

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF NORTHERN INDIANA PUBLIC)
SERVICE COMPANY LLC FOR (1) AUTHORITY)
TO MODIFY ITS RATES AND CHARGES FOR)
GAS UTILITY SERVICE THROUGH A PHASE IN)
OF RATES; (2) APPROVAL OF NEW)
SCHEDULES OF RATES AND CHARGES,)
GENERAL RULES AND REGULATIONS, AND)
RIDERS; (3) APPROVAL OF REVISED)
DEPRECIATION RATES APPLICABLE TO ITS)
GAS PLANT IN SERVICE; (4) APPROVAL OF)
MECHANISM TO MODIFY RATES)
PROSPECTIVELY FOR CHANGES IN FEDERAL)
OR STATE INCOME TAX RATES, UTILITY)
RECEIPTS TAX RATES, AND PUBLIC UTILITY)
FEE RATES; (5) APPROVAL OF NECESSARY)
AND APPROPRIATE ACCOUNTING RELIEF;)
AND (6) AUTHORITY TO IMPLEMENT)
TEMPORARY RATES CONSISTENT WITH THE)
PROVISIONS OF IND. CODE § 8-1-2-42.7.)

CAUSE NO. 45621

PETITIONER'S SUBMISSION OF SECOND CORRECTIONS

Northern Indiana Public Service Company LLC ("NIPSCO"), by counsel, respectfully submits corrections to its prepared case-in-chief as shown in the redlined (or highlighted) pages attached hereto. The majority of the corrections were discovered during the discovery process, at which time NIPSCO advised that an error had been discovered, provided responsive information based on the correction, and stated that a correction would be filed. One correction that has not previously been disclosed is that the Company has discovered that it inadvertently included Utility Receipts Tax ("URT") associated with the cost of gas in the base rates proposed herein. URT associated with

the cost of gas is reflected in Petitioner's GCA and should not be reflected in base rates. This correction accounts for the vast majority of the dollar value of the changes to the Company's proposed revenue requirement from base rates. A description of the corrections to NIPSCO's workpapers (Petitioner's Confidential Exhibit No. 19-S2), which form the basis for the corrections to direct testimony and attachments, is as follows:

Petitioner's Confidential Exhibit No. 19-S2 (Redacted)
Workpaper REV 1 – Retail Sales: The percentage for 2021 and 2022 for the commercial class was pointing to bad debt instead of Utility Receipts Tax, resulting in a decrease of \$22,214. This correction impacted the revised revenue requirement sponsored by Mr. Newcomb.
Workpaper REV 1 – Retail Sales: There was a formula error in the allocation to the industrial revenue class for Rate 121 January program counts. In total, the customer count remains the same since the customer charge factor is the same for each program. This correction impacted the revised revenue requirement sponsored by Mr. Newcomb.
Workpaper REV 1 – Retail Sales. There was a formula error in the allocation to the industrial revenue class for Rate 125 Sales (inadvertently based on 2020 customer charge revenue). In total, the customer count remains the same since the customer charge factor is the same for each program. This correction impacted the revised revenue requirement sponsored by Mr. Newcomb.
Workpaper REV 1-22R – Reforecast: There was one change and one correction. The change was for the interdepartmental pricing from \$0.01 to \$0.03. The correction was a formula error in the allocation to the industrial revenue class for Rates 121 and 125 January customer change revenue for year 2022-R. This correction will be in REV 1 – Retail Sales, REV 2-ARP, REV 6 – Transportation, and REV 9 –Interdepartmental Sales. This correction impacted the revised revenue requirement sponsored by Mr. Newcomb.
Workpaper REV 2 – ARP: The correction relates to the correction described in Workpaper REV 1-22R for programs PPS fixed and capped. This correction impacted the revised revenue requirement sponsored by Mr. Newcomb.

Workpaper REV 6 – Transportation: The correction relates to the correction described in Workpaper REV 1-22R for Choice. This correction impacted the revised revenue requirement sponsored by Mr. Newcomb.

Workpaper REV 8 – Other Gas Revenue: Page [.4], Line 8 - The footnote was corrected to state the Gas Industrial Revenue is included in the Regulatory Budget for years 2021 & 2022, but the calculations for it is not supported. As such, a ratemaking adjustment was made to the budgeted amount to remain revenue flat to actuals.

Workpaper REV 9 – Inter Department Sales: Since the margin per therm averaged \$0.03 in 2020, NIPSCO updated the pricing to \$0.03, which increased the Interdepartmental sales by approximately \$9,000. This correction impacted the revised revenue requirement sponsored by Mr. Newcomb.

Workpaper REV 10 – Forfeited Discounts: Page [.4], Line 5 - Forfeited Discounts are late payment charges. The \$255,000 reduction to the three-year average used to establish the 2021 and 2022 budget amount for Forfeited Discounts was meant to better align the three-year average with how late payment charges are calculated under the Indiana Administrative Code, because at the time the budget was prepared, the calculation of late payment charges in the Customer Information System (“CIS”) was thought to be incorrect. Subsequent to the budget being prepared, IT verified late payment charges were calculated correctly in CIS. A ratemaking adjustment should have been made to remove the \$255,000 reduction to the three-year average used to establish the 2021 and 2022 budget amount for Forfeited Discounts. This correction impacted the revised revenue requirement sponsored by Mr. Newcomb.

Workpaper COGS 1-22R – Reforecast – The gas costs for year 2022-R was displaying budget year 2022. The three pages are provided for informational purposes.

Workpaper COGS 4 – InterDept Sales: The correction relates to the correction described in Workpaper COGS 1-22R.

Workpaper OM 2A – Line Locates and Mitigate Damages: The amount in Column D for OM 2A (Line 2 in the OM 2 Matrix) represents the change from normalized actuals for the historic test year 2020 to the budgeted amount included in NIPSCO’s financial plan for 2021. The financial plan included 2021 and 2022 amounts for line locates / mitigate damages (OM 2A) of \$12,465,117 per year. Corrects the presentation on the workpaper that was missed and matches the OM 2 matrix to as filed position.

Workpaper OM 2D – School Safety Program: Page 1, Column D: Line 1 should have represented the actual NIPSCO Gas allocated amount of \$62,500. Line 2 represents the erroneous actual NIPSCO Electric allocated amount of \$62,500. Line 3 should have represented the total normalized expense for the twelve months ended December 31, 2020 of \$125,000. Line 4 should have been \$0 to reflect no change from 2020 to 2021. This correction also impacts OM 2 Matrix, Page 1.

Workpaper OTX 4 – Taxes Other than Income: The Company has discovered that it inadvertently included Utility Receipts Tax ("URT") associated with the cost of gas in the base rates proposed herein. URT associated with the cost of gas is reflected in Petitioner's GCA and should not be reflected in base rates. This correction accounts for the vast majority of the dollar value of the changes to the Company's proposed revenue requirement from base rates.

Workpaper OTX 5 – Taxes other than Income for Public Utility Fee: This correction represents the revised Public Utility Fee associated with the Revenue changes and corrections being made. This correction impacted the revised revenue requirement sponsored by Mr. Newcomb.

Workpaper RB 3 – Gas Plant Accumulated Depreciation: Page [.3], Column C reconciles to Attachment 3B-S2, Column I, Line 3. During our review, it was noticed that there was a formula error that double counted Accumulated Depreciation for TDSIC and FMCA. This correction impacted Pages [.3], [.8], and [.9]. This correction impacted the revised revenue requirement sponsored by Mr. Newcomb.

Petitioner's Exhibit No. 19-S1

Workpaper RB 3-S1 – Gas Plant Accumulated Depreciation: Page [.3], Column C reconciles to Attachment 3B-S1, Column I, Line 3. During our review, it was noticed that there was a formula error that double counted Accumulated Depreciation for TDSIC and FMCA. This correction impacted Pages [.3], [.8], and [.9].

A description of the corrections made to NIPSCO's direct testimony (by witness) as a result of the corrections to NIPSCO's workpapers (Petitioner's Confidential Exhibit No. 19-S2) set out above, is as follows:

Petitioner's Exhibit No. 2 – Direct Testimony of Erin E. Whitehead
Page 17, Question / Answer 19: Changed NIPSCO's overall revenue increase requested to approximately \$110 million (instead of \$115 million), or 13.47% (instead of 14.16%) above NIPSCO's 2022 Forward Test Year revenue at present ("current") rates.
Page 28, Question / Answer 38: Changed NIPSCO's requested NOI to \$166,162,569 (instead of \$166,010,637).
Petitioner's Exhibit No. 3 – Direct Testimony of Jeffrey A. Newcomb
Page 11, Question / Answer 16: Changed the gross retail gas revenue amount to \$924,187,101 (instead of \$929,576,850) an increase of \$109,691,969 (instead of \$115,323,504), resulting in an annual jurisdictional net operating income of \$166,162,570 (instead of \$166,010,637).
Page 26, New Question / Answer 39: Added Adjustment REV 10-22R to increase Forward Test Year gas operating revenues in the amount of \$255,000 to remove a reduction that was made to the 30 year average used to establish the 2021 and 2022 budget amounts. ¹
Page 56, New Question / Answer 99: Changed Adjustment OTX 4-22R to decrease Forward Test Year Utility Receipts Tax in the amount of \$3,450,056 (instead of an increase of \$1,751,712).
Page 57, New Question / Answer 100: Changed Adjustment OTX 5-22R to increase Forward Test Year Public Utility Fee expenses in the amount of \$55,756 (instead of an increase of \$55,784).
Page 57, New Question / Answer 101: Changed Adjustment ITX 1-22R to increase Forward Test Year federal and state income taxes in the amount of \$11,411,841 (instead of \$10,268,347).

¹ With the addition of new Question / Answer 39, the pagination changed and all of the numbering from that point forward changed by one digit. The clean version of Mr. Newcomb's testimony will include all pages following Page 26.

Page 57, Question / Answer 102: Changed Adjustment PF-1 to \$109,691,969 (instead of \$115,323,504).
Page 58, Question / Answer 102: Changed Adjustments PF-2 through PF-5 used to determine the proposed increase in revenue requirement of \$109,691,969 (instead of \$115,323,504).
Page 77, Question / Answer 133: Changed total rate base to \$2,418,669,135 (instead of \$2,416,457,600), resulting in a total “Required Net Operating Income” of \$166,162,570 (instead of \$166,010,637) for purposes of designing rates.
Attachment 3-A-S1: Revised to reflect corrections to workpapers described above.
Attachment 3-B-S1: Revised to reflect corrections to workpapers described above.
Attachment 3-C-S1: Revised to reflect corrections to workpapers described above.
Attachment 3-A-S2: Revised to reflect corrections to workpapers described above.
Attachment 3-B-S2: Revised to reflect corrections to workpapers described above.
Attachment 3-C-S2: Revised to reflect corrections to workpapers described above.
Petitioner’s Exhibit No. 5 – Direct Testimony of Angela Camp
Attachment 5-F, Page 3: Changed Gas Operations for the Normalized Twelve Months Ended December 31, 2020 to \$36,435,952 (instead of \$36,373,452) resulting in Total Operations and Maintenance Expense of \$230,090,899 (instead of \$230,028,399).
Petitioner’s Exhibit No. 14 – Direct Testimony of Bryan Trapp
Page 10, Question / Answer 20: Changed protected EDIT using ARAM to \$1,513,116 (instead of \$1,438,827).
Page 15 and 16, Question / Answer 30: Changed NIPSCO’s pro forma adjusted Utility Receipts Tax to \$8,097,244 (instead of \$11,697,509) as reflected in Revised Attachment 14-B, Sch. 2.
Page 16, Question / Answer 30: Changed Adjustment OTX 4-22R to decrease Forward Test Year Utility Receipts Tax in the amount of \$3,450,056 (instead of an increase of \$1,751,712) to reflect URT on revenue at present rates and the removal of URT associated with gas cost recovery that will be collected through the Gas Cost Adjustment mechanism.

Page 17, Question / Answer 31: Changed the total federal and state income taxes at present rates to \$31,997,376 (instead of \$32,231,341).
Attachment 14-A: Updated to reflect the corrections shown in Questions / Answers 30 and 31 set out above.
Attachment 14-B: Updated to reflect the corrections shown in Questions / Answers 30 and 31 set out above.
Petitioner’s Exhibit No. 17 – Direct Testimony of Ronald Amen
Page 35, Question / Answer 56: Changed the Peak and Average demand allocation method to reflect the NIPSCO system load factor, excluding the Large Transportation Class 128, of 20.50 percent (instead of 19.98 percent) to ratably allocate transmission plant. Changed the Design Day demand used to allocate the Peak portion of transmission plant or 79.50 percent (instead of 80.02) and Annual Throughput used to allocate the remaining 20.50 percent (instead of 19.98 percent) of transmission plant.
Attachment 17-C: Changed Annual Usage (therms) for Rate Schedule General Large (Rate Code 125) to 62,536,063 (instead of 649,993) representing a load factor of 26.4% (instead of 0.3%), for a total Annual Usage (therms) of 3,509,609,499 (instead of 3,447,723,429).
Petitioner’s Exhibit No. 18 – Direct Testimony of Judith Siegler
Page 5, Question / Answer 10: Changed Adjustment REV 1-22R to increase Forward Test Year gas operating revenues in the amount of \$50,902,238 (instead of an increase of \$50,893,328).

NIPSCO is providing a clean version of all corrections noted herein. NIPSCO is also providing a redlined version of all corrections to direct testimony. Instead of providing a redlined version of the Excel files, NIPSCO is providing a version that has been highlighted to show the information that has been changed. The clean version of all pages will be included in the court reporter’s copies offered into evidence at the hearing.

Respectfully submitted:

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The undersigned hereby certifies that the foregoing was served by email transmission upon the following:

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Dated this 10th day of January, 2022.

/s/ Robert E. Heidorn

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