overall project category. The OUCC regards these as new projects and my review treated them as such. In light of the *NIPSCO TDSIC 4* Opinion, I also reviewed the support provided by NIPSCO to ensure that each project had specific scope, cost estimate, and location detail.

Q: Within the context of the "best estimate" definition, please describe your approach in analyzing NIPSCO's project cost estimate support and its project cost increase justifications.

A: While analyzing NIPSCO's project cost estimate support, I relied on Indiana Code and recent Commission Orders for a "best estimate" definition.[1] Indiana Code § 8-1-39-10 provides that "[t]he order must include … [a] finding of the best estimate of the cost of the eligible improvements included in the plan." In the Commission's Order in Cause No. 44403 TDSIC-4, the Commission explains that "[a] TDSIC best estimate should reflect, at a minimum, costs a utility reasonably could or should have foreseen at the time the estimate was created."[2] Within that context, I reviewed each project and the accompanying cost support included in NIPSCO's proposed Gas Plan 2.

Q: Please describe how NIPSCO's proposed Gas Plan 2 is organized.

A: Gas Plan 2 is organized into three broad categories consisting of Transmission System Investment, Distribution System Investment, and Storage System Investment. All of the projects in Gas Plan 2 fit into one of these three broad categories:

- NIPSCO's Transmission System Investment project category consists of five subcategories: Transmission Pipeline Replacement, Prepare Lines for In-Line Inspection, Shallow Pipe Replacement, Inspect & Mitigate, and System Deliverability.

- The Distribution System Investment project category consists of six subcategories: Kokomo Low Pressure System, Bare Steel Replacement, System

[1] See Cause Nos. 44403 TDSIC-4 (NIPSCO Gas); 44429 TDSIC-3 (Vectren North); 44430 TDSIC-3 (Vectren South); 44403 TDSIC-1 (NIPSCO Gas).
[2] Cause No. 44403 TDSIC-4, Order at page 28.

Deliverability, Master Meter System Upgrades, Inspect & Mitigate, and Rural Extensions.

- The Storage System Investment project category consists of a single Storage Projects subcategory.

Q: What cost support information did NIPSCO provide to support the Gas Plan 2 projects that was relevant to your analysis?

A: NIPSCO included a Gas Plan 2 summary, as well as project detail summaries for each of the seven years of the Plan, as Confidential Attachment 2-A in Mr. Bull's testimony. Particularly relevant sections include:

Confidential Appendix 1 - *NIPSCO Gas Infrastructure Study*

Confidential Appendix 2 - *April 2017 Risk Model Update*

Confidential Appendix 3 - specific cost estimate detail and asset lists for each Gas Plan 2 project, and

Confidential Appendix 4 - specific material, labor, and indirect costs that together make up the unit cost estimates for projects estimated using unit cost methodology.

The Gas Infrastructure study and Risk Model update were performed by EN Engineering using input provided by NIPSCO's subject matter experts. In addition, Mr. Bull's workpapers included detailed descriptions of scope of work, location, scheduled project completion date, cost estimate, a breakout of estimated items, assumptions made, and project risks and opportunities for each project. The only projects lacking this level of specific detail were NIPSCO's proposed Bare Steel projects; this project category is discussed in detail later in my testimony.

Q: Did you identify any concerns with NIPSCO's Gas Plan 2 supporting cost estimates?

A: Yes. NIPSCO's estimates include contingency costs. While contingency in cost estimates can be a valid method for managing project risks that may not be known at the time the estimate is created, they are unnecessary here.[3] Cost uncertainty in Gas Plan 2 is addressed in part by the 3% annual escalation factor applied at the project estimate level. In addition, NIPSCO updates project costs annually, so unexpected, but justifiable and supported cost increases will be incorporated in all affected estimates. As each project nears construction, estimates are refined to greater degrees of precision to reflect diminishing project risk. If project risks materialize, driving up the actual capital spending for these projects, the OUCC, other stakeholders and the Commission can review the causes and reasonableness of these increases. Given the flexibility already included in the 7-Year Plan estimating process, it is inappropriate to include contingency in the cost estimates for these projects. Aside from my concerns with the inclusion of contingency in NIPSCO's project cost estimates, I have no additional concerns with the cost support provided.

II. MULTIPLE-UNIT PROJECTS

Q: Please describe multiple-unit projects.

[3] A contingency allowance is typically employed to offset cost risk and cost uncertainty. Cost risk and cost uncertainty refer to the fact that a cost estimate is a forecast and there is a chance that actual costs will differ from the estimate. Risk is the probability that an unfavorable outcome will occur. Uncertainty is the possibility or probability that an estimated funding level will be exceeded.

A: Multiple-unit projects are "**categories** of improvements…that describe broad parameters for identifying future improvements but do not designate those improvements with specificity." *NIPSCO TDSIC 4* at 2, emphasis in original.

Q: Please discuss how the *NIPSCO TDSIC 4* Opinion is relevant to your review of NIPSCO's Gas Plan 2.

A: The Indiana Supreme Court ruled on June 20, 2018 that multiple-unit projects not specifically identified at the outset of a 7-Year Plan were not eligible for TDSIC cost recovery. The Opinion states:

> We conclude the TDSIC Statute permits periodic rate increases only for specific projects a utility designates, and the Commission approves, in the threshold proceeding and not for multiple-unit projects using ascertainable planning criteria. In other words, a utility must specifically identify the projects or improvements at the outset in its seven-year plan and not in later proceedings involving periodic updates.[4]

Q: Did you identify any multiple-unit projects in NIPSCO's Gas Plan 2?

A: No. NIPSCO has a pending request for a Certificate of Public Convenience and Necessity ("CPCN") focused on compliance of new and existing pipeline safety regulations.[5] I confirmed during my review of this case and the CPCN case that multiple-unit projects that were included in Gas Plan 1, not eligible for inclusion in NIPSCO's Gas Plan 2, have not been included here, but have been moved to its pending CPCN case. The costs for these multiple-unit projects that are federally mandated would be recovered through a Federally Mandated Cost Adjustment tracker if approved. Furthermore, my review of the support for NIPSCO's Gas Plan

[4] Indiana Supreme Court. Supreme Court Case No. 18S-EX-334. *NIPSCO Industrial Group –v– Northern Indiana Public Service Company*. June 20, 2018. Page 3.

[5] *See* Cause No. 45007.

2 confirmed that other than Bare Steel projects, each project includes specific detail, including scope of work, cost support, and project location. With this exception, I did not identify any concerns with the projects in Gas Plan 2 in light of the Supreme Court opinion. I discuss the Bare Steel projects later in my testimony.

III. TRANSMISSION SYSTEM INVESTMENTS

Q: Please describe your analysis of the Transmission System Investment projects included in NIPSCO's proposed 7-Year Plan.

A: The transmission system projects in NIPSCO's proposed 7-Year Plan were selected based on a risk-based analysis of NIPSCO's transmission pipeline segments categorized as Department of Transportation ("DOT") pipeline. This analysis identified pipeline specific threats and assisted in choosing projects to enhance system testing, repairs, pressure reduction, or replacement of pipeline segments.[6] My review of the transmission system projects included confirming that the project scopes, as currently filed, are consistent with the justification provided by NIPSCO to support the projects. I discuss each transmission system project category in greater detail below.

Transmission Pipeline Replacement

This project category is being proposed as System Integrity Projects. The projects in this category have been chosen based on the results of risk analysis, input by internal subject matter experts, asset inspection, and assessment cycles. The projects' scope in this category is the construction of approximately 38.9 miles of

[6] Petitioner's Exhibit No. 2. Page 42, line 15 – page 43, line 6.

new transmission pipeline, and the retirement or pressure reduction of another 59.6 miles of transmission pipeline that is among the highest-rated risk areas in NIPSCO's transmission system.[7] The pressure reduction projects are integrity projects because they result in existing pipeline segment operation well below Specified Minimum Yield Strength,[8] reducing the likelihood of failure due to a pipeline rupture. I confirmed that the projects included in this category do have specific project scope, cost support, and location.

Shallow Pipe Replacement

This project category contains a single System Integrity Project being carried over from NIPSCO's Gas Plan 1. The [Project ID: SP5] *CR 225E Star City* project scope involves the replacement of approximately 3,000 feet of identified 16" pipeline. The scope of the project and the capital cost estimate have not changed since the previously approved estimate with the exception of an annual 3% escalation factor included to adjust for inflation, which is typical of inflation adjustments made for future projects.

Inspect & Mitigate

This project category is being proposed as System Integrity Projects. The projects in this category have been identified for remedial maintenance or replacement through periodic inspections of critical assets. These projects include replacement of (1) aerial crossings, (2) regulator stations, and (3) outdated or obsolete equipment. These project scopes include valves, electronic flow correctors,

[7] Petitioner's Exhibit No. 2, page 46, lines 7 – 11.
[8] Specified Minimum Yield Strength ("SMYS") is a common calculation performed on pipes to determine the material's tensile strength.

metering, heaters, filters or odorizers, easement acquisition, security measures, grounding, and instruments and controls. I confirmed that the projects included in this category have specific project scopes, cost support, and locations.

System Deliverability

The projects in this category have been chosen based on the results of reliability planning criteria and system assessments. Specifically, NIPSCO's system is evaluated seasonally during periods of high demand to identify areas of the system for further analysis. NIPSCO's system planning department then uses this information to determine the system's ability to meet transmission system demand. System assessments are made using gas system modeling and analysis software to evaluate system performance and various system scenarios.[9] The projects included in Gas Plan 2 are the result of NIPSCO's most recent evaluation of its system. The projects in this category include new gas mains, regulator stations, and associated equipment to improve reliability or increase capacity on NIPSCO's transmission system. I confirmed that the projects included in this category have specific project scopes, cost support, and locations.

Prepare Lines for In-Line Inspection

This project category includes a single project being carried over from NIPSCO's Gas Plan 1. The [Project ID: ILI6] *ILI System Modification 30" Tassinong to LaPorte – 1.0 Plan* project is focused on enabling a section of NIPSCO's transmission loop to accept smart pigs for pipeline cleaning and evaluation.

[9] Petitioner's Exhibit No. 2, page 31, line 17 – page 33, line 9.

NIPSCO included this project in its Gas Plan 2, but intends to complete it under Gas Plan 1. If the project is not in service by 12/31/2018, NIPSCO wants to recover the project costs under Gas Plan 2. If the project is in service by 12/31/18, the dollars associated with this project will be removed from Gas Plan 2 in NIPSCO's first tracker filing in this Cause. I do not have concerns with these project costs being recovered under Gas Plan 2, provided that NIPSCO clearly shows the status of this project during its first Gas Plan 2 tracker filing.

Q: Did your review identify any other Transmission System Investment projects from Gas Plan 1 that NIPSCO intends to move into Gas Plan 2 if not in service by 12/31/2018?

A: Yes. In addition to Project ID: ILI6, I identified thirteen Transmission System Investment projects from Gas Plan 1 that NIPSCO intends to have in service on or before 12/31/2018 and three projects not expected to be in service by that date.[10] For those projects in service on or before 12/31/2018, NIPSCO will remove these project dollars from Gas Plan 2 in its first tracker filing.

Q: Did your review consider any unique aspects regarding Transmission System Investment projects?

A: Yes. Two Transmission System Investment projects being moved from Gas Plan 1 into Gas Plan 2 have been changed from their original Gas Plan 1 counterpart. The project [Project ID: IM20 – *Odorant System Replacement*] contains updated estimates for two subprojects based on nearly complete engineering design, and both are more closely aligned with a large unit cost. The unit cost estimate for the later 2019 project is based on the nearly completed engineering design for the early

[10] Petitioner's Exhibit No. 2. Attachment 2-B, pages 1 – 2.

2019 project. One 2020 project proposed in Gas Plan 1 in this category has not been carried over into Gas Plan 2. Also, [Project ID: IM22 – *Pipeline Heater Replacement*] which was composed of three subprojects in Gas Plan 1 now contains an updated estimate for one 2019 subproject being carried into Gas Plan 2 based on nearly complete engineering design, and it is more closely aligned with a large unit cost. Two projects in this category that were included in Gas Plan 1 have not been carried over into Gas Plan 2.

IV. DISTRIBUTION SYSTEM INVESTMENTS

Q: Please describe your analysis of the Distribution System Investment projects included in NIPSCO's proposed 7-Year Plan.

A: The distribution system projects in NIPSCO's proposed 7-Year Plan were selected based on identification of higher risk pipe segments. My review of the distribution system projects included confirming that the project scopes, as currently filed, are consistent with the justification provided by NIPSCO to support the projects. I discuss each distribution system project category in greater detail below.

Kokomo Low Pressure System

This project is focused on replacing the last remaining portion of low-pressure distribution system in NIPSCO's territory. Low-pressure systems like the Kokomo system are often prone to operational issues, water infiltration, and do not include excess flow valves ("EFVs") and pressure regulation at the customer site.[11] There was a Kokomo Low Pressure System project included in Gas Plan 1; however, this

[11] Petitioner's Exhibit No. 2, page 70, line 11 – page 71, line 3.

project is focused on replacement of one additional segment of primarily wrought iron pipe not included in the Gas Plan 1 project. This risk-based project is being proposed for engineering and design activities beginning in 2022, with construction beginning in 2024 and being completed in 2025. NIPSCO plans to replace the Kokomo low-pressure system with an up to date medium pressure system with EFVs, pressure regulation, and smaller bore plastic pipe.

Bare Steel Replacement

NIPSCO's proposed 7-Year Plan includes replacing 32.85 miles of Bare Steel distribution pipeline.[12] In reviewing the project detail included in NIPSCO's case-in-chief, I was unable to find detail sufficient to meet the Indiana Supreme Court's threshold for specificity. Support in NIPSCO's case-in-chief did not include specific project location for each Bare Steel project for each year of Gas Plan 2.

In addition to the lack of sufficient project detail, Bare Steel projects may be more appropriate for inclusion in a federally mandated compliance plan. This type of treatment would be more consistent with existing federally mandated compliance plans pursued by other Indiana utilities.[13]

System Deliverability

The projects in this category have been chosen based on the results of reliability planning criteria and system assessments. Specifically, NIPSCO's system is evaluated seasonally during periods of high demand to identify areas of the system for further analysis. NIPSCO's system planning department then uses this

[12] Petitioner's Exhibit No. 2, page 73, line 14 – page 74, line 1.
[13] *See* Cause Nos. 44429 and 44430.

information to determine the system's ability to meet customer demand. System assessments are made using gas system modeling and analysis software to evaluate system performance and various system scenarios.[14] The projects included in Gas Plan 2 are the result of NIPSCO's most recent evaluation of its system. The projects in this category typically include new gas mains, regulator stations, and associated equipment to improve reliability or increase capacity. I confirmed that the projects included in this category have specific project scopes, cost support, and locations.

Master Meter System Upgrades

This project category is being proposed as System Integrity Projects. This project category includes two projects, one in Fort Wayne and one in South Bend. The scopes of these two projects include rebuilding the existing metering systems, and subsequently assuming ownership and operation responsibilities. A master meter system is a system for distributing gas within a definable area, such as a mobile home park, housing project, or apartment complex, where the operator purchases metered gas from an outside source for resale through a gas distribution pipeline system.[15] After these two projects are complete, NIPSCO will own and maintain the two systems and they will no longer be master meter systems.

Inspect & Mitigate

This project category is being proposed as System Integrity Projects. The projects in this category include replacement or rewrapping of existing distribution crossings, and upgrade or replacement of distribution regulator stations.

[14] Petitioner's Exhibit No. 2, page 32, lines 2 – 17.
[15] Code of Federal Regulations. 49 CFR §191.3.

Rewrapping pipe mitigates corrosion and can be a more economical solution than replacement. The proposed regulator station work is targeted at two specific regulator stations, and includes valves, metering, electric service, heaters, filters or odorizers, land and easements acquisition, security measures, grounding, and instrumentation and control equipment. I confirmed that the projects included in this category have specific project scopes, cost support, and locations.

Rural Extensions

The projected spending in this project category is based on an analysis of historical customer interest in natural gas extensions that pass the 20-year margin test. These projects are focused on providing natural gas service to customers who otherwise would be unlikely to connect to gas service outside of the 20-year margin test.[16] While specific projects are not identified in its proposed 7-Year Plan, this category is unique in that it is unreasonable to know what customers may wish to connect over the course of the 7-Year Plan. Furthermore, the TDSIC statute contains specific language related to Rural Extension projects, treating this category of project as unique and subject to special review.[17] The cost estimates included in NIPSCO's proposed 7-Year Plan are consistent with those included in its currently approved Plan, with the exception of the estimated amount for 2019. The cost estimate for 2019 includes a rolled over amount from Gas Plan 1 of $[redacted] plus an additional $[redacted] for Gas Plan 2, for a total 2019 amount of $[redacted]. The $[redacted] included from Gas Plan 1 included are for Rural Extension projects

[16] Petitioner's Exhibit No. 2, page 84, line 16 – page 85, line 2.
[17] Indiana Code 8-1-39. Section 11(c)

already in progress, but not yet completed. If these projects are completed by 12/31/2018, the dollars for these Gas Plan 1 projects should fall out of Gas Plan 2. It is my recommendation that any individual Rural Extension projects started, but not yet completed, as of 12/31/18, be carried forward to Gas Plan 2. Any remaining estimated costs for Rural Extensions not started as of 12/31/18 should not be carried forward for inclusion in NIPSCO's proposed Gas Plan 2.

Q: Did your review identify any other Distribution System Investment projects from Gas Plan 1 that NIPSCO intends to move into Gas Plan 2 if not in service by 12/31/2018?

A: Yes. I identified ten Distribution System Investment projects from Gas Plan 1 that NIPSCO intends to have in service on or before 12/31/2018.[18] For those projects in service on or before 12/31/2018, NIPSCO will remove these project dollars from Gas Plan 2 in its first tracker filing. I do not have concerns with these project costs being recovered under Gas Plan 2, provided that NIPSCO clearly shows the status of this project during its first Gas Plan 2 tracker filing.

Q: Do you have any recommendations specific to the Distribution System Investment projects?

A: Yes. I recommend rolled over amounts from Gas Plan 1 be disallowed for Rural Extension projects not started as of 12/31/2018. In addition, for the Gas Plan 1 projects that are in service on or before 12/31/2018, I recommend the removal of these dollar amounts from Gas Plan 2.

[18] Petitioner's Exhibit No. 2, Attachment 2-B, pages 3 – 4.

V. STORAGE SYSTEM INVESTMENTS

Q: Please describe your analysis of the Storage System Investment projects included in NIPSCO's proposed 7-Year Plan.

A: The Storage System projects include field valves and plant equipment projects; specifically, valves and meter runs, compressor power feed panels, flow control valves, oil heaters, compressor loading systems, and other associated equipment. My analysis of the Storage System projects in NIPSCO's proposed 7-Year Plan determined these projects are consistent with increasing safety, reliability, and improving system operations.

Q: Did your review identify any concerns with the scopes of the Storage System Investment projects?

A: No. Two project categories in the Storage System Investments are being proposed as System Integrity Projects; Liquefied Natural Gas Plant ("LNG") and Royal Center Underground Gas Storage ("RCUGS"). The projects in this category have been chosen based on the results of risk analysis, input by internal subject matter experts, asset inspection, and assessment cycles.[19]

Q: Did your review consider any unique aspects regarding Storage System Investment projects?

A: Yes. There is one Storage System Investment project from Gas Plan 1 that is being transferred into the proposed Gas Plan 2, however, there have been changes with this project from its Gas Plan 1 counterpart. The project [Project ID: S37 – *RCUGS – Mechanical / Electrical System Upgrade*] contains an updated estimate for one new 2019 subproject based on nearly complete engineering design that is more

[19] Petitioner's Exhibit No. 2, page 41, lines 2 – 8.

closely aligned with a large unit cost. The unit cost estimate for this 2019 project is based on the nearly completed engineering design for a current Gas Plan 1 project. One 2019 and one 2020 project included in Gas Plan 1 in this category have not been carried into Gas Plan 2.

VI. CONTINGENT PROJECTS

Q: Please describe the contingent projects included in NIPSCO's proposed 7-Year Plan.

A: NIPSCO proposes "contingent" projects which "currently fall outside of the current prioritized list" of proposed projects.[20] NIPSCO seeks approval of these contingent projects, which would be funded and constructed if there is underspending in projects in the 7-Year Plan, if a project in the 7-Year Plan is completed outside of TDSIC (for example, in an emergency situation), or if it falls in terms of priority.[21]

Q: Does the OUCC have concerns and recommendations regarding these contingent projects?

A: Yes. The OUCC objects to NIPSCO bringing in contingent projects outside of NIPSCO's current Gas Plan 2 prioritized list. If NIPSCO is able to cost effectively complete projects in Gas Plan 2 for less than the approved amount, then NIPSCO's customers should receive the benefit of these cost savings through a lower TDSIC charge. Similarly, if NIPSCO completes a Gas Plan 2 project outside of TDSIC (for example, in an emergency situation), or a project falls in terms of priority, then

[20] Petitioner's Exhibit No. 2, page 17, lines 4 – 7.
[21] Petitioner's Exhibit No. 2, page 17, lines 14 – 19.

NIPSCO's customers should receive the benefit of these changes through a lower TDSIC charge. Furthermore, Indiana Code 8-1-39 does not explicitly provide for contingent projects as proposed by NIPSCO; Indiana utilities with contingent or alternate projects included in a 7-Year Plans have obtained this type of flexibility only through settlement agreements with stakeholders.[22] If NIPSCO wants to complete the contingent projects outside of Gas Plan 2, then NIPSCO can seek recovery on and of these projects in its next base rate case. It is my recommendation the contingent projects be disallowed from NIPSCO's proposed 7-Year Plan.

VII. CONCLUSIONS AND RECOMMENDATIONS

Q: Please summarize your conclusions and recommendations.

A: After analyzing NIPSCO's proposed Gas Plan 2, I recommend the Commission:

1. Disallow the inclusion of contingency in NIPSCO's project estimates,
2. Disallow the Gas Plan 1 amount for Rural Extension projects not started as of 12/31/18 in NIPSCO's proposed Gas Plan 2,
3. For Gas Plan 1 projects that are in service on or before 12/31/2018, remove these dollar amounts from Gas Plan 2,
4. Disallow Bare Steel Replacement projects from Gas Plan 2,
5. Disallow contingent projects from NIPSCO's proposed Gas Plan 2, and
6. Approve NIPSCO's remaining Gas Plan 2.

Q: Does this conclude your testimony?

A: Yes.

[22] *See* Cause Nos. 44720, 44733 and 44910.

AFFIRMATION

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

Leon A. Golden
Utility Analyst II
Indiana Office of Utility Consumer Counselor
Cause No. 45074
NIPSCO, LLC

7/30/2018
Date

**APPENDIX LAG-1 TO TESTIMONY OF
OUCC WITNESS LEON A. GOLDEN**

Q: Please describe your educational background and experience.

A: I graduated from Purdue University School of Engineering and Technology - Indianapolis in 2011, with a Bachelor of Science degree in Mechanical Engineering. In October of 2011, I passed the Fundamentals of Engineering exam administered by the Indiana Professional Licensing Agency.

I worked as a civil engineering technician from 2005-2008, performing materials testing in field and laboratory settings, conducting analysis of mechanical properties of soils, and working in accordance with a variety of testing standards. From 2009-2014, I worked as an engineer co-op and project engineer in the electric utility industry in a number of different areas, including Customer Projects, Substation Relaying and Protection, and Standards and Code Compliance. I have also worked as a project engineer on nearly fifty distributed generation solar projects, ranging from 20 kW/ac to 10 MW/ac.

I have participated in several IEEE technical workshops, including Smart Grid Cyber-Security, Smart Distribution Systems, and Wind Farm Collector System Design workshops. I have attended New Mexico State University – Center for Public Utilities' Basic Regulatory Training for the Electric and Natural Gas Industries in New Mexico, and the Institute of Public Utilities' Intermediate Regulatory Studies Program at Michigan State University. In addition, I have attended MISO training courses on several topics, including Locational Marginal Price Mechanics, Financial Transmission Rights Mechanics, MISO Market Settlement Calculations, and Resource Adequacy Mechanics.

Q: Have you previously testified before this Commission?

A: Yes. I have testified in a number of Causes before this Commission.

Q: Please describe the review and analysis you conducted in order to prepare your testimony.

A: I reviewed and analyzed Petitioner's direct testimony, exhibits, and workpapers. I also reviewed project cost estimates provided by Northern Indiana Public Service Company LLC ("NIPSCO" or "Petitioner"). In addition, I reviewed NIPSCO's Gas Plan 1 alongside its proposed Gas Plan 2. I participated in meetings with NIPSCO staff to discuss cost and engineering aspects of NIPSCO's proposed Gas Plan 2.

CERTIFICATE OF SERVICE

This is to certify that a copy of the foregoing ***Indiana Utility Consumer Counselor Public's Exhibit No. 2 Public (Redacted) Testimony of OUCC Witness Leon A. Golden*** has been served upon the following counsel of record in the captioned proceeding by electronic service on July 30, 2018.

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