Northern Indiana Public Service Company LLC

Cause No. 45967

VERIFIED DIRECT TESTIMONY OF ELIZABETH A. DOUSIAS

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

A1. My name is Elizabeth A. Dousias. My business address is 801 East 86th Avenue, Merrillville, Indiana. I am Manager of Regulatory for NiSource Corporate Services Company ("NCSC").

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

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

Q3. Please describe your educational and employment background.

A3. I graduated from Indiana University in Bloomington, Indiana with a Bachelor of Science Degree in Finance. I have been a Certified Public Accountant and a member of Illinois Certified Public Accountant Society. I began my employment with PricewaterhouseCoopers in the firm's Audit and Advisory Services practice. I had additional auditing and advisory roles as Financial Reporting Manager for Packaging Dynamics Corporation ending in October 2011. I then joined the Internal Audit team at NiSource Inc. ("NiSource") and continued as a Compliance Manager within the Legal

Department. In October 2016, I accepted the role of Manager of Regulatory Accounting for NIPSCO. On November 1, 2017, I accepted my current position of Manager of Regulatory for NCSC where I am primarily responsible for the NIPSCO Gas regulatory requirements and support regulatory work across multiple NiSource jurisdictions.

Q4. What are your responsibilities as Manager of Regulatory?

A4. I am responsible for the preparation and coordination of NIPSCO's Gas Demand Side Management filings in Cause No. 44001-GDSM-X, Gas Cost Adjustment filings in Cause No. 43629-GCA-X, the Gas Transmission, Distribution, and Storage System Improvement Charge filings in Cause No. 45330-TDSIC-X, and the Gas FMCA filings in Cause No. 45703-FMCA-X. I am also responsible for preparation and coordination of NIPSCO's gas earnings test schedules.

Q5. Have you previously testified before the Indiana Utility Regulatory Commission ("Commission") or any other regulatory commission?

A5. Yes. I have filed testimony before the Commission in (1) NIPSCO's most recent gas base rate case in Cause No. 45621, (2) NIPSCO's request for a Certificate of Public Convenience and Necessity ("CPCN") in Cause No.

45703 for federally mandated projects associated with NIPSCO's Pipeline Safety III Compliance Project, (3) NIPSCO's request for a CPCN in Cause No. 45560 for federally mandated projects associated with NIPSCO's Pipeline Safety II Compliance Project, (4) NIPSCO's request in Cause No. 45183 for a CPCN for federally mandated projects associated with NIPSCO's PHMSA Compliance Project, and (5) NIPSCO's request in Cause No. 45007 for a CPCN for federally mandated projects associated with NIPSCO's Pipeline Safety Compliance Project,. I also regularly testify before the Commission in NIPSCO's Gas Demand Side Management filings in Cause No. 44001-GDSM-XX (beginning in GDSM-12), NIPSCO's Gas Federally Mandated Cost Adjustment ("FMCA") filings in Cause Nos. 45007-FMCA-X, 45560-FMCA-X, 45703-FMCA-X, and NIPSCO's Gas Transmission, Distribution and Storage System Improvement Charge ("TDSIC") filings in Cause No. 45330-TDSIC-X. I also recently filed testimony on behalf of Jurisdictional Gas Distribution Utilities in Cause No. 45949.

Q6. What is the purpose of your direct testimony in this proceeding?

A6. The purpose of my direct testimony is to sponsor and present NIPSCO's forecasted rate base as of June 30, 2024 (Step 1) and December 31, 2024 (Step

2), which reflects the Forward Test Year investment level that is utilized within the revenue requirement sponsored by NIPSCO Witness Weatherford. I also support NIPSCO's proposed new Rider 392 – Sales Reconciliation Adjustment (the "SRA").

Q7. Are you sponsoring any attachments to your direct testimony in this Cause?

A7. Yes. I am sponsoring Attachment 4-A and Attachment 4-B, as well as Rate Base amounts included in Attachment 3-A-S1 through Attachment 3-C-S1, Attachment 3-A-S2 through Attachment 3-C-S2 (attached to the Verified Direct Testimony of Richard D. Weatherford), all of which were prepared by me or under my direction and supervision. I also sponsor a portion of the workpapers included in Petitioner's Confidential Exhibit No. 19-X (S1, S2).

Net Original Cost Rate Base

Q8. Please explain the Rate Base amounts included in Attachment 3-B-X (S1, S2), RB Module.

A8. Petitioner's Exhibit No. 3, Attachment 3-B-X (S1, S2), RB Module, is a summary statement of rate base. As shown in this attachment, NIPSCO's forecasted net original cost rate base for ratemaking purposes in this case is

$3,484,810,045 as of December 31, 2024. Petitioner's Exhibit No. 3, Attachment 3-C-X (S1, S2), shows the reconciliation to each of the Rate Base subcomponents for each of the adjustments I sponsor (RB-1 through RB-10) that are included in Attachment 3-B-X (S1, S2), RB Module, Columns D, F, and H. Petitioner's Confidential Exhibit No. 19-X (S1, S2) includes the workpapers supporting each adjustment as presented in Attachment 3-B-X (S1, S2) and described or referenced herein. This is the most detailed level of summarized information supporting the calculation of rate base.

Q9. How are amounts included in Attachment 3-C-X (S1, S2), RB-1 calculated?

A9. The amounts in RB-1 represent the forecasted utility plant balances for gas assets. The 2023 and 2024 values are calculated based on a series of assumptions including forecasted capital expenditures, in service timing, and retirements monthly by FERC Account. Gas Utility Plant balances begins with the gas utility plant in service ("UPIS") balances as of December 31, 2022. The 2023 and 2024 annual forecasted capital expenditures are included in the monthly construction work in process ("CWIP") activity. The CWIP activity drives the growth in gas utility plant balances by applying a monthly timing curve or known date for discrete projects by month. The capital forecast from which this CWIP activity is drawn is set forth in NIPSCO's response to 170 IAC 1-5-7(6) and (7) filed October 25, 2023. Retirement and net salvage amounts also reduce the account activity monthly. I discuss how those forecasted expenditures relate to the total forecasted utility plant in service below.

Q10. How are amounts included in <u>Attachment 3-C-X (S1, S2)</u>, RB-2 calculated?

A10. The amounts in RB-2 represent the forecasted utility common allocated plant balances for gas assets. NIPSCO Witness Weatherford explains how common costs are allocated between NIPSCO Gas and NIPSCO Electric. The 2023 and 2024 values are calculated based on a series of assumptions including forecasted capital expenditures, in service timing, and retirements monthly by FERC Account. Common allocated to gas balances begins with the common allocated to gas in service balances as of December 31, 2022. The 2023 and 2024 annual forecasted capital expenditures are included in the monthly CWIP activity. The CWIP activity drives the growth in common allocated to gas balances by applying a monthly timing curve or known date for discrete projects by month. Again, the CWIP activity is drawn from NIPSCO's response to 170 IAC 1-5-7(6) and (7). Retirement and net salvage amounts also reduce the account activity monthly. Similar to RB-1, I discuss how these forecasted expenditures relate to the total forecasted utility plant in service below.

Q11. Are the utility plant amounts forecasted in <u>Attachment 3-C-X (S1, S2)</u>, RB-1 and RB-2 used and useful in providing natural gas service to NIPSCO's customers?

A11. The amounts are expected to be used and useful for each of the rate base Step 1 and Step 2 cutoff dates. NIPSCO will also only include actual assets used and useful for the Step 1 and 2 rate base implementations.

Q12. How are amounts included in <u>Attachment 3-C-X (S1, S2)</u>, RB-3 calculated?

A12. The amounts in RB-3 represent the forecasted utility plant gas accumulated depreciation and amortization. The 2023 and 2024 values are calculated based on current depreciation rates and a series of assumptions including forecasted capital expenditures, in-service timing, forecasted retirements, and cost of removal monthly by FERC Account. Gas Plant Accumulated Depreciation and Amortization balances begins with the Gas Plant accumulated depreciation and amortization amounts as of December 31, 2022. The 2023 and 2024 activity from the gas plant account ending monthly balances will create a monthly depreciation or amortization expense by applying depreciation or amortization rates to increase the respective accumulated accounts. Retirement and net salvage amounts reduce the respective accumulated account activity monthly.

Q13. How are amounts included in <u>Attachment 3-C-X (S1, S2)</u>, RB-4 calculated?

A13. The amounts in RB-4 represent the forecasted utility common allocated gas accumulated depreciation and amortization from NIPSCO's common assets. The 2023 and 2024 values are calculated based on current depreciation rates and a series of assumptions including forecasted capital expenditures, in-service timing, forecasted retirements, and cost of removal monthly by FERC Account. Gas Common Accumulated Depreciation and Amortization balances begin with the gas common accumulated depreciation and amortization amounts as of December 31, 2022. The 2023 and 2024 activity from the gas common accumulated depreciation and amortization accounts ending monthly balances will create a monthly depreciation or amortization expense by applying depreciation or amortization rates to increase the respective accumulated accounts. Retirement and net salvage amounts reduce the respective accumulated account activity monthly.

<u>**Forecasted Capital Expenditures**</u>

Q14. Please describe the NIPSCO gas utility's capital planning process in greater detail.

A14. NIPSCO gas utility's capital planning process is a collaborative process among the NIPSCO President, other members of the leadership team, Finance, Operations, Engineering & Planning. The leadership team along with Operations, Engineering & Planning are primarily responsible for identifying the capital investment needs for public safety and reliability, compliance requirements, and customer service levels, and for identifying capital plan recommendations, which are reviewed with Financial Planning. NIPSCO Witness Cocking plays a key role in prioritizing and identifying these capital plan recommendations.

Q15. Please explain how the capital budget is used to produce the forecasted UPIS for both gas plant and common plant that is produced by Adjustments RB-1 and RB-2.

A15. This can best be seen in the <u>Petitioner's Confidential Exhibit No. 19-X (S1, S2)</u>, Workpapers RB-1 and RB-2. The forecasted balance of Gas Utility Plant and Common Utility Plant, both as of the beginning and the end of the Forward Test Year, is drawn from the monthly balances, by FERC Account.

This projection of the monthly account balances is drawn from the capital investments and priorities identified in the capital planning process I have just described, which then is itemized by category in NIPSCO's response to 170 IAC 1-5-7(6) and (7).

Q16. Does the capital budgeting methodology described in this testimony result in an accurate estimate of capital to be expended during 2024?

A16. Yes. The NIPSCO gas utility has experienced a variance of 6%, compared to the gas utility's approved capital budget over the last three years. NIPSCO's average budget for the 3-year period 2020-2022 was $258.9 million. The average actual spend (for the same period) was $274.8 million. That represents an average annual variance of $15.9 million, or 6%. The annual average variance was authorized during the year and is generally related to changing business conditions or additional work.

This demonstrates a high level of capital budgeting accuracy by the NIPSCO gas utility and, therefore, provides confidence as to the accuracy of the capital expenses included in this proceeding.

Q17. What were the major components used in the development of the forecasted 2023 and 2024 capital expenditures?

A17. The major components used in the development of the forecasted 2023 and 2024 capital expenditures are Growth, TDSIC Tracker, FMCA Tracker, Maintenance, and Shared Services. A brief description and schedule of each is shown below:

<u>Growth Category (also referred to as "New Business")</u>

Spend in this category will typically be non-discretionary in nature and used for any facilities that are required to serve new customers. This category is also used for "Growth Betterment," which are capital investments made in conjunction with a Growth project to serve specific new customers and/or existing customers who are adding load in order to provide increased system capacity to serve other currently unspecified existing or future customer loads.

<u>TDSIC Tracker Category</u>

Spend in this category is undertaken for purposes of safety, reliability, system modernization, or economic development, including the extension of gas service to rural areas. The 2023 and 2024 capital expenditures for this category do not exceed the overall plans approved by the Commission in NIPSCO's gas TDSIC proceedings (Cause Nos. 44403 and 45330).

<u>FMCA Tracker Category</u>

Spend in this category is undertaken for purposes of compliance with federally mandated requirements. The 2023 and 2024 capital expenditures for this category do not exceed the plans approved by the Commission in NIPSCO's gas FMCA proceeding in Cause No. 45703.

<u>Maintenance Category</u>

<u>Betterment ("Capacity" or "Compliance")</u>

Spend in this category may be either discretionary or non-discretionary. This category is used for any facilities that are required to improve system reliability or provide additional capacity for existing customers. Projects to address long-term market growth are also included in this category.

This category is also used for any projects needed to remain compliant with internal or external policies that are not "age and condition" related (e.g., pipeline integrity). This is referred to as "Compliance Betterment."

Replacement (also referred to as "Age and Condition")

Spend in this category may be discretionary or non-discretionary and is used for any facilities that must be replaced (planned or emergency) due to damage or physical deterioration in situations where repair is not cost effective. Most projects in this category address aging infrastructure.

In addition to the installation of transmission and distribution facilities, there are several other project types that are included here such as regulator station rebuilds, corrosion mitigation, small/large volume meter settings, capitalized tools/equipment, and small facility improvements.

Public Improvement (also referred to as "Mandatory Relocation")

Spend in this category is typically non-discretionary and is used for any facilities that must be relocated or raised/lowered to meet the requirements of municipal and state roadway reconstruction projects. Certain relocation projects that are done to accommodate requests from existing customers or private entities are also included in this category.

Shared Services Category

Spend in this category includes Information Technology, Facilities, Real Estate, and Security.

Table 1 below shows the growth in capital expenditures itemized by these categories for 2023 and 2024.

Table 1

Forecast Capital Expenditures for 2023 and 2024 by Major Category

Plan Descriptor	2023	2024
TDSIC	$ 311,402,257	$ 82,540,411
FMCA	$ 48,370,795	$ 60,826,578
Non-Rural Growth	$ 72,829,991	$ 64,147,283
Public Improvement	$ 28,427,199	$ 42,663,237
Gas Transmission	$ 21,324,886	$ 63,087,768
Gas Distribution	$ 62,205,237	$ 133,503,317
AMI	$ -	$ 32,068,400
Other	$ 1,447,172	$ 112,239
Shared Services	$ 23,700,160	$ 43,520,906
Grand Total	**$ 569,707,696**	**$ 522,470,140**

Q18. Do the amounts in Table 1 show the growth in Net Utility Plant?

A18. No. As I explained previously, this is merely capital expenditures during this time frame. Not all of these expenditures will be in service by the end of the Forward Test Year, plus there will have been CWIP as of January 1, 2023 that will have been placed in service. Table 1 demonstrates that almost half of the projected capital expenditures during the projection period represents pre-approved TDSIC or FMCA projects.

Q19. If we focus on Net Utility Plant in Service, how much of the growth is attributable to pre-approved projects such as TDSIC and FMCA?

A19. The projected net utility plant (rate base) growth for TDSIC and FMCA from January 1, 2023 to the end of the Forward Test Year is $571.5 and $124.7 million, respectively, totaling approximately $696.2 million combined. This is nearly 60% of total Net Utility Plant growth during this period. These amounts include TDSIC and FMCA investments from the last gas rate case rate base cutoff of December 31, 2022 through December 31, 2024, the end of the Forward Test Year in this Cause. And as noted above, the 2023 and 2024 capital expenditures in both TDSIC and FMCA categories do not exceed the plan amounts approved by the Commission.

Q20. What were the major assumptions used in the development of the forecasted 2023 and 2024 capital expenditures?

A20. The major assumptions used in the development of the forecasted 2023 and 2024 capital expenditures were focused on TDSIC and FMCA work, maintenance for transmission and distribution not part of TDSIC, growth/new business including rural extensions (covered under TDSIC), and indirect costs. TDSIC capital expenditures do not exceed the overall plans approved by the Commission in NIPSCO's gas TDSIC proceedings (Cause Nos. 44403 and 45330). FMCA capital expenditures do not exceed the overall plans approved by the Commission in NIPSCO's Gas FMCA proceeding (Cause No. 45703). TDISC Rural Extensions coincide with customer addition assumptions used in the demand forecast. Finally, indirect costs include overheads and allowance for funds used during construction (AFUDC) and are forecasted based on recent trends in actual costs.

Q21. You mentioned proposed depreciation rates. Is NIPSCO proposing new gas depreciation accrual rates in this proceeding?

A21. Yes. Those rates would take effect upon the implementation of Step 1 base rates subsequent to the issuance of an Order in this proceeding and thus during the Forward Test Year. Based on the 300-day provision of Ind. Code § 8-1-2-42.7 and the date of filing the petition and case-in-chief in this Cause, NIPSCO anticipates implementing new gas depreciation rates no later than September 1, 2024. NIPSCO Witness Spanos has calculated the proposed gas depreciation accrual rates.

Q22. Are any regulatory assets included in rate base?

A22. Yes. As shown in Attachment 3-C-X (S1, S2), NIPSCO has included the following regulatory assets in rate base: RB-5 for unamortized regulatory asset balances from NIPSCO's two previous gas rate cases (Cause Nos.

44988 and 45621); RB-6 for 20% deferred gas TDSIC costs; and RB-7 for 20% deferred gas FMCA costs. These amounts reflect projected deferred amounts as of December 31, 2024.

Q23. Please explain the Cause Nos. 45621 and Cause No. 44988 regulatory assets adjustment as shown on <u>Attachment 3-C-X (S1, S2)</u>, RB-5.

A23. In NIPSCO's last gas rate case in Cause No. 45621, the Commission approved the inclusion of TDSIC and FMCA deferred balances as of December 31, 2022, which were to be amortized over a 4-year period. In NIPSCO's gas rate case in Cause No. 44988, the Commission approved the inclusion of TDSIC deferred balances as of December 31, 2018, which were to be amortized over a 7-year period. In Cause No. 45621, NIPSCO agreed to a 33-month amortization period for the 44988 regulatory asset. NIPSCO is not proposing a change in the amortization period of these assets in this proceeding. The 2023 and 2024 forecasted amounts are calculated by adjusting the December 31, 2022 actual balance. Adjustment RB 5-23 in the amount of $8,148,927 and Adjustment RB 5-24 in the amount of $8,318,713 decrease the regulatory asset balance. The $11,798,908 adjustment reflects the forecasted unamortized balance of the TDSIC and FMCA regulatory assets as of December 31, 2024.

Q24. Please explain the TDSIC regulatory asset adjustment as shown on <u>Attachment 3-C-X (S1, S2)</u>, RB-6

A24. This adjustment rolls forward normalized Historic Base Period deferrals to those forecasted as of December 31, 2024. In accordance the Commission's Orders in Cause Nos. 44403 and 45330, NIPSCO is authorized to defer, as a regulatory asset, 20% of the TDSIC costs incurred in connection with its designated eligible improvements and recover those deferred costs in its next general rate case as allowed by Ind. Code § 8-1-39-9(c). The 2023 and 2024 forecasted amounts are calculated by adjusting the December 31, 2022 actual balance for forecasted changes based on a series of assumptions including forecasted capital expenditures and related capital returns (including post in service carrying charges), and planned in-service timing, which drives deferred depreciation and property taxes. Adjustment RB 6-23 in the amount of $3,537,339 and Adjustment RB 6-24 in the amount of $11,337,453 increase the regulatory asset balance to reflect ongoing TDSIC deferrals.

Q25. Please explain the FMCA regulatory asset adjustment as shown on <u>Attachment 3-C-X (S1, S2)</u>, RB-7.

A25. This adjustment rolls forward normalized Historic Base Period deferrals to those forecasted as of December 31, 2024. In accordance the Commission's Orders in Cause Nos. 45007, 45183, 45560, and 45703, NIPSCO is authorized to defer, as a regulatory asset, 20% of the FMCA costs incurred in connection with its Pipeline Safety Compliance Project, PHMSA Compliance Project, Pipeline Safety II Compliance Project, and Pipeline Safety III Compliance Project, and recover those deferred costs in its next general rate case as allowed by Ind. Code § 8-1-8.4-7(c)(2). The 2023 and 2024 forecasted amounts are calculated by adjusting the December 31, 2022 actual balance for forecasted changes based on a series of assumptions including forecasted capital expenditures and related capital returns (including post in service carrying charges), and planned in-service timing, which drives deferred depreciation and property taxes. Adjustment RB 7-23 in the amount of $3,627,286 and Adjustment RB 7-24 in the amount of $4,876,491 increase the regulatory asset balance to reflect ongoing FMCA deferrals.

Q26. Please explain the Material and Supplies adjustment as shown on <u>Attachment 3-C-X (S1, S2)</u>, RB-8.

A26. This adjustment rolls forward normalized Historic Base Period deferrals to those forecasted as of December 31, 2024. Adjustment RB 8-23 in the amount of $4,926,552 decreases the materials and supplies balance to reflect the future forecasted balance based on historical trended amounts.

Q27. Please explain the Gas Storage Current balance as shown on <u>Attachment 3-C-X (S1, S2)</u>, RB-9.

A27. The Gas Storage Current balance on Line 9 reflects the 13-month average and forecasted 13-month average balance of NIPSCO's Current Underground Storage. Adjustment RB 9-23 in the amount of $2,791,673 and Adjustment RB 9-24 in the amount of $26,834,036 decrease the Gas Storage Current balance to reflect the future forecasted balance. NIPSCO Witness Robles discusses the planning assumptions that support these adjustments.

Q28. Please explain the Gas Underground Storage Non-Current balances as shown on <u>Attachment 3-C-X (S1, S2)</u>, RB-10.

A28. The Gas Underground Storage Non-Current balance on Line 10 reflects the actual and forecasted balance of NIPSCO's Underground Storage Non-Current. NIPSCO has not proposed any adjustment to this balance.

<u>Proposed Sales Reconciliation Adjustment ("SRA")</u>

Q29. Please describe the Rider 392 – Sales Reconciliation Adjustment mechanism.

A29. NIPSCO Witness Sears has introduced a proposal for a new adjustment mechanism for revenue decoupling. NIPSCO Witness Taylor also describes the rationale and the benefits to NIPSCO customers for the SRA mechanism. <u>Attachments 4-A and 4-B</u> demonstrate how the SRA will work. <u>Attachment 4-A</u> is the calculation, by Rate Schedule, of the Authorized Test Year Base Rate Gross Margin Revenues that will ultimately be authorized in this case.[1] Rate 311 is the focus of explanation but there is a similar presentation in <u>Attachment 4-A</u> for each of the other applicable rate classes (Rates 315, 321, and 325). <u>Attachment 4-B</u> is a draft of illustrative schedules expected to be used as the basis for the future SRA filings. The Sales Reconciliation Adjustment will be filed on a quarterly basis and include a reconciliation of historical (or actual) base rate gross margin revenues to the NIPSCO Authorized Test Year Base Rate Gross Margin Revenues as approved in this Cause (illustrated in <u>Attachment 4-A</u>, Line 10 and

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[1] NIPSCO is proposing to include Attachment 4-A in its compliance filings implementing Step 1 and Step 2 Rates, which would then become the Authorized Test Year Base Rate Gross Margin Revenues used in the calculation of the SRA.

Attachment 4-B, Schedule 2, Page 1, Line 14 for Rate 311) including adjusting monthly for current customer growth (illustrated in Attachment 4-B, Schedule 2, Page 1, Line 15) (the "Adjusted Authorized Test Year Base Rate Gross Margin Revenue") (Attachment 4-B, Schedule 2, Page 1, Line 16). The adjustment will be calculated on a per therm basis, be collected from residential and commercial customer rate classes only (Rates 311, 315, 321, and 325), and will track the actual base rate gross margin to the monthly Authorized Test Year Base Rate Gross Margin Revenues for customer and delivery charges, as adjusted for actual customer growth.

Q30. Please explain how you will compute the monthly Adjusted Authorized Test Year Base Rate Gross Margin Revenues.

A30. NIPSCO is asking the Commission to approve the monthly Authorized Test Year Base Rate Gross Margin Revenues for each of the four affected classes (Attachment 4-A, Line 10 for Rate 311). The monthly Authorized Test Year Base Rate Gross Margin Revenues is computed from Forward Test Year weather normalized usage and customer counts and is based upon the Revenue Proof and Rate Design sponsored by NIPSCO Witness Taylor Attachment 16-D. The Adjusted Authorized Test Year Base Rate Gross Margin Revenues will adjust the Authorized Test Year Base Rate Gross

Margin Revenues and Therms for actual customer growth. Again, and for example, the monthly Adjusted Authorized Test Year Base Rate Gross Margin Revenues and Therms are calculated for Rate 311 on Attachment 4-B, Schedule 2, Page 1, Line 16 and Page 2, Line 7. NIPSCO will make a quarterly filing comparing the monthly Adjusted Authorized Test Year Base Rate Gross Margin Revenues to the actual Gross Margin Revenue (for Rate 311, the hypothetical actual margin for illustrative purposes is shown as "Modeled Gross Margin Revenue" in Attachment 4-B, Schedule 2, Page 1, Line 17) and calculate the SRA Adjustment that resulted for each eligible rate class (for Rate 311, the hypothetical actual SRA Adjustment for illustrative purposes is shown as "Modeled SRA Margin Adjustment" in Attachment 4-B, Schedule 2, Page 1, Line 18). In the case of an over collection, this amount will be credited to customers in the eligible classes through a negative SRA Factor. Alternatively, in the case of an under collection, a surcharge will be assessed to customers in the eligible classes through a positive SRA Factor. The intent is to match the actual margin per customer with the authorized margin per customer approved in this Cause. The SRA Factor will be calculated by taking the quarterly SRA Margin Adjustment and dividing it by the next 12 months of adjusted expected monthly usage. This SRA Factor will then be applied to usage over the next 12-month period and be combined with other approved quarterly SRA and SRA Variance Factors. Attachment 4-B, Schedule 1, Lines 5 through 25.

Mathematically, the SRA is determined through the following series of calculations (shown for Rate 311 in Attachment 4-B):

1. For each eligible rate class: Adjusted Authorized Test Year Base Rate Gross Margin Revenue (Schedule 2, Page 1, Line 16) – Actual Gross Margin Revenue (Modeled Gross Margin Revenue, Schedule 2, Page 1, Line 17) = SRA Margin Adjustment (Schedule 2, Page 1, Line 18);

2. Quarterly SRA Margin Adjustment (Schedule 1, Line 7) = Sum of Quarterly SRA Margin Adjustment (Schedule 1, Line 5) + Prior Period Variance (Schedule 1, Line 6);

3. 12-Month SRA Factor (Schedule 1, Lines 9 through 12) = Quarterly SRA Margin Adjustment, Schedule 1, Line 7 / Adjusted Test Year Monthly Therms for the Next 12 Months for All Eligible Classes (Schedule 1, Line 2);

4. Quarterly SRA Factor (Schedule 1, Line 13) **=** Sum of 12-Month SRA Factors (Schedule 1, Lines 9 through 12;

5. 12-Month SRA Variance Factor (Schedule 1, Lines 21-24) = Quarterly Adjustment Required (Schedule 1, Line 17) – 12-Month Collection (Schedule 1, Line 18) / Adjusted Test Year Monthly Therms for the Next 12 Months for All Eligible Classes (Schedule 1, Line 2);

6. Quarterly SRA Variance Factor (Schedule 1, Line 25) = Sum of 12-Month SRA Variance Factors (Schedules 1, Lines 21-24); and

7. Total SRA Factor (Schedule 1, Line 28) **=** Sum of Quarterly SRA Factor (Schedule 1, Line 26) **+** Prior Period SRA Variance Factor (Schedule 1, Line 27).

Q31. Will the target amounts as noted above be adjusted for actual customer growth?

A31. Yes. The Authorized Test Year Base Rate Gross Margin Revenues (Schedule 2, Page 1, Line 14) will be adjusted monthly (Schedule 2, Page 1, Line 15) to determine the Adjusted Authorized Test Year Base Rate Gross Margin (Schedule 2, Page 1, Line 16) reflecting customer growth. Similarly, the Authorized Test Year Monthly Therms (Schedule 2, Page 2, Line 5) will be adjusted monthly (Schedule 2, Page 2, Line 6) to determine the Adjusted Authorized Test Year Monthly Volumes (Schedule 2, Page 2, Line 7) reflecting customer growth.

Q32. Has NIPSCO prepared illustrative schedules to demonstrate the calculations described above?

A32. Yes. Attachment 4-B includes illustrative schedules, timeline, and narrative to demonstrate the calculations described above. The schedules were designed from the NIPSCO Gas Cost Adjustment mechanism that is also applied to the same customer classes. Attachment 4-B also includes a visual timeline and narrative describing the data sources and connections among the various calculations.

Q33. How will the proposed the Sales Reconciliation Adjustment be implemented?

A33. NIPSCO seeks authority to defer the difference between the NIPSCO monthly Authorized Test Year Base Rate Gross Margin Revenues authorized in this Cause (shown in Attachment 4-A) as adjusted for actual customer growth (the Adjusted Authorized Test Year Base Rate Gross Margin Revenues) and actual Gross Margin Revenues on a monthly basis from the date of the Step 1 implementation of new rates until they are recovered in the proposed adjustment. To the extent the final Order in this Cause makes changes to the revenue requirement proposed by NIPSCO, the Commission should direct NIPSCO to update Attachment 4-A in its compliance filing to reflect the findings in the Commission's Order. After initial approval of the Sales Reconciliation Adjustment mechanism in this Cause, the compliance filing in future general rate cases would include a similar submission. Based on a 300-day procedural schedule in this Cause, NIPSCO anticipates a Commission Order would be received August 20, 2024, with Step 1 rates becoming effective no later than September 1, 2024. Based on that assumption, NIPSCO expects to file its first quarterly Sales Reconciliation Adjustment filing in October 2024 for the month of September 2024. Following that first quarterly SRA filing, the ensuing SRA filings will be the months following the calendar quarters of October through December, January through March, April through June, and July through September. NIPSCO proposes a 60-day procedural schedule, which would result in customers being billed the first SRA Factors in January 2025. This initial filing will include one month of SRA amounts and be recovered over the following 12-month period. Each quarterly filing will include a reconciliation of the monthly Adjusted Authorized Test Year Base Rate Gross Margin Revenues for the previous three-month period. The second tracker would be filed in January 2025 for recovery of reconciliations for the period October through December 2024 and be recovered over the 12-month period of March 2025 through February 2026. See Attachment 4-B, Schedule 1, Lines 7 through 12 (for Rate 311).

Q34. How will NIPSCO calculate the monthly reconciliation amounts and any prior period variances by rate class?

A34. NIPSCO proposes to calculate the recovery of these amounts using the Authorized Test Year Base Rate Gross Margin Revenues authorized in this Cause, as adjusted for customer growth for residential (Rates 311 and 315) and commercial (Rates 321 and 325) customers (the Adjusted Authorized Test Year Base Rate Gross Margin Revenues). NIPSCO will use its established processes similar to the mechanisms used today for the Gas Cost Adjustment and other tracker filings such as TDSIC and FMCA for including prior period variances in subsequent filings. A reconciliation of any actual to reconciled amounts will be completed on a 12-month lag (*i.e.*, reconciled amounts from the SRA-1 filing will be reconciled to actual amounts in the SRA-5 filing). The difference for the SRA mechanism is that the quarterly reconciliation and filing period do not match the recovery period but will be reconciled following the regulatory lag.

Q35. Does this conclude your prefiled direct testimony?

A35. Yes.

VERIFICATION

I, Elizabeth A. Dousias, Manager of Regulatory for NiSource Corporate Services Company, affirm under penalties of perjury that the foregoing representations are true and correct to the best of my knowledge, information, and belief.

Elizabeth A. Dousias

Date: October 25, 2023

Northern Indiana Public Service Company LLC

Attachment 4-A Authorized Test Year Base Rate Gross Margin Revenue Calculations by Rate Class

Residential - Rate 311

A

	Line No.	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)
	1	Description	January	February	March	April	May	June	July	August	September	October	November	December	Total
ATT 16-D	2	Monthly Normal Therms	132,187,962	123,334,195	103,500,659	64,566,329	35,327,934	17,804,597	11,487,619	10,936,362	12,125,962	19,111,205	47,456,646	91,268,288	669,107,758
ATT 16-E	3	Monthly Customer Count	789,380	789,814	789,857	789,035	787,945	786,446	785,768	786,167	786,566	788,871	791,502	793,000	9,464,351
ATT 16-E	4	Monthly Volumes (therms) per Customer (Line 2 / Line 3)	167.46	156.16	131.04	81.83	44.84	22.64	14.62	13.91	15.42	24.23	59.96	115.09	847
ATT 16-D	5	Proposed Customer Charge Base Rate	$ 25.50	$ 25.50	$ 25.50	$ 25.50	$ 25.50	$ 25.50	$ 25.50	$ 25.50	$ 25.50	$ 25.50	$ 25.50	$ 25.50	$ 306.00
	6	Proposed Customer Charge Revenues (Line 3*Line 5)	$ 20,129,190	$ 20,140,257	$ 20,141,354	$ 20,120,393	$20,092,598	$ 20,054,373	$ 20,037,084	$ 20,047,259	$ 20,057,433	$ 20,116,211	$ 20,183,301	$ 20,221,500	$ 241,340,951
ATT 16-D	7	Proposed Delivery Charge Base Rate	$ 0.35864	$ 0.35864	$ 0.35864	$ 0.35864	$ 0.35864	$ 0.35864	$ 0.35864	$ 0.35864	$ 0.35864	$ 0.35864	$ 0.35864	$ 0.35864	
	8	Proposed Delivery Charge Revenues per Customer (Line 4*Line 7)	$ 60.06	$ 56.00	$ 47.00	$ 29.35	$ 16.08	$ 8.12	$ 5.24	$ 4.99	$ 5.53	$ 8.69	$ 21.50	$ 41.28	$ 303.83
	9	Proposed Delivery Charge Revenues Total (Line 2*Line 7)	$ 47,407,891	$ 44,232,576	$ 37,119,476	$ 23,156,068	$12,670,010	$ 6,385,441	$ 4,119,920	$ 3,922,217	$ 4,348,855	$ 6,854,043	$ 17,019,852	$ 32,732,459	$ 239,968,806
	10	Total Authorized Test Year Base Rate Gross Margin Revenues (Line 6+Line 9)	$ 67,537,081	$ 64,372,833	$ 57,260,830	$ 43,276,461	$32,762,608	$ 26,439,814	$ 24,157,004	$ 23,969,475	$ 24,406,288	$ 26,970,253	$ 37,203,153	$ 52,953,959	$ 481,309,757

Multi-Family - Rate 315

	Line No.	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)
	11	Description	January	February	March	April	May	June	July	August	September	October	November	December	Total
	12	Monthly Normal Therms	1,287,641	1,250,012	1,057,347	662,884	365,388	204,256	134,058	133,830	133,443	201,734	467,540	868,692	6,766,825
	13	Monthly Customer Count	4,556	4,546	4,538	4,528	4,508	4,502	4,497	4,491	4,478	4,480	4,492	4,493	54,109
	14	Monthly Volumes (therms) per Customer (Line 12 / Line 13)	282.63	274.97	233.00	146.40	81.05	45.37	29.81	29.80	29.80	45.03	104.08	193.34	1,495
ATT 16-D	15	Proposed Customer Charge Base Rate	$ 32.50	$ 32.50	$ 32.50	$ 32.50	$ 32.50	$ 32.50	$ 32.50	$ 32.50	$ 32.50	$ 32.50	$ 32.50	$ 32.50	$ 390.00
	16	Proposed Customer Charge Revenues (Line 13*Line 15)	$ 148,070	$ 147,745	$ 147,485	$ 147,160	$ 146,510	$ 146,315	$ 146,153	$ 145,958	$ 145,535	$ 145,600	$ 145,990	$ 146,023	$ 1,758,543
ATT 16-D	17	Proposed Delivery Charge Base Rate	$ 0.27905	$ 0.27905	$ 0.27905	$ 0.27905	$ 0.27905	$ 0.27905	$ 0.27905	$ 0.27905	$ 0.27905	$ 0.27905	$ 0.27905	$ 0.27905	
	18	Proposed Delivery Charge Revenues per Customer (Line 14*Line 17)	$ 78.87	$ 76.73	$ 65.02	$ 40.85	$ 22.62	$ 12.66	$ 8.32	$ 8.32	$ 8.32	$ 12.57	$ 29.04	$ 53.95	$ 417.26
	19	Proposed Delivery Charge Revenues Total (Line 12*Line 17)	$ 359,316	$ 348,816	$ 295,053	$ 184,978	$ 101,962	$ 56,998	$ 37,409	$ 37,345	$ 37,237	$ 56,294	$ 130,467	$ 242,409	$ 1,888,283
	20	Total Authorized Test Year Base Rate Gross Margin Revenues (Line 16+Line 19)	$ 507,386	$ 496,561	$ 442,538	$ 332,138	$ 248,472	$ 203,313	$ 183,561	$ 183,303	$ 182,772	$ 201,894	$ 276,457	$ 388,431	$ 3,646,825

Small General Service - Rate 321

	Line No.	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)
	21	Description	January	February	March	April	May	June	July	August	September	October	November	December	Total
	22	Monthly Normal Therms	64,652,338	62,799,188	52,923,380	32,224,127	17,915,744	9,914,619	7,427,789	7,470,738	8,310,090	14,334,317	28,049,267	46,585,629	352,607,226
	23	Monthly Customer Count	68,074	68,108	68,046	67,934	67,772	67,619	67,488	67,433	67,451	67,694	67,975	68,185	813,779
	24	Monthly Volumes (therms) per Customer (Line 22 / Line 23)	949.74	922.05	777.76	474.34	264.35	146.62	110.06	110.79	123.20	211.75	412.64	683.22	5,187
ATT 16-D	25	Proposed Customer Charge Base Rate	$ 96.00	$ 96.00	$ 96.00	$ 96.00	$ 96.00	$ 96.00	$ 96.00	$ 96.00	$ 96.00	$ 96.00	$ 96.00	$ 96.00	$ 1,152.00
	26	Proposed Customer Charge Revenues (Line 23*Line 25)	$ 6,535,104	$ 6,538,368	$ 6,532,416	$ 6,521,664	$ 6,506,112	$ 6,491,424	$ 6,478,848	$ 6,473,568	$ 6,475,296	$ 6,498,624	$ 6,525,600	$ 6,545,760	$ 78,122,784
ATT 16-D	27	Proposed Delivery Charge Base Rate	$ 0.21755	$ 0.21755	$ 0.21755	$ 0.21755	$ 0.21755	$ 0.21755	$ 0.21755	$ 0.21755	$ 0.21755	$ 0.21755	$ 0.21755	$ 0.21755	
	28	Proposed Delivery Charge Revenues per Customer (Line 24*Line 27)	$ 206.62	$ 200.59	$ 169.20	$ 103.19	$ 57.51	$ 31.90	$ 23.94	$ 24.10	$ 26.80	$ 46.07	$ 89.77	$ 148.64	$ 1,128.33
	29	Proposed Delivery Charge Revenues Total (Line 22*Line 27)	$ 14,065,116	$ 13,661,963	$ 11,513,481	$ 7,010,359	$ 3,897,570	$ 2,156,925	$ 1,615,915	$ 1,625,259	$ 1,807,860	$ 3,118,431	$ 6,102,118	$ 10,134,704	$ 76,709,702
	30	Total Authorized Test Year Base Rate Gross Margin Revenues (Line 26+Line 29)	$ 20,600,220	$ 20,200,331	$ 18,045,897	$ 13,532,023	$10,403,682	$ 8,648,349	$ 8,094,763	$ 8,098,827	$ 8,283,156	$ 9,617,055	$ 12,627,718	$ 16,680,464	$ 154,832,486

General Service Large - Rate 325

	Line No.	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)
	31	Description	January	February	March	April	May	June	July	August	September	October	November	December	Total
	32	Monthly Normal Therms	16,018,250	15,833,429	13,989,547	10,060,500	7,656,338	5,958,921	5,109,695	5,052,305	5,219,211	5,954,913	8,877,812	12,890,003	112,620,923
	33	Monthly Customer Count	669	669	669	669	669	669	669	669	669	669	669	669	8,031
	34	Monthly Volumes (therms) Block 1	3,949,524	3,965,719	3,932,271	3,895,639	3,852,703	3,651,334	3,513,035	3,459,013	3,567,354	3,636,475	3,849,006	3,943,245	45,215,318
	35	Monthly Volumes (therms) Block 2	10,976,016	10,604,437	9,111,312	5,717,222	3,466,204	1,977,005	1,287,722	1,288,043	1,318,833	1,980,484	4,552,836	7,988,719	60,268,832
	36	Monthly Volumes (therms) Block 3	1,092,710	1,263,272	945,964	447,639	337,431	330,583	308,938	305,249	333,023	337,953	475,970	958,039	7,136,772
ATT 16-D	37	Proposed Customer Charge Base Rate	$ 715.00	$ 715.00	$ 715.00	$ 715.00	$ 715.00	$ 715.00	$ 715.00	$ 715.00	$ 715.00	$ 715.00	$ 715.00	$ 715.00	$ 8,580.00
	38	Proposed Customer Charge Revenues (Line 33*Line 37)	$ 478,514	$ 478,514	$ 478,514	$ 478,514	$ 478,514	$ 478,514	$ 478,514	$ 478,514	$ 478,514	$ 478,514	$ 478,514	$ 478,514	$ 5,742,165
ATT 16-D	39	Proposed Delivery Charge Base Rate - Block 1	$ 0.16253	$ 0.16253	$ 0.16253	$ 0.16253	$ 0.16253	$ 0.16253	$ 0.16253	$ 0.16253	$ 0.16253	$ 0.16253	$ 0.16253	$ 0.16253	
ATT 16-D	40	Proposed Delivery Charge Base Rate - Block 2	$ 0.14797	$ 0.14797	$ 0.14797	$ 0.14797	$ 0.14797	$ 0.14797	$ 0.14797	$ 0.14797	$ 0.14797	$ 0.14797	$ 0.14797	$ 0.14797	
ATT 16-D	41	Proposed Delivery Charge Base Rate - Block 3	$ 0.11888	$ 0.11888	$ 0.11888	$ 0.11888	$ 0.11888	$ 0.11888	$ 0.11888	$ 0.11888	$ 0.11888	$ 0.11888	$ 0.11888	$ 0.11888	
	42	Proposed Delivery Charge Revenues Total (Line 34*Line 39)+(Line 35*Line 40)+(Line 36*Line 41)	$ 2,395,965	$ 2,363,890	$ 2,099,791	$ 1,532,366	$ 1,179,199	$ 925,297	$ 798,251	$ 789,080	$ 814,547	$ 924,273	$ 1,355,859	$ 1,936,898	$ 17,115,416
	43	Total Authorized Test Year Base Rate Gross Margin Revenues (Line 38+Line 42)	$ 2,874,478	$ 2,842,404	$ 2,578,305	$ 2,010,880	$ 1,657,713	$ 1,403,810	$ 1,276,765	$ 1,267,594	$ 1,293,060	$ 1,402,787	$ 1,834,372	$ 2,415,412	$ 22,857,581
	44	Proposed Revenues per Customer (Line 43 / Line 33)	$ 4,295	$ 4,247	$ 3,853	$ 3,005	$ 2,477	$ 2,098	$ 1,908	$ 1,894	$ 1,932	$ 2,096	$ 2,741	$ 3,609	

NIPSCO SRA Recovery Illustration - Annually
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	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)
Line	Description	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25
1	**Residential - 311**															
2	Modeled Adjusted Test Year Monthly Therms (forecast) (Schedule 2, Page 2, Line 7)	12,125,962	21,000,000	47,456,646	91,268,288	132,187,962	127,300,000	103,500,659	71,600,000	41,000,000	17,804,597	11,487,619	10,936,362	12,125,962	21,000,000	47,456,646
3	Modeled Residential SRA Margin Adjustment (Schedule 2, Page 1, Line 18)	$ (1,093,712)	$ (1,829,747)	$ (397,414)	$ (2,078,604)	$ (2,554,303)	$ (1,196,970)	$ (603,851)	$ (1,070,612)	$ 1,764,895	$ 1,439,814	$ 1,157,004	$ 469,475	$ (1,093,712)	$ (1,829,747)	$ (397,414)
4	Test Year Therms Total (12 Month Period)					$ 687,668,095			$ 687,668,095			$ 687,668,095			$ 687,668,095	
5	Modeled Quarterly SRA Margin Adjustment (3 month Reconciliation) (Line 3 Sum Margin Reconciliation Period)	$ (1,093,712)			$ (4,305,765)			$ (4,355,124)			$ 2,134,097			$ 532,767		
6	Prior Period Variance	$ -			$ -			$ -			$ -			$ -		
7	Sum of Quarterly SRA Margin Adjustment (Line 5 + Line 6)	$ (1,093,712)			$ (4,305,765)			$ (4,355,124)			$ 2,134,097			$ 532,767		
8	12 Month Unit Recovery Rates:															
9	12 Month SRA Factor Year 1 (Line 7/Line 2 (12 Months)					$ (0.001590)	$ (0.001590)	$ (0.001590)	$ (0.001590)	$ (0.001590)	$ (0.001590)	$ (0.001590)	$ (0.001590)	$ (0.001590)	$ (0.001590)	$ (0.001590)
10	12 Month SRA Factor Year 2 (Line 7/Line 2 (12 Months)								$ (0.006261)	$ (0.006261)	$ (0.006261)	$ (0.006261)	$ (0.006261)	$ (0.006261)	$ (0.006261)	$ (0.006261)
11	12 Month SRA Factor Year 3 (Line 7/Line 2 (12 Months)											$ (0.006333)	$ (0.006333)	$ (0.006333)	$ (0.006333)	$ (0.006333)
12	12 Month SRA Factor Year 4 (Line 7/Line 2 (12 Months)														$ 0.003103	$ 0.003103
13	Proposed Total SRA Factor (Sum Line 9 thru 12)	$ -	$ -	$ -	$ -	$ (0.001590)	$ (0.001590)	$ (0.001590)	$ (0.007852)	$ (0.007852)	$ (0.007852)	$ (0.014185)	$ (0.014185)	$ (0.014185)	$ (0.011082)	$ (0.011082)
14	Monthly Modeled Therms (sales)	11,800,000	21,000,000	42,300,000	91,000,000	119,400,000	127,300,000	101,400,000	71,600,000	41,000,000	15,100,000	11,200,000	10,700,000	11,800,000	21,000,000	42,300,000
15	Monthly Modeled Adjustment Realized (Line 13*Line14)				$ -	$ (189,902)	$ (202,466)	$ (161,273)	$ (562,194)	$ (321,926)	$ (118,563)	$ (158,872)	$ (151,780)	$ (167,383)	$ (232,715)	$ (468,754)
16	Balance Forward															
17	Quarterly Adjustment Required (Line 7)															
18	12 Month Collection (Lines 9-12*Line 14)															
19	Over (Under) Collection (Line 17-18)															
20	12 Month Unit Variance Rates:															
21	12 Month SRA Variance Factor Year 1 (Line 19/12 Month Therms)															
22	12 Month SRA Variance Factor Year 2 (Line 19/12 Month Therms)															
23	12 Month SRA Variance Factor Year 3 (Line 19/12 Month Therms)															
24	12 Month SRA Variance Factor Year 4 (Line 19/12 Month Therms)															
25	Proposed Total SRA Variance (Sum Lines 21 thru 24)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
26	Proposed Residential SRA Factor (Line 13)							$ (0.001590)	$ (0.007852)	$ (0.007852)	$ (0.007852)	$ (0.014185)	$ (0.014185)	$ (0.014185)	$ (0.011082)	$ (0.011082)
27	Proposed Residential SRA Variance Factor (Line 25)							$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
28	Proposed Total Residential SRA Factor (Rider 392) (Line 26 + Line 27)							$ (0.001590)	$ (0.007852)	$ (0.007852)	$ (0.007852)	$ (0.014185)	$ (0.014185)	$ (0.014185)	$ (0.011082)	$ (0.011082)

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Line	(A) Description	(Q) Dec-25	(R) Jan-26	(S) Feb-26	(T) Mar-26	(U) Apr-26	(V) May-26	(W) Jun-26	(X) Jul-26	(Y) Aug-26	(Z) Sep-26	(AA) Oct-26	(AB) Nov-26	(AC) Dec-26	(AD) Jan-27	(AE) Feb-27
1	**Residential - 311**															
2	Modeled Adjusted Test Year Monthly Therms (forecast) (Schedule 2, Page 2, Line 7)	91,268,288	132,187,962	127,300,000	103,500,659	71,600,000	41,000,000	17,804,597	11,487,619	10,936,362	12,125,962	21,000,000	47,456,646	91,268,288	132,187,962	127,300,000
3	Modeled Residential SRA Margin Adjustment (Schedule 2, Page 1, Line 18)	$ (2,078,604)	$ (2,554,303)	$ (1,196,970)	$ (603,851)	$ (1,070,612)	$ 1,764,895	$ 1,439,814	$ 1,157,004	$ 469,475	$ (1,093,712)	$ (1,829,747)	$ (397,414)	$ (2,078,604)	$ (2,554,303)	$ (1,196,970)
4	Test Year Therms Total (12 Month Period)		$ 687,668,095			$ 687,668,095			$ 687,668,095			$ 687,668,095				
5	Modeled Quarterly SRA Margin Adjustment (3 month Reconciliation) (Line 3 Sum Margin Reconciliation Period)	$ (4,305,765)			$ (4,355,124)			$ 2,134,097			$ 532,767			$ (4,305,765)		
6	Prior Period Variance	$ -			$ -											
7	Sum of Quarterly SRA Margin Adjustment (Line 5 + Line 6)	$ (4,305,765)			$ (4,355,124)			$ 2,134,097			$ 532,767			$ (4,305,765)		
8	12 Month Unit Recovery Rates:															
9	12 Month SRA Factor Year 1 (Line 7/Line 2 (12 Months)	$ (0.001590)														
10	12 Month SRA Factor Year 2 (Line 7/Line 2 (12 Months)	$ (0.006261)	$ (0.006261)	$ (0.006261)	$ (0.006261)											
11	12 Month SRA Factor Year 3 (Line 7/Line 2 (12 Months)	$ (0.006333)	$ (0.006333)	$ (0.006333)	$ (0.006333)	$ (0.006333)	$ (0.006333)	$ (0.006333)								
12	12 Month SRA Factor Year 4 (Line 7/Line 2 (12 Months)	$ 0.003103	$ 0.003103	$ 0.003103	$ 0.003103	$ 0.003103	$ 0.003103	$ 0.003103	$ 0.003103	$ 0.003103	$ 0.003103					
13	Proposed Total SRA Factor (Sum Line 9 thru 12)	$ (0.011082)	$ (0.009491)	$ (0.009491)	$ (0.009491)	$ (0.003230)	$ (0.003230)	$ (0.003230)	$ 0.003103	$ 0.003103	$ 0.003103	$ -	$ -	$ -	$ -	$ -
14	Monthly Modeled Therms (sales)	91,000,000	119,400,000	127,300,000	101,400,000	71,600,000	41,000,000	15,100,000	11,200,000	10,700,000	11,800,000	21,000,000	42,300,000	91,000,000	119,400,000	127,300,000
15	Monthly Modeled Adjustment Realized (Line 13*Line14)	$ (1,008,431)	$ (1,133,249)	$ (1,208,229)	$ (962,407)	$ (231,253)	$ (132,422)	$ (48,770)	$ 34,758	$ 33,206	$ 36,620	$ -	$ -	$ -	$ -	$ -
16	Balance Forward															
17	Quarterly Adjustment Required (Line 7)	$ (1,093,712)			$ (4,305,765)			$ (4,355,124)			$ 2,134,097					
18	12 Month Collection (Lines 9-12*Line 14)	$ (1,055,751)			$ (4,156,317)			$ (4,203,963)			$ 2,060,025					
19	Over (Under) Collection (Line 17-18)	$ (37,961)			$ (149,448)			$ (151,161)			$ 74,072					
20	12 Month Unit Variance Rates:															
21	12 Month SRA Variance Factor Year 1 (Line 19/12 Month Therms)					$ (0.000055)	$ (0.000055)	$ (0.000055)	$ (0.000055)	$ (0.000055)	$ (0.000055)	$ (0.000055)	$ (0.000055)	$ (0.000055)	$ (0.000055)	$ (0.000055)
22	12 Month SRA Variance Factor Year 2 (Line 19/12 Month Therms)								$ (0.000217)	$ (0.000217)	$ (0.000217)	$ (0.000217)	$ (0.000217)	$ (0.000217)	$ (0.000217)	$ (0.000217)
23	12 Month SRA Variance Factor Year 3 (Line 19/12 Month Therms)											$ (0.000220)	$ (0.000220)	$ (0.000220)	$ (0.000220)	$ (0.000220)
24	12 Month SRA Variance Factor Year 4 (Line 19/12 Month Therms)														$ 0.000108	$ 0.000108
25	Proposed Total SRA Variance (Sum Lines 21 thru 24)	$ -	$ -	$ -	$ -	$ (0.000055)	$ (0.000055)	$ (0.000055)	$ (0.000273)	$ (0.000273)	$ (0.000273)	$ (0.000492)	$ (0.000492)	$ (0.000492)	$ (0.000385)	$ (0.000385)
26	Proposed Residential SRA Factor (Line 13)	$ (0.011082)	$ (0.009491)	$ (0.009491)	$ (0.009491)	$ (0.003230)	$ (0.003230)	$ (0.003230)	$ 0.003103	$ 0.003103	$ 0.003103	$ -	$ -	$ -	$ -	$ -
27	Proposed Residential SRA Variance Factor (Line 25)	$ -	$ -	$ -	$ -	$ (0.000055)	$ (0.000055)	$ (0.000055)	$ (0.000273)	$ (0.000273)	$ (0.000273)	$ (0.000492)	$ (0.000492)	$ (0.000492)	$ (0.000385)	$ (0.000385)
28	Proposed Total Residential SRA Factor (Rider 392) (Line 26 + Line 27)	$ (0.011082)	$ (0.009491)	$ (0.009491)	$ (0.009491)	$ (0.003285)	$ (0.003285)	$ (0.003285)	$ 0.002831	$ 0.002831	$ 0.002831	$ (0.000492)	$ (0.000492)	$ (0.000492)	$ (0.000385)	$ (0.000385)

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Line	(A) Description	(AF) Mar-27	(AG) Apr-27	(AH) May-27	(AI) Jun-27	(AJ) Jul-27	(AK) Aug-27	(AL) Sep-27
1	**Residential - 311**							
2	Modeled Adjusted Test Year Monthly Therms (forecast) (Schedule 2, Page 2, Line 7)	103,500,659	71,600,000	41,000,000	17,804,597	11,487,619	10,936,362	12,125,962
3	Modeled Residential SRA Margin Adjustment (Schedule 2, Page 1, Line 18)	$ (603,851)	$ (1,070,612)	$ 1,764,895	$ 1,439,814	$ 1,157,004	$ 469,475	$ (1,093,712)
4	Test Year Therms Total (12 Month Period)							
5	Modeled Quarterly SRA Margin Adjustment (3 month Reconciliation) (Line 3 Sum Margin Reconciliation Period)	$ (4,355,124)			$ 2,134,097			$ 532,767
6	Prior Period Variance							
7	Sum of Quarterly SRA Margin Adjustment (Line 5 + Line 6)	$ (4,355,124)			$ 2,134,097			$ 532,767
8	12 Month Unit Recovery Rates:							
9	12 Month SRA Factor Year 1 (Line 7/Line 2 (12 Months)							
10	12 Month SRA Factor Year 2 (Line 7/Line 2 (12 Months)							
11	12 Month SRA Factor Year 3 (Line 7/Line 2 (12 Months)							
12	12 Month SRA Factor Year 4 (Line 7/Line 2 (12 Months)							
13	Proposed Total SRA Factor (Sum Line 9 thru 12)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
14	Monthly Modeled Therms (sales)	101,400,000	71,600,000	41,000,000	15,100,000	11,200,000	10,700,000	11,800,000
15	Monthly Modeled Adjustment Realized (Line 13*Line14)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
16	Balance Forward							
17	Quarterly Adjustment Required (Line 7)							
18	12 Month Collection (Lines 9-12*Line 14)							
19	Over (Under) Collection (Line 17-18)							
20	12 Month Unit Variance Rates:							
21	12 Month SRA Variance Factor Year 1 (Line 19/12 Month Therms)	$ (0.000055)						
22	12 Month SRA Variance Factor Year 2 (Line 19/12 Month Therms)	$ (0.000217)	$ (0.000217)	$ (0.000217)	$ (0.000217)			
23	12 Month SRA Variance Factor Year 3 (Line 19/12 Month Therms)	$ (0.000220)	$ (0.000220)	$ (0.000220)	$ (0.000220)	$ (0.000220)	$ (0.000220)	$ (0.000220)
24	12 Month SRA Variance Factor Year 4 (Line 19/12 Month Therms)	$ 0.000108	$ 0.000108	$ 0.000108	$ 0.000108	$ 0.000108	$ 0.000108	$ 0.000108
25	Proposed Total SRA Variance (Sum Lines 21 thru 24)	$ (0.000385)	$ (0.000329)	$ (0.000329)	$ (0.000329)	$ (0.000112)	$ (0.000112)	$ (0.000112)
26	Proposed Residential SRA Factor (Line 13)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
27	Proposed Residential SRA Variance Factor (Line 25)	$ (0.000385)	$ (0.000329)	$ (0.000329)	$ (0.000329)	$ (0.000112)	$ (0.000112)	$ (0.000112)
28	Proposed Total Residential SRA Factor (Rider 392) (Line 26 + Line 27)	$ (0.000385)	$ (0.000329)	$ (0.000329)	$ (0.000329)	$ (0.000112)	$ (0.000112)	$ (0.000112)

NIPSCO SRA Recovery Illustration - Quarterly
Schedule 2 - Adjusted Margin Calculation
Page 1 of 2

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)
Line	Description	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25
1	**Residential - 311**												
2	Test Year Customer Count	786,566	788,871	791,502	793,000	789,380	789,814	789,857	789,035	787,945	786,446	785,768	786,167
3	Modeled Customer Count	772,000	780,000	800,000	800,000	800,000	800,000	800,000	790,000	788,000	785,000	785,000	785,000
4	Difference in Customer Count (Line 3 - Line 2)	(14,566)	(8,871)	8,498	7,000	10,620	10,186	10,143	965	55	(1,446)	(768)	(1,167)
5	Proposed Customer Charge Base Rate	$ 25.50	$ 25.50	$ 25.50	$ 25.50	$ 25.50	$ 25.50	$ 25.50	$ 25.50	$ 25.50	$ 25.50	$ 25.50	$ 25.50
6	Gross Margin Impact Customer Charge (Line 4*Line 5)	$ -	$ -	$ 216,699	$ 178,500	$ 270,810	$ 259,743	$ 258,647	$ 24,608	$ 1,403	$ -	$ -	$ -
7	Test Year Monthly Therms	12,125,962	19,111,205	47,456,646	91,268,288	132,187,962	123,334,195	103,500,659	64,566,329	35,327,934	17,804,597	11,487,619	10,936,362
8	Test Year Average Use per Customer (Line 7/Line 2)	15.42	24.23	59.96	115.09	167.46	156.16	131.04	81.83	44.84	22.64	14.62	13.91
9	Difference in No. of Customers (Line 4)	(14,566)	(8,871)	8,498	7,000	10,620	10,186	10,143	965	55	(1,446)	(768)	(1,167)
10	Calculated Therm Impact (Line 8*Line 9)	(224,554)	(214,909)	509,521	805,647	1,778,404	1,590,605	1,329,110	78,965	2,466	(32,736)	(11,228)	(16,234)
11	Proposed Delivery Charge	$ 0.35864	$ 0.35864	$ 0.35864	$ 0.35864	$ 0.35864	$ 0.35864	$ 0.35864	$ 0.35864	$ 0.35864	$ 0.35864	$ 0.35864	$ 0.35864
12	Modeled Gross Margin Impact Volumetric Charge (Line 10*Line 11)	$ -	$ -	$ 182,734	$ 288,937	$ 637,807	$ 570,455	$ 476,672	$ 28,320	$ 884	$ -	$ -	$ -
13	Customer Growth Adjustment (Line 6 + Line 12)	$ -	$ -	$ 399,433	$ 467,437	$ 908,617	$ 830,198	$ 735,319	$ 52,928	$ 2,287	$ -	$ -	$ -
14	Authorized Test Year Base Rate Gross Margin Revenue (Line 2*Line 5) + (Line 7*Line 11)	$ 24,406,288	$ 26,970,253	$ 37,203,153	$ 52,953,959	$ 67,537,081	$ 64,372,833	$ 57,260,830	$ 43,276,461	$ 32,762,608	$ 26,439,814	$ 24,157,004	$ 23,969,475
15	Customer Growth Adjustment (Line 13)	-	-	399,433	467,437	908,617	830,198	735,319	52,928	2,287	-	-	-
16	Adjusted Authorized Test Year Base Rate Gross Margin Revenue (Line 14 + Line 15)	$ 24,406,288	$ 26,970,253	$ 37,602,586	$ 53,421,396	$ 68,445,697	$ 65,203,030	$ 57,996,149	$ 43,329,388	$ 32,764,895	$ 26,439,814	$ 24,157,004	$ 23,969,475
17	Modeled Gross Margin Revenue	$ 25,500,000	$ 28,800,000	$ 38,000,000	$ 55,500,000	$ 71,000,000	$ 66,400,000	$ 58,600,000	$ 44,400,000	$ 31,000,000	$ 25,000,000	$ 23,000,000	$ 23,500,000
18	Modeled SRA Margin Adjustment (Over) Under Collection (Line 16 - Line 17)	$ (1,093,712)	$ (1,829,747)	$ (397,414)	$ (2,078,604)	$ (2,554,303)	$ (1,196,970)	$ (603,851)	$ (1,070,612)	$ 1,764,895	$ 1,439,814	$ 1,157,004	$ 469,475

NIPSCO SRA Recovery Illustration - Quarterly
Schedule 2 - Adjusted Therm Calculation
Page 2 of 2

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)
Line	Description	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25
1	**Residential - 311**												
2	Test Year Monthly Therms	12,125,962	19,111,205	47,456,646	91,268,288	132,187,962	123,334,195	103,500,659	64,566,329	35,327,934	17,804,597	11,487,619	10,936,362
3	Modeled Customer Therms	11,800,000	21,000,000	42,300,000	91,000,000	119,400,000	127,300,000	101,400,000	71,600,000	41,000,000	15,100,000	11,200,000	10,700,000
4	Difference in Customer Therms (Line 3 - Line 2)	-	1,888,795	-	-	-	3,965,805	-	7,033,671	5,672,066	-	-	-
5	Authorized Test Year Monthly Therms	12,125,962	19,111,205	47,456,646	91,268,288	132,187,962	123,334,195	103,500,659	64,566,329	35,327,934	17,804,597	11,487,619	10,936,362
6	Customer Volumes Growth Adjustment (Line 4)	-	1,888,795	-	-	-	3,965,805	-	7,033,671	5,672,066	-	-	-
7	Modeled Adjusted Authorized Test Year Monthly Volumes (Line 5 + Line 6)	12,125,962	21,000,000	47,456,646	91,268,288	132,187,962	127,300,000	103,500,659	71,600,000	41,000,000	17,804,597	11,487,619	10,936,362

Northern Indiana Public Service Company LLC

Line No.	Proposed Sales Reconciliation Adjustment ("SRA") Timeline	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26	Oct-26	Nov-26	Dec-26	Jan-27	Feb-27	Mar-27
1	**SRA Quarterly**	Reconciliation Period	*		**	Variance/Billing Period																										
2	**SRA Quarterly**		Reconciliation Period			*		**	Variance/Billing Period																							
3	**SRA Quarterly**					Reconciliation Period			*		**	Variance/Billing Period																				
4	**SRA Quarterly**								Reconciliation Period			*		**	Variance/Billing Period																	
5	**SRA Quarterly**											Reconciliation Period			*		**	Variance/Billing Period														
6	**SRA Quarterly**														Reconciliation Period			*		**	Variance/Billing Period											

Represents when the SRA filing is expected to be filed and approved.
* Filed - Expected in second half of month following last month of reconciliation period.
** Approved - Expected to be received 60 days after filed date.

Narrative on Sales Reconciliation Adjustment ("SRA") Attachments 4-A and 4-B to Dousias Testimony

Attachment 4-A – Authorized Test Year Base Rate Gross Margin Revenue

The purpose of Attachment 4A is to include a calculation of the Authorized Test Year Base Rate Gross Margin Revenue for NIPSCO to use in the SRA mechanism calculations and recovery process. All rate classes applicable to the SRA are included for Rates 311, 315, 321, and 325.

The Authorized Test Year Base Rate Gross Margin Revenue includes two components – the monthly customer and delivery charge revenue amounts. Each of these amounts will be combined to determine the total collection of revenue by rate class. In addition, the Attachment 4-A will also show a per customer monthly cost in order to also use for the SRA mechanism monthly adjustment amounts.

Residential Rate 311 Description

The Monthly Therms, Customer Counts, and Volumes per Customer were provided in Witness Taylor attachments and sourced from the cost of service study. Monthly therms (Line 2) and customer counts (Line 3) were included in Attachment 16-D and 16-E, respectively. A monthly volumes per customer is derived from taking the monthly therms divided by the associated monthly customer count (Line 2/Line 3).

The proposed customer charge base rate (Line 5) was provided in Witness Taylor Attachment 16-D and a result of the cost of service study. The proposed customer charge base rate revenues is the monthly customer count (Line 3) multiplied by the proposed customer charge (Line 5) to arrive at the monthly customer charge revenues (Line 6). The monthly customer charge revenues (Line 6) will be combined with the monthly delivery charge revenues (Line 9) to arrive at the total authorized test year base rate gross margin revenues (Line 10).

The proposed delivery charge base rate (Line 7) was provided in Witness Taylor Attachment 16-D and a result of the cost of service study. The proposed delivery charge revenues per customer (Line 8) is derived from the monthly volumes per customer (Line 4) multiplied by the proposed delivery charge base rate (Line 7). The proposed delivery charge revenues total (Line 9) is the result of the monthly therms (Line 2) multiplied by the proposed delivery charge base rate (Line 7). The monthly delivery charge revenues (Line 9) will be combined with the monthly customer charge revenues (Line 9) to arrive at the total authorized test year base rate gross margin revenues (Line 10)

The total authorized test year base rate gross margin revenues (Line 10) is the sum of the proposed customer charge revenues (Line 6) plus the proposed delivery charges revenues total (Line 9). This will be included in the SRA mechanism monthly calculations for the Rate 311 class to determine the adjusted authorized test year base rate gross margin revenues.

Multi-Family Rate 315 and Small General Service Rate 321 Description

Multi-Family (Rate 315) and Small General Service (Rate 321) follow the same methodology and calculations as noted above for Residential Rate 311.

General Service Large Rate 325 Description

The Monthly Therms (Line 32), Customer Counts (Line 33), and Volumes by Block (Lines 34 through 36) were sourced from the cost of service study.

The proposed customer charge base rate (Line 37) was provided in Witness Taylor Attachment 16-D and a result of the cost of service study. The proposed customer charge base rate revenues is the monthly customer count (Line 33) multiplied by the proposed customer charge (Line 37) to arrive at the monthly customer charge revenues (Line 38). The monthly customer charge revenues (Line 38) will be combined with the monthly delivery charge revenues total (Line 42) to arrive at the total authorized test year base rate gross margin revenues (Line 43).

The proposed delivery charge base rate for each block (Lines 39-41) was provided in Witness Taylor Attachment 16-D and a result of the cost of service study. The proposed delivery charge revenues total (Line 42) is the sum of each block derived from the monthly volumes per block (Lines 34-36) multiplied by the proposed delivery charge base rate (Lines 39-41) for each block. The monthly delivery charge revenues total (Line 42) will be combined with the monthly customer charge revenues (Line 38) to arrive at the total authorized test year base rate gross margin revenues (Line 43).

The total authorized test year base rate gross margin revenues (Line 43) is the sum of the proposed customer charge revenues (Line 38) plus the proposed delivery charges revenues total (Line 42). This will be included in the SRA mechanism monthly calculations for the Rate 325 class to determine the adjusted authorized test year base rate gross margin revenues.

The proposed revenues per customer (Line 44) is calculated from the total authorized test year base rate gross margin revenue (Line 43) divided by the monthly customer count (Line 33).

Attachment 4-B – SRA Schedules and Supplemental Information, Illustrative example using Residential Rate 311

Schedule 1 - The purpose of Schedule 1 is to show the calculation of the SRA factors that will change quarterly. The SRA and SRA variance factor will be created and combined for a total SRA factor to be combined on the tariff sheet. In addition, this process will be similar for each rate class.

Note also the cadence and recovery period for the filing was determined and modeled after the NIPSCO GCA filings in Cause No. 43629-GCA-XX. Similar to GCA, NIPSCO included the quarterly cadence of filings and also applied the recovery period for SRA over 12 months to balance the volumetric changes experienced over a cyclical period. In addition, NIPSCO will leverage internal processes and schedules established to support this SRA mechanism.

The test year monthly therms (Line 2) will be the same from Schedule 2, Page 2, Line 7, and established in this Cause. The future actual and today modeled residential SRA margin adjustment (Line 3) is from Attachment 4-B, Schedule 2, Line 18 and described below. Line 4 is the calculation combining 12 months of modeled adjusted monthly test year therms and is the same since NIPSCO used the same monthly therms per year throughout Schedule 1 for illustrative purposes.

The future actual and today modeled quarterly SRA margin adjustment (Line 5) is the sum of the 3 months of each quarter calculated from the monthly modeled residential SRA margin adjustment (Line 3). For example, the amount in column E, Line 5 is the sum of the modeled residential SRA margin adjustment from columns C, D, and E, Line 3. The prior period variance (Line 6) will be included in future filings once reconciling prior variance amounts. The sum of quarterly SRA margin adjustment (Line 7) is the combination of the modeled quarterly SRA margin adjustment (Line 5) plus the prior period variance (Line 6).

The next section of calculations starts on Lines 8 through 13. The quarterly SRA margin adjustment (Line 7) will be recovered over a future 12 month period. The 12 month SRA factor Year 1 (Line 9) is the calculation of the sum of quarterly SRA margin adjustment (Line 7) divided by the 12 monthly volumes for the respective recovery months (12 months of Line 2). The calculation also starts 3 months or 90 days after the quarterly calculation on Line 7 following the timeline in Attachment 4-B, page 5. Multiple annual factors will also be recovered at once with each quarterly SRA margin adjustment (Line 7) over a future 12 month recovery period and also indicated on Schedule 1, Lines 10 through 12. The sum of all four factors at one time will represent the proposed total SRA factor on Line 13.

The future actual and today monthly modeled therms (Line 14) will represent the actual sales volumes. These volumes are used to illustrate the future actual and today monthly modeled adjustment realized (Line 15) from the multiplication of the proposed total SRA factor (Line 13) and the monthly modeled therms (Line 14). The illustrative monthly modeled adjustment realized (Line 15) will also be used for future variance calculations in the reconciliation process.

The next section beginning with Lines 16 through 19 is the reconciliation of expected to actual collections from the 12 month recovery period. The quarterly adjustment required (Line 17) is the amount from the sum of quarterly SRA margin adjustment (Line 7). For example, the amount in column Q, Line 17 is the same from column B, Line 7. Line 18 will be calculated after the completion of each 12 month recover period and reconciled back Line 7. For example, the amount in column Q, Line 18 is the amount realized from Line 9 multiplied by Line 14 for the 12 month recovery period. The over (under) collection (Line 19) is the difference between Lines 17 and 18.

The next section beginning with Lines 20 through 25 is derivation of the 12 month SRA variance factor from Line 19 and recovering that over the next 12 months period (Line 2). The first SRA variance is not expected to be included in a filing until January 2026 and approved in March 2026 and start being included in bills starting April 2026. Then, the SRA variance factor will continue for 12 months and any future over or (under) recoveries will be merged into Line 6 on the schedule of prior period variances. The calculation follows SRA factor treatment and will include up to four variance factors for one quarter and represented as the proposed total SRA variance (Line 25).

The proposed total residential SRA factor (Line 28) is the sum of the proposed residential SRA factor (Line 26) plus the proposed residential SRA variance factor (Line 27). Line 28 will also then be included in Tariff Appendix H. Each quarterly filing will include the schedule and calculations to update the proposed total residential SRA factor with new quarterly tariff sheets. The new tariff Rider 392 and Appendix H are included in Witness Sears Attachment 2-C.

<u>Schedule 2</u> – The purpose of Schedule 2 is to show the calculation of the monthly SRA Margin Adjustment and record the monthly SRA deferral amounts. Ultimately, NIPSCO is comparing the adjusted authorized test year base rate gross margin and therms to the future actual and today modeled amounts of gross margin revenue and therms. In addition, this process will be similar for each rate class.

Page 1 - The test year customer count (Line 2) will be the same from Attachment 4-A, Line 3 and established in this Cause. The modeled customer count (Line 3) represents illustrative amounts. Line 4 is a calculation for difference in customer count. The proposed customer charge base rate will be the same from Attachment 4-A, Line 5 and established in this Cause. The gross margin impact from the customer charge is a calculation (Line 6).

The test year monthly therms (Line 7) will be the same from Attachment 4-A, Line 4 and established in this Cause. Line 8 is a calculation. Line 9 is a reference to Line 4 above. Line 10 is a calculation to determine the monthly impact of therms based on the difference in customers from Line 4 and using average use in Line 8. The proposed delivery charge (Line 11) is the same from Attachment 4-A, Line 7 and established in this Cause. The gross margin impact from the customer charge is a calculation (Line 12).

The previous calculations for customer (Line 6) and delivery (Line 12) margins are then combined on Line 13 to represent the incremental amount for customer growth. Other months will be $0 if customer count has declined.

The authorized test year base rate gross margin revenue will be the same from Attachment 4-A, Line 10 and established in this Cause. Line 15 links back to the customer growth adjustment amount on Line 13. The sum of the authorized test year base rate gross margin revenue and the customer growth adjustment will be calculated on Line 16.

The future actual and today modeled amounts of gross margin revenue will be included on Line 17. The future actual and today modeled SRA margin adjustment amount on Line 18 is the difference between the adjusted authorized test year base rate gross margin amount (Line 16) and the future actual and today modeled gross margin revenue (Line 17) to create the future actual and today modeled SRA margin adjustment (Line 18).

NIPSCO will use this example schedule to calculate the SRA deferral amount to record the differences monthly until recovered in future rates. The monthly SRA margin adjustment amount (Line 18) will then be carried forward to create the SRA factors on Schedule 1, Line 3.

Page 2 - The test year monthly therms (Line 2) will be the same from Attachment 4-A, Line 2 and established in this Cause. The modeled customer therms (Line 3) represent illustrative amounts. Line 4 is a calculation for difference in customer therms. Other months will be 0 therms if customer therms has declined.

The authorized test year volumes (Line 5) will be the same from Attachment 4-A, Line 2 and established in this Cause. Line 6 is the difference in customer therms amount on Line 4. The sum of the authorized test year volumes (Line 5) and the customer volumes adjustment (Line 6) will be calculated on Line 7. Line 7 will be the future actual and today modeled adjusted authorized test year volumes. NIPSCO will use this example schedule to calculate the SRA therms amount that will be used in the SRA margin adjustment calculations and page 1. The modeled adjusted authorized test year monthly therms (Line 7) will then be carried forward to create the SRA factors on Schedule 1, Line 2.

<u>Timeline</u> – The timeline visually shows the proposed timeline for the SRA mechanism as described in Dousias testimony. NIPSCO proposes a quarterly filing cadence with a future recovery period of 12 months. See page 5 of Attachment 4-B to Dousias testimony, Line 2 orange line as an example. This cadence then will continue with the future filings and illustrated by different colors included on page 5.

> Example filing: Line 2 in orange shows the quarterly reconciliation period of October through December 2024. The filing is expected to occur in the month after the final reconciliation month in the quarterly reconciliation period (January 2025 for the October through December 2024 reconciliation period). The filing date is indicated in the orange box with a single "*" in January 2025 included on Line 2.
>
> NIPSCO proposes a 60 day procedural schedule to obtain final approval from the IURC. The expected order timing is indicated in the orange box with a double "**" in March 2025 included on Line 2. NIPSCO then would implement new rates at the start of the following month and remain in place for the following 12 months, as noted by the "Variance/Billing Period" orange box starting in April 2025.