

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

**VERIFIED PETITION FOR GENERAL RATE INCREASE AND ASSOCIATED
RELIEF UNDER INDIANA CODE §§ 8-1-2-61 AND 8-1-2-42.7, NOTICE OF
PROVISION OF INFORMATION IN ACCORDANCE WITH THE COMMISSION’S
MINIMUM STANDARD FILING REQUIREMENTS AND
REQUEST FOR ADMINISTRATIVE NOTICE**

Northern Indiana Public Service Company LLC (“NIPSCO” or “Petitioner”) respectfully requests that the Indiana Utility Regulatory Commission (“Commission”) issue an order (1) authorizing NIPSCO to increase its retail rates and charges for gas utility service through the phase-in of rates; (2) approving new schedules of rates and

charges, general rules and regulations, and riders; (3) approving revised depreciation rates applicable to its gas plant in service; (4) approving a mechanism to modify rates prospectively for changes in federal or state income tax rates, utility receipts tax (“URT”) rates, and public utility fee (“PUF”) rates; (5) approving accounting relief; (6) authorizing NIPSCO to implement temporary rates; and (6) other requests as described herein. This filing is made pursuant to Ind. Code §§ 8-1-2-61 and 8-1-2-42.7 (“Section 42.7”), among others.

In accordance with the Commission’s General Administrative Order 2013-5 (Rate Case Standard Procedural Schedule and Recommended Best Practices for Rate Cases Submitted under Ind. Code § 8-1-2-42.7) (“GAO 2013-5”) and the Commission’s General Administrative Order 2020-5 (Improving Procedural Efficiencies) (“GAO 2020-5”), NIPSCO hereby provides its Notice of Intent to File Information required under the Minimum Standard Filing Requirements (“MSFRs”), 170 IAC 1-5-1 *et seq.*, as applicable, to provide support for this Petition and to reduce or avoid disputes. NIPSCO also requests administrative notice to be taken, as necessary, of certain Commission orders that are pertinent to this proceeding, as identified herein. In accordance with 170 IAC 1-1.1-8 and 1-1.1-9 of the Commission’s Rules of Practice and Procedure, NIPSCO submits the following information in support of this Petition.

Petitioner's Corporate Status

1. NIPSCO is a limited liability company organized and existing under the laws of the State of Indiana with its principal office and place of business at 801 East 86th Avenue, Merrillville, Indiana. NIPSCO renders gas (and electric) public utility service in the State of Indiana and owns, operates, manages and controls, among other things, plant and equipment within the State of Indiana used for the production, storage, transmission, distribution and furnishing of such service to the public. NIPSCO is a wholly-owned subsidiary of NiSource Inc., an energy holding company whose stock is listed on the New York Stock Exchange.

Petitioner's Regulated Status

2. NIPSCO is a "public utility" within the meaning of Ind. Code § 8-1-2-1, and is subject to the jurisdiction of this Commission in the manner and to the extent provided by the Public Service Commission Act, as amended, and other pertinent laws of the State of Indiana. NIPSCO is also a gas utility as defined in Ind. Code § 8-1-2-87(a)(4). NIPSCO is also a "utility" within the meaning of Ind. Code § 8-1-2-42.7(c).

Petitioner's Operations

3. NIPSCO is authorized by the Commission to provide natural gas utility service to the public in all or part of Adams, Allen, Benton, Carroll, Cass, Clinton, DeKalb, Elkhart, Fulton, Howard, Huntington, Jasper, Kosciusko, LaGrange, Lake, LaPorte, Marshall, Miami, Newton, Noble, Porter, Pulaski, St. Joseph, Starke, Steuben,

Tippecanoe, Tipton, Wabash, Warren, Wells, White and Whitley Counties in northern Indiana. NIPSCO renders such gas utility service by means of utility plant, property, equipment and related facilities owned, operated, managed and controlled by it (collectively referred to as the "Utility Property"), which are used and useful for the convenience of the public in the production, storage, transmission, distribution and furnishing of gas. NIPSCO provides gas utility service to approximately 850,000 residential, commercial and industrial customers.

4. During the 12 months ended December 31, 2020, NIPSCO delivered more than 358 Million Dekatherms ("Dth") of natural gas to approximately 850,000 residential, commercial, industrial, wholesale and other customers in accordance with its tariffs, rules and regulations. More than 70% of that throughput was provided to NIPSCO's industrial customers, making its proportion of industrial load among the highest in the industry.

Petitioner's Existing Rates and Rate Structure

5. The Commission's September 19, 2018 Order in Cause No. 44988 (the "2018 Rate Order") approved a Stipulation and Settlement Agreement among NIPSCO, the Indiana Office of Utility Consumer Counselor ("OUCC"), and the majority of intervenors in that proceeding. The 2018 Rate Order approved a three step change in rates. Step 1 rates took effect on October 1, 2018 based upon rate base as of June 30, 2018. Step 2 rates took effect March 1, 2019, based upon rate base as of December 31, 2018. Step 3 rates took

effect January 1, 2020 to reduce rates so as to pass back unprotected excess Accumulated Deferred Income Taxes resulting from the Tax Cuts and Jobs Act of 2017 over a 12-year period.

6. NIPSCO's petition initiating Cause No. 44988 was filed with the Commission on September 27, 2017. Therefore, in accordance with Ind. Code § 8-1-2-42(a), more than 15 months have passed since the filing date of NIPSCO's most recent request for a general increase in its basic rates and charges.

7. NIPSCO's current gas depreciation rates are based on the depreciation study filed in Cause No. 44988 and approved in the 2018 Rate Order. NIPSCO's current common and electric depreciation rates and last common and electric depreciation study were approved in the Commission's December 4, 2019 Order in Cause No. 45159. NIPSCO proposes no change to its common depreciation accrual rates in this Cause.

8. Pursuant to Ind. Code § 8-1-2-42(g), NIPSCO files a quarterly Gas Cost Adjustment ("GCA") proceeding in Cause No. 43629-GCA-XXX to adjust its rates to account for fluctuation in its gas costs. The cost of bad debt expense associated with the cost of gas is reflected in NIPSCO's GCA.

9. Pursuant to the Commission's December 28, 2011 Order in Cause No. 44001, NIPSCO files an annual proceeding in Cause No. 44001-GDSM-XX for recovery of program costs associated with approved demand side management and energy

efficiency programs through its Rider 172 – Gas Demand Side Management (GDSM) Rider and Appendix C - GDSM Factors (the “GDSM Mechanism”).¹

10. Pursuant to the Commission’s November 4, 2010 Order in Cause No. 43894, NIPSCO files an annual update to Appendix E – Unaccounted for Gas Percentage for recovery through NIPSCO’s quarterly GCA proceeding in accordance with Ind. Code § 8-1-2-42(g) in Cause No. 43629-GCA-XXX.

11. Pursuant to the Commission’s January 28, 2015 Order in Cause No. 44403-TDSIC-1, NIPSCO filed a semi-annual proceeding in Cause No. 44403-TDSIC-XX to recover 80% of approved capital expenditures and TDSIC costs incurred in connection with NIPSCO’s eligible transmission, distribution, and storage system improvements (“TDSIC Projects”) through its Rider 188 – Adjustment of Charges for Transmission, Distribution and Storage System Improvement Charge and Appendix F – Transmission, Distribution and Storage System Improvement Charge Adjustment Factor (“TDSIC Mechanism”). Pursuant to the Commission’s July 22, 2020 Order in Cause No. 45330, NIPSCO now files the TDSIC Mechanism in Cause No. 45330-TDSIC-XX.

¹ The Commission’s May 9, 2007 Order in Cause No. 43051 initially approved the GDSM Mechanism. The Commission’s December 28, 2011 Order in Cause No. 44001 approved NIPSCO’s request to change to a semi-annual reconciliation. The Commission’s February 22, 2017 Order in Cause No. 44001-GDSM-10 approved NIPSCO’s request to change from a semi-annual to annual filing. The Commission’s November 21, 2018 Order in Cause No. 45012 approved NIPSCO’s request for recovery of lost revenues through the GDSM Mechanism.

12. Pursuant to the Commission's September 19, 2018 Order in Cause No. 45007, NIPSCO files a semi-annual proceeding in Cause No. 45007-FMCA-XX to recover 80% of approved federally mandated costs through its Rider 190 – Federally Mandated Cost Adjustment Rider and Appendix G – FMCA Factors ("FMCA Mechanism").

13. Pursuant to the Commission's March 15, 2012 Order in Cause No. 44081,² as approved under Ind. Code § 8-1-2.5, NIPSCO offers the following programs as part of its approved alternative regulatory plan (referred to herein as its "Gas ARP Programs"):

- (a) Rate 130 - Large Volume Negotiated Sales Service - a negotiated sales rate for large volume sales customers. This program was originally approved by the Commission in Cause No. 40342.
- (b) Rate 134A - Off-Peak Commercial and Industrial Interruptible Negotiated Service - a negotiated sales rate for commercial and industrial customers. This program was original approved by the Commission in Cause No. 40342.
- (c) Rate 140 - Liquefied Natural Gas (LNG) Service - a negotiated rate interruptible service provided from NIPSCO's LNG facilities when available. This program was originally approved by the Commission in Cause No. 40342.
- (d) Rate 145 - Supplier Aggregation Service (SAS) - supplier aggregation service allowing for the aggregation of customer load by qualifying third-party gas suppliers ("Choice Suppliers") to Choice Program customers. This program was originally approved by the Commission in Cause No. 40342.
- (e) Rate 151 - Fixed Gas Bill Service (also known as DependableBill) - a fixed bill program offered to residential, commercial, and small industrial customers

² The Commission approved a modification to and the indefinite extension of NIPSCO's Alternative Regulatory Plan ("ARP") applicable to natural gas utility service previously approved by the Commission on March 31, 2010 in Cause No. 43837, as modified in the 2010 Rate Case Order and Merger Order.

receiving service under Rates 111, 115, 121 and 125. This program was originally approved by the Commission in Cause No. 42097.

- (f) Rider 142A- Optional Storage Service Rider - a negotiated rate for transportation customers for long-term storage using on-system storage assets. This program was originally approved by the Commission in Cause No. 40342.
- (g) Riders 147 and 148 - Gas Parking Service (GPS) Rider and Gas Lending Service (GLS) Rider - negotiated rates offered to transportation customers for short term storage using on-system storage assets. This program was originally approved by the Commission in Cause No. 40342.
- (h) Rider 180 - Supplier Choice Delivery Service (SCDS) Rider (the "Choice Program") - a supplier choice program for NIPSCO residential, commercial and small industrial customers under Rates 111, 115, 121 and 125. This program was originally approved by the Commission in Cause No. 40342.
- (i) Rider 181 - Price Protection Service Rider - a fixed price program offered to residential, commercial, and small industrial customers receiving service under Rates 111, 115, 121 and 125. This program was originally approved by the Commission in Cause No. 40342.
- (j) Gas Cost Incentive Mechanism ("GCIM") - a sharing mechanism providing an incentive for NIPSCO to optimize its gas supply purchases so as to produce shared benefits for NIPSCO and its jurisdictional customers subject to the Gas Cost Adjustment ("GCA"). The GCIM was originally approved by the Commission in Cause No. 40342. The sharing mechanism was modified in consolidated Cause Nos. 42800 and 42884 to a uniform 50% / 50% sharing of benefits with GCA customers.³
- (k) Capacity Release Incentive - a sharing mechanism providing an incentive for NIPSCO to optimize its release of under-utilized pipeline capacity so as to produce shared benefits for NIPSCO and its jurisdictional customers subject to the GCA. The Capacity Release Incentive was originally

³ The Commission approved revisions to the GCIM on June 28, 2017 in 30-Day Filing No. 50061 and June 17, 2020 in 30-Day Filing No. 50347.

approved by the Commission as an amendment to the ARP approved in Cause No. 40342.⁴

The Gas ARP Programs provide for ongoing dialogue and an opportunity for the update of the ARP at the conclusion of the first year after approval, and every twenty-four months thereafter.⁵ Other than changing the tariff series number from the Series 100 to the Series 200, there are no proposed changes to the Gas ARP Programs or the regulatory treatment of these Gas ARP Programs. As was agreed in the Stipulation and Settlement Agreement approved in the 2018 Rate Order, NIPSCO requests that margins from these Gas ARP be included in the GCA NOI earnings test pursuant to Ind. Code §§ 8-1-2-42(g)(3)(C) and 8-1-2-42.3 except for: (a) NIPSCO's GCIM, Capacity Release, and Optional Storage Service Rider, which shall be treated as below-the-line but shall continue to be shared with customers through the GCA as provided in the Current Gas ARP; (b) NIPSCO's Depend-a-Bill program; and (c) NIPSCO's Price Protection Service.

Petitioner's Operating Results Under Existing Rates

14. Since the 2018 Rate Order, NIPSCO's cost of providing service has increased. NIPSCO has and must continue to make significant capital expenditures for additions, replacements, and improvements to its Utility Property, in compliance with various applicable state and federal pipeline safety requirements and to maintain safe

⁴ The Commission approved revisions to the Capacity Release Sharing Mechanism on June 17, 2020 in 30-Day Filing No. 50347.

⁵ 44081 Order at 20.

and reliable service. In addition, changes in NIPSCO's Utility Property warrant the implementation of revised depreciation rates. Further, NIPSCO has and must continue to incur increasing operations and maintenance expenses in order to maintain safe and reliable service. It is necessary and appropriate to recognize these and other costs of providing retail gas service by establishing new rates and charges.

15. NIPSCO's existing rates are below the level required to provide revenues adequate to recover its necessary and reasonable operating expenses and afford NIPSCO the opportunity to earn a fair return upon the fair value of its property to which NIPSCO is lawfully entitled. Consequently, a rate increase is necessary and appropriate to provide NIPSCO an opportunity to recover its operating expenses and earn a fair return on the fair value of its property used and useful in providing service to its customers. The proposed rate increase is also necessary and appropriate to provide revenues which will enable NIPSCO to continue to attract capital required for additions, replacements, and improvements to its Utility Property and to comply with regulatory mandates and otherwise provide adequate and reliable service at a reasonable cost.

16. As of the date of this Verified Petition, NIPSCO estimates that the proposed increase to its total revenues, including revenues from basic rates and charges and the riders as reset upon effectiveness of new base rates, will represent an increase of \$115,323,504, or 14.16%, above NIPSCO's 2022 Forward Test Year revenue at present

(current) rates. Rates for individual customers and different customer classes may change by amounts less than or greater than the average increase for all customers. The increase shall take effect in two steps, with Step 1 to become effective September 1, 2022, and Step 2 rates to become effective March 1, 2023. The pro forma net operating income statement in the form required by the Commission's GAO 2020-5 is attached hereto as Attachment A and is sponsored by Witness Jeffrey D. Newcomb.

17. Upon the issuance of an Order in this Cause, NIPSCO proposes to implement Step 1 rates based upon the actual rate base, annualized depreciation, and capital structure as of June 30, 2022 and forecasted results of operations for the test year as found in the Order. For Step 2 rates, NIPSCO proposes to update to the actual rate base, capital structure, and annualized depreciation expense as of December 31, 2022. Consistent with the Commission's prior orders in future test year rate cases, NIPSCO proposes that the Step 1 and Step 2 rates would take effect immediately upon filing on an interim-subject-to-refund basis, with other parties being offered a period of sixty (60) days to review and present any objections. If needed to resolve any objections, NIPSCO would propose the Commission conduct a hearing and rates would be tried up, retroactive to the date such rates were put into place.

18. NIPSCO also seeks authority to file revised schedules of rates and charges in the event of future tax rate changes affecting the gross revenue conversion factor. In

the event of future changes to federal or state income tax rates, URT rates, or PUF rates, NIPSCO requests the authority to file new rates schedules as a compliance filing in this Cause, modifying all then-effective rates to incorporate any such change so as to timely adjust its rates for utility service to reflect the new tax rates. The adjusted rates would reflect the new tax, URT and/or PUF rate and would function much like the first phase conducted in the Commission's investigation into the effects on utility rates from the Tax Cuts and Jobs Act of 2017 in Cause No. 45032. Just as directed in the Commission's February 16, 2018 Order in that Cause, NIPSCO would submit a new tariff to adjust all of the rates and charges to reflect "the difference between (1) the amount of federal [or state] taxes [or URT or PUF] that the given Rate or Charge was designed to recover based on the tax rate in effect at the time the Rate or Charge was approved and (2) the amount of federal taxes [or URT or PUF] that would have been embedded in the given Rate or Charge had the new tax rate applicable to [NIPSCO] . . . been in effect at the time of approval." *Cause No. 45032* (IURC 2/16/2018), p. 2. NIPSCO also requests immediate deferral treatment to capture any timing differences between the effective date of the tax rate change and the start of recovery. Finally, NIPSCO seeks authority to defer any changes in accumulated deferred income tax resulting from re-measurement at the new rate for the period from the effective date of the change until approval of rates in NIPSCO's ensuing general rate case. NIPSCO will request appropriate recovery or pass-

back, as the case may be, of any regulatory assets and liabilities as a result of future tax rate changes in its ensuing general rate case.

Statutory Authority for Requested Relief

19. This Petition is filed pursuant to Ind. Code §§ 8-1-2-61 and 8-1-2-42.7. Other provisions of the Public Service Commission Act, as amended, Ind. Code § 8-1-2-1, *et seq.* that may be applicable to the subject matter of this proceeding include, but are not limited to, Ind. Code §§ 8-1-2-4, 6, 10, 12, 19, 20, 21, 23, 29, 42, 42.7, 68 and 71, Ind. Code ch. 8-1-8.4, Ind. Code ch. 8-1-39, and Ind. Code § 5-14-3-4.

20. In accordance with GAO 2013-5, NIPSCO provided its Notice of Intent to File Rate Case to the Commission on August 30, 2021. A copy thereof was provided to stakeholders who attended a pre-filing meeting regarding NIPSCO's filing of this rate case.

Test Year and Rate Base Cutoff Date

21. In accordance with Ind. Code § 8-1-2-42.7(d)(1), NIPSCO proposes and requests that a forward looking test year be used in this proceeding on the basis of projected data for the twelve (12) month period ending December 31, 2022. The historic base period utilized by NIPSCO in this proceeding is the twelve (12) month period ending December 31, 2020. In addition, NIPSCO is utilizing its actual capital structure and cost of capital based on NIPSCO's forecasted test-year-end regulatory capital structure as of

December 31, 2022 for purposes of calculating a fair return on the fair value of its property.

Petitioner's Requested Relief

22. NIPSCO seeks approval of changes to its basic rates and charges for gas utility service and associated accounting relief as proposed in its evidence to be presented in this proceeding that will provide NIPSCO with the opportunity to recover its ongoing costs of providing gas utility service and earn a fair return on the fair value of its property. NIPSCO also seeks approval of its proposed mechanism to modify its rates in the future in the event of changes to federal or state income tax rates, URT rate, or PUF rate. NIPSCO's proposal is detailed in its case-in-chief filed contemporaneous herewith and includes, but is not limited to, the following:

- (a) Gas Service Tariff, Standard Contract and Rate Release Form. NIPSCO seeks approval of changes to its basic rates and charges for gas utility service that will provide NIPSCO with the opportunity to earn a fair return on the fair value of its property. NIPSCO seeks approval of changes to its Gas Service Tariff, including changing from Series 100 Rate Schedules to Series 200 Rate Schedules, as proposed in its evidence to be presented in this proceeding. The overall structure of NIPSCO's tariffs remains the same.
- (b) Depreciation Rates. NIPSCO seeks approval to revise its gas depreciation rates applicable to its gas plant in service as proposed in its evidence to be presented in this proceeding. NIPSCO continues to use the depreciation rates applicable to its common plant as approved by the Commission in NIPSCO's last electric general rate proceeding in Cause No. 45159.
- (c) Previously Approved TDSIC Projects and Federally Mandated Compliance Projects. NIPSCO has been recognizing for ratemaking purposes the cost

of previously approved TDSIC Projects and Federally Mandated Compliance Projects and associated operating expense through its TDSIC Mechanism and FMCA Mechanism. NIPSCO proposes to reflect in its basic rates and charges the capital costs and operating expenses associated with TDSIC and Federally Mandated Compliance Projects previously approved by the Commission in Cause Nos. 44403, 45007, and 45183 that were or are projected to be completed and in service at the end of the forward test year (December 31, 2022) and that are currently being recovered through the TDSIC Mechanism and FMCA Mechanism. NIPSCO is also seeking recovery of amortization of regulatory assets that were deferred under the TDSIC Mechanism and FMCA Mechanism. When new tariff sheets are filed based upon the final order in this proceeding, NIPSCO proposes to adjust, as applicable, its then current TDSIC and FMCA adjustment factors to reflect the removal of the in-service plant and related expenses as of the same effective date, and modify its allocation factors consistent with the Commission's Order, subject to any necessary variance reconciliations in the ongoing TDSIC and FMCA proceedings.

- (d) Gas Demand Side Management ("GDSM"). NIPSCO proposes to exclude from its basic rates and charges all costs associated with its GDSM program.
- (e) Accounting Relief. As explained in NIPSCO's case-in-chief, NIPSCO seeks accounting authority to implement the relief sought in this proceeding.
- (f) Regulatory Assets. NIPSCO proposes to recover through its revenue requirement certain costs NIPSCO has deferred in accordance with the Commission's Orders identified in NIPSCO's case-in-chief, including without limitation, deferred amounts associated with its TDSIC and FMCA previously approved as described herein.
- (g) Prepaid Pension Asset. NIPSCO's pension plan is currently in a net prepaid pension asset position, which is the net of the related pension obligation and regulatory asset in accordance with governing accounting standards. This prepaid pension asset reduces the pension cost that would otherwise be reflected in the revenue requirement and preserves the integrity of the pension fund. NIPSCO proposes that its rates reflect this asset as part of its capital structure.
- (h) Administrative Notice of Orders. As needed, NIPSCO requests the Commission to take administrative notice of the orders as set forth herein.

Submission of Case-in-Chief, Workpapers and MSFRs

23. NIPSCO's case-in-chief, workpapers and information required by GAO 2013-5, the MSFRs, and Ind. Code § 8-1-2-42.7, are being filed contemporaneous with this Petition to aid the Commission in processing this Petition. The supporting workpapers for pro-forma adjustments are also being provided in Excel format on electronic media pursuant to the best practices set forth in GAO 2013-5. An index of issues, requests, and supporting witnesses in accordance with the Commission's GAO 2020-5 is attached hereto as Attachment B.

Confidential Information

24. In accordance with 170 IAC 1-5-15(e)(2), the electronic copy of the cost of service study is to be treated as confidential and protected from disclosure to the public under Ind. Code §§ 5-14-3-4 and 8-1-2-29. In addition, NIPSCO will be submitting other information as part of its MSFRs and case-in-chief that is confidential and trade secret information. NIPSCO is filing a motion for protective order in accordance with 170 IAC 1-1.1-4 and to otherwise comply with 170 IAC 1-5-3 contemporaneous with this Petition. NIPSCO has entered into a Standard Form Nondisclosure Agreement with the OUCC and will work with any intervenors to negotiate an acceptable nondisclosure agreement to facilitate the production of the confidential information as appropriate.

Request for Prehearing Conference and Preliminary Hearing and Technical Conference

25. NIPSCO has worked with the OUCC and other stakeholders to develop an agreed procedural schedule, which is being separately filed as directed in GAO-2013-5. In accordance with the standard schedule set forth in GAO-2013-5, NIPSCO is also agreeable to the establishment of a technical conference to address questions related to NIPSCO's case-in-chief. In the event the agreed procedural schedule is unacceptable and in accordance with 170 IAC 1-1.1-15(b) of the Commission's Rules of Practice and Procedure and GAO-2013-5, NIPSCO requests that a prehearing conference and preliminary hearing be promptly set by the Commission for the purpose of addressing procedural matters including setting a procedural schedule in this proceeding that will allow completion of this proceeding in accordance with GAO 2013-5 and Ind. Code § 8-1-2-42.7.

Request for Administrative Notice

26. NIPSCO's case-in-chief and requested relief relies, in part, upon findings and orders made by the Commission in various NIPSCO proceedings, including but not limited to the following: Cause Nos. 43837 (03/31/2010), 43894 (IURC 11/04/2010), 43894 (IURC 08/28/2013), 43941, 43942 and 43943 (IURC 05/31/2011), 44001 (12/28/2011), 44081 (03/15/2012), 44094 (12/07/2011), 44403 (04/30/2014), 44403-TDSIC-9 (12/27/2018), 44403-TDSIC-10 (10/16/2019), 44988 (09/19/2018), 45007 (09/19/2018), 45007-FMCA-1

(03/27/2019), 45007-FMCA-2 (09/25/2019), 45007-FMCA-3 (03/31/2020), 45007-FMCA-4 (09/23/2020), 45007-FMCA-5 (03/24/2021), 45012 (11/21/2018), 45159 (12/4/2019), 45183 (09/04/2019), 45330 (07/22/2020), 45330-TDSIC-1 (12/23/2020), 45330-TDSIC-2 (06/16/2021), and 45455 (07/15/2021). A copy of these orders is being filed contemporaneous with this Petition. To the extent necessary and pursuant to 170 IAC 1-1.1-21.5, NIPSCO requests administrative notice be taken of the fact that the Commission has made the findings and issued the orders in these referenced Orders.

Petitioner's Counsel

27. The names and addresses of persons authorized to accept service of papers in this proceeding are:

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Customer Notification

28. In accordance with Ind. Code § 8-1-2-61(a), NIPSCO will publish notice of the filing of this Petition in a newspaper of general circulation published in each Indiana county in which NIPSCO renders gas service. In accordance with 170 IAC 4-1-18(C), NIPSCO will furnish to each residential customer (via bill messaging, bill inserts, or similar mailing) within forty-five (45) days of this Petition, a notice which fairly summarizes the nature and extent of the proposed changes.

WHEREFORE, Petitioner Northern Indiana Public Service Company respectfully requests that the Indiana Utility Regulatory Commission approve the agreed procedural schedule being filed contemporaneous with this Verified Petition or otherwise promptly conduct a prehearing conference and preliminary hearing for purposes of establishing the procedural parameters of this proceeding, make such other investigation and hold such hearings as are necessary or advisable and thereafter, make and enter an order in this Cause by July 26, 2022:

- (a) Finding that NIPSCO's existing rates and charges for gas utility service should be increased; determining, and by order fixing, modified rates and charges to be observed in the future by NIPSCO; and authorizing and approving the filing by NIPSCO of new schedules of rates and charges applicable to its gas utility service on a phased-in basis that will provide just, reasonable, sufficient and non-confiscatory rates;
- (b) Approving various changes in the terms, conditions and provisions of NIPSCO's Gas Service Tariff (including rates, charges, rules and riders), Rate Release Form, and Standard Contract as proposed in NIPSCO's evidence herein;
- (c) Authorizing NIPSCO to revise its depreciation rates as proposed in NIPSCO's evidence herein;
- (d) Granting accounting authority necessary to implement the relief authorized in a Final Order in this Cause;
- (e) Approving the other requests set forth in this Petition and in NIPSCO's evidence herein; and
- (f) Granting to NIPSCO such additional and further relief as may be deemed necessary or appropriate.

Dated this 29th day of September, 2021.

Northern Indiana Public Service Company LLC

A handwritten signature in cursive script, reading "Erin E. Whitehead", written over a horizontal line.

Erin E. Whitehead
Vice President
Regulatory Policy and Major Accounts

Verification

I affirm under penalties for perjury that the foregoing representations are true to the best of my knowledge, information, and belief.

Dated: September 29, 2021.

A handwritten signature in cursive script, reading "Erin E. Whitehead", written over a horizontal line.

Erin E. Whitehead
Vice President
Regulatory Policy and Major Accounts

CERTIFICATE OF SERVICE

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

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Dated this 29th day of September, 2021.

/s/ Robert E. Heidorn

Robert E. Heidorn

Cause No. XXXXX
Northern Indiana Public Service Company LLC

Sch. 1 Revenue Requirement

Line		Petitioner	Sch./WP Ref.
1	Original Cost Rate Base	\$ 2,416,457,600	Petitioner's Exhibit No. 3, Attachment 3-A-S2, Page 4
2	Times: Weighted Average Cost of Capital	6.87%	Petitioner's Exhibit No. 3, Attachment 3-A-S2, Page 5
3	Net Operating Income Required for Return on Original Cost Rate Base	166,010,637	
4	Less: Net Operating Income at Pro forma Present Rates	81,062,566	Linked to Sch. 4 NOI
5	Net Revenue Increase Required	84,948,071	
6	Times: Gross Revenue Conversion Factor	135.7576%	Linked to GRCF Sch.
7	Recommended Gross Revenue Increase Required	\$ 115,323,504	Linked from GRCF Sch.
8	Operating Revenues Subject to Increase at Present Rates	\$ 814,253,346	Linked to Sch. 4 NOI
9	Recommended Percentage Increase over Revenues Subject to Increase at Present Rates: (Line 7/Line 8) *	14.16%	

Current Average Monthly Gas Bill for Residential Customer using 70 therms (Includes all monthly charges normally applicable to Rate Class 111/211 residential customers.)		Petitioner**
Customer charge	\$14.00	\$24.50
Average gas charge (Average rate of \$0.33974/therm):	\$23.78	\$23.78
Delivery charge (Current \$0.20854/therm, Proposed \$0.22821/therm)	\$14.60	\$15.97
FMCA charge (Current \$0.01784/therm, Proposed \$0.00000/therm)	\$1.25	\$0.00
TDSIC charge (Current \$0.02007/therm, Proposed \$0.00000/therm)	\$1.40	\$0.00
GDSM charge (Current \$0.00861/therm, Proposed \$0.00861/therm)	\$0.60	\$0.60
Total	\$55.64	\$64.86

*Note: Recommended Percentage Increase over Revenues Subject to Increase at Present Rates is inclusive of all rate classes.

**Note: Current Average Monthly Gas Bill presented for Rate 111 (Proposed 211) residential customer class.

Attachment 17-J shows bill impact for Rates 211, 215, 221, and 225 at current and proposed rates at all consumption levels.

Cause No. XXXXX
Northern Indiana Public Service Company LLC

Sch. GRCF

Gross Revenue Conversion Factor

Petitioner					
Line	Gross Revenue Conversion Factor	Input Rate	GRCF Calculation Factor	Sch. 4 NOI's Pro forma Proposed Rate Adjustments	References (Links to Sch. 4)
1	Gross Revenue Increase Required		100%	\$115,323,504	Linked from Sch. 4 NOI's Pro forma Proposed Total Operating Revenues Adjustment. (Note: Sch.1's Recommended Revenue Increase is also linked from this "GRCF's Gross Revenue Increase Inquired" amount.) Linked to Sch. 4
2	Less: Bad Debt Rate	0.2916%	0.2916%	\$336,250	
3	Sub-total		99.7084%	\$114,987,254	Linked from Sch. 4
4	Less: Current IURC Fee effective July 1 of each year	0.1276080%	0.1276%	\$147,162	
5	Income Before State Income Taxes		99.5808%	\$114,840,092	Linked from Sch. 4 (State Income Tax rate used is a blended rate. See WP Taxes.)
6	Less: State Income Tax (Current State Income Tax Rate * Line 5)	4.9000%	4.8795%	\$5,627,164	
7	IN Utility Receipts Tax (URT rate * Line 1) ^a	1.46%	1.4600%	\$1,683,723	Linked from Sch. 4
8	Income Before Federal Income Taxes		93.2414%	\$107,529,204	Linked from Sch. 4
9	Less: Federal Income Tax (Current Federal Income Tax Rate* Line 8)	21%	19.5807%	\$22,581,133	
10	Change in Operating Income		73.6607%	\$ 84,948,071	Ties to Sch. 4 NOI's Proforma Proposed NOI Adj.
11	Gross Revenue Conversion Factor (Line 1/ Line 10)		135.7576%		Linked from Sch. 1 Line 8

Utility Receipts Tax Tips:

a Utility Receipts Tax Calculation for utilities with Sales-for-Resale customers:				
Sales-for-Resale revenues are not subject to Utility Receipts Tax, and must be deducted from total Operating Revenues.				
Pro forma Present Sales for Resale Revenues as a % of Total Revenues Subject to Increase:				
Line				Ref.
12	Total Pro forma Present Sales for Resale Revenues	\$0		N/A
13	Divided by: Total Operating Revenues Subject to Increase	\$814,253,346		Sch. 4
14	% Operating Revenues That are Exempt from Utility Receipts Tax	0.0000%		
15	% Operating Revenues Subject to Utility Receipts Tax (1 -Line 14)	100.0000%		
Revised Line 7: Utility Receipts Tax (URT rate of 1.46% * Line 15 * Line 1)				

The IN Utility Receipts Tax is included in State Taxable Income.

Cause No. XXXXX
Northern Indiana Public Service Company LLC

Sch. 4 Net Operating Income (NOI)

Pro Forma Net Operating Income Statement

	Base Period Ended 12/31/2020	Pro forma Present Adjustments	Sch./WP References	Pro forma Present Rates	Pro forma Proposed Adjustments	Sch./WP References	Pro forma Proposed Rates
Operating Revenues:							
Gas Operating Revenues	\$ 711,775,365		Petitioner's Exhibit No. 3, Attachment 3-B-S2, REV Module	\$ 814,253,346	\$ 115,323,504		\$ 929,576,850
Retail Sales		\$ 85,423,626	REV 1				
ARP Revenues		(10,671,123)	REV 2				
TDSIC Revenues		23,204,719	REV 3				
FMCA Revenues		3,213,966	REV 4				
DSM Revenues		(1,119,400)	REV 5				
Transportation Revenues		726,416	REV 6				
Off-system Displacements		(25,650)	REV 7				
Other Gas Revenues		(20,415)	REV 8				-
InterDept Sales		82,517	REV 9				-
Forfeited Discounts		1,156,070	REV 10				-
Misc Service Revenue		456,936	REV 11				-
Rent from Gas Property		50,319	REV 12				-
Operating Revenues Subject to Increase Total	<u>711,775,365</u>	<u>102,477,981</u>		<u>814,253,346</u>	<u>115,323,504</u>	Linked to GRCF	<u>929,576,850</u>
Other Revenues:							
N/A	-	-		-			-
Other Revenues Total	<u>-</u>	<u>-</u>		<u>-</u>			<u>-</u>
Operating Revenues Total	<u>711,775,365</u>	<u>102,477,981</u>		<u>814,253,346</u>			<u>929,576,850</u>
Operations & Maintenance Expense:							
Gas Costs (Trackable)			Petitioner's Exhibit No. 3, Attachment 3-B-S2, COGS Module				
Retail Sales	264,943,015	81,830,945	COGS 1	346,773,960			346,773,960
ARP Gas Cost	6,455,295	(6,455,295)	COGS 2	-			-
Transportation Gas Cost	(257,174)	257,174	COGS 3	-			-
InterDept Sales	85,490	93,330	COGS 4	178,820			178,820
Other	1,768,978	-	COGS 5	1,768,978			1,768,978
Operations & Maintenance Expense (Non-Gas Costs)			Petitioner's Exhibit No. 3, Attachment 3-B-S2, O&M Module				
Labor	65,354,160	(6,534,798)	OM 1	58,819,362			58,819,362
Gas Operations	36,310,952	8,781,213	OM 2	45,092,165			45,092,165
Other Departments	21,352,621	(1,166,396)	OM 3	20,186,225			20,186,225
FMC	9,834,541	(9,486,541)	OM 4	348,000			348,000
TDSIC	70,610	(70,610)	OM 5	-			-
Nonrecoverable Expenses	-	(978,542)	OM 6	(978,542)			(978,542)
Corporate Service Bill	55,204,741	5,281,399	OM 7	60,486,140			60,486,140
Corporate Insurance	7,582,423	1,753,748	OM 8	9,336,171			9,336,171
Rents & Leases	2,697,458	3,075,277	OM 9	5,772,735			5,772,735
Environmental Reserve	4,478,759	(4,478,759)	OM 10	-			-
Uncollectibles	3,801,798	(1,427,669)	OM 11	2,374,129	\$336,250	Linked to GRCF	2,710,379
CIP	3,753,005	2,478,257	OM 12	6,231,262			6,231,262
Pension	(309,371)	(1,048,783)	OM 13	(1,358,154)			(1,358,154)
OPEB	2,893,962	(365,424)	OM 14	2,528,538			2,528,538
Medical Benefits	5,171,652	2,199,112	OM 15	7,370,764			7,370,764
Other Benefits	2,274,000	(2,095,104)	OM 16	178,896			178,896
Other Employee Benefits	4,235,554	(2,606)	OM 17	4,232,948			4,232,948
LTIP	302,451	258,897	OM 18	561,348			561,348
Profit Sharing	154,817	(154,817)	OM 19	-			-
Benefits Administration	570,020	46,311	OM 20	616,331			616,331
Fee Free Transaction Program	-	1,623,486	OM 21	1,623,486			1,623,486
Cause No. 44988 Amortization	453,249	(453,249)	OM 22	-			-
Operations & Maintenance Expense Total	<u>499,183,006</u>	<u>72,960,556</u>		<u>572,143,562</u>	<u>336,250</u>		<u>572,479,812</u>
Depreciation & Amortization:							
Depreciation Expense			Petitioner's Exhibit No. 3, Attachment 3-B-S2, DEPR Module				
Gas Plant Asset Depreciation	66,941,429	29,454,277	DEPR 1	96,395,706			96,395,706
Gas Common Depreciation Expense	896,815	213,895	DEPR 2	1,110,710			1,110,710
Amortization Expense			Petitioner's Exhibit No. 3, Attachment 3-B-S2, AMTZ Module				
Gas Plant Asset Amortization	1,284,387	(1,278,222)	AMTZ 1	6,165			6,165
Gas Common Amortization	4,547,885	7,381,005	AMTZ 2	11,928,890			11,928,890
TDSIC Regulatory Asset	-	3,513,780	AMTZ 3	3,513,780			3,513,780
FMCA Regulatory Asset	-	4,102,438	AMTZ 4	4,102,438			4,102,438
Cause No. 44988 Amortization	-	2,834,485	AMTZ 5	2,834,485			2,834,485
COVID Regulatory Asset	-	1,368,690	AMTZ 6	1,368,690			1,368,690
Gas Rate Case Expense	-	807,549	AMTZ 7	807,549			807,549
Depreciation & Amortization Total	<u>73,670,516</u>	<u>48,397,897</u>		<u>122,068,413</u>			<u>122,068,413</u>

Cause No. XXXXX
Northern Indiana Public Service Company LLC

Sch. 4 Net Operating Income (NOI)

Pro Forma Net Operating Income Statement

	Base Period Ended 12/31/2020	Pro forma Present Adjustments	Sch./WP References	Pro forma Present Rates	Pro forma Proposed Adjustments	Sch./WP References	Pro forma Proposed Rates
Taxes Other Than Income:							
			Petitioner's Exhibit No. 3, Attachment 3-B-S2, OTX Module				
Property Tax Expense	14,865,435	1,954,565	OTX 1	16,820,000			16,820,000
Payroll Taxes Expense	5,468,961	(52,499)	OTX 2	5,416,462			5,416,462
Sales Tax	(8,717)	8,717	OTX 3	-			-
IN Gross Utility Receipts Tax Expense	9,941,418	1,756,091	OTX 4	11,697,509	\$1,683,723	Linked to GRCF	13,381,232
Utility Regulatory Assessment (IURC Fee) Expense	974,756	47,035	OTX 5	1,021,791	\$147,162	Linked to GRCF	1,168,953
Taxes Other Than Income Total	31,241,853	3,713,909		34,955,762	1,830,885		36,786,647
Income Taxes:							
			Petitioner's Exhibit No. 3, Attachment 3-C-S2, ITX				
Federal and State Income Taxes	(6,245,304)	10,268,347		4,023,043	\$28,208,297	Linked to GRCF	32,231,340
Income Taxes Total	(6,245,304)	10,268,347		4,023,043	28,208,297		32,231,340
Total Operating Expenses	597,850,071	135,340,709		733,190,780	30,375,433		763,566,213
Net Operating Income	\$ 113,925,294	\$ (32,862,728)		\$ 81,062,566	\$ 84,948,071	Ties to GRCF	\$ 166,010,637

**Northern Indiana Public Service Company LLC
Gas Rate Case
Index of Issues, Requests, and Supporting Witnesses¹**

Subject	GENERAL	Supporting Witness (Petitioner’s Exhibit No. reference)
Test Year	Twelve Months Ended December 31, 2022.	• Newcomb (No. 3).
Historical Base Period	Twelve Months Ended December 31, 2020.	• Newcomb (No. 3)
Minimum Standard Filing Requirements	Organization of workpapers and other information in support of requested relief in accordance with the Commission’s GAO 2013-05 and the Minimum Standard Filing Requirements	• Newcomb (No. 3).

REVENUE REQUIREMENT

Subject	Request	Supporting Witness
Overall Revenue Increase	<ul style="list-style-type: none"> • Total annual increase in revenue of approximately \$115,323,504, or 14.16% in two steps. 	<ul style="list-style-type: none"> • Hooper (No. 1) (Overall policy) • Whitehead (No. 2) (overview and drivers) • Newcomb (No. 3). • Exhibit No. 3, Attachments 3-A-S1 and 3-A-S2.
Financial Forecast	<ul style="list-style-type: none"> • Set rates based on Test Year financial forecast. • Reflect forecasted O&M and capital investments in rates based on work plans, as adjusted. 	<ul style="list-style-type: none"> • Camp (No. 5) (overall development of O&M forecast and rate base). • Dousias (No. 4) (rate base forecast). • Newcomb (No. 3)) (adjustments to pro forma net operating

¹ This Index of the Company’s case-in-chief is intended to highlight issues and is not an exhaustive list of the requests in this proceeding. A complete account of the requested relief can be found in the case-in-chief, including but not limited to petition, testimony, exhibits, workpapers, and MSFR responses.

Subject	Request	Supporting Witness
		income, rate base and capital structure).
Revenue Forecast	<ul style="list-style-type: none"> • Test year weather normalized revenue forecast 	<ul style="list-style-type: none"> • Bartos (No. 16) (weather normalization) • Siegler (No. 18) (revenue and cost of gas sold forecast based upon weather normalization)
Return on Equity (ROE)	<ul style="list-style-type: none"> • Authorize 10.50% ROE. 	<ul style="list-style-type: none"> • Rea (No. 15)
Weighted Average Cost of Capital (WACC)	<ul style="list-style-type: none"> • Authorize forecasted WACC of 6.98% applied to original cost rate base. 	<ul style="list-style-type: none"> • Newcomb (No. 3)
Gas Infrastructure, Compliance and Integrity Management	<ul style="list-style-type: none"> • Description of system • Damage prevention and pipeline safety 	<ul style="list-style-type: none"> • Campbell (No. 11) • Sylvester (No. 9) (pipeline safety and associated adjustments) • Smith (No. 10) (damage prevention and associated adjustments)
Compensation and Benefits	<ul style="list-style-type: none"> • Compensation and benefit programs 	<ul style="list-style-type: none"> • Cartella (No. 12)
Corporate Allocations	<ul style="list-style-type: none"> • Service Company allocations 	<ul style="list-style-type: none"> • Bly (No. 6) (NSCS budgeting process) • Gode (No. 7) (allocation) • Baryenbruch (No. 8) (overall reasonableness and

Subject	Request	Supporting Witness
		necessity)
Prepaid Pension Asset	<ul style="list-style-type: none"> • Reflect in capital structure, as has been done in multiple recent NIPSCO cases 	<ul style="list-style-type: none"> • Newcomb (No. 3)
Taxes	<ul style="list-style-type: none"> • Reflect forecasted Test Year tax expense in base rates. • Proposed adjustment for future changes in tax rates affecting GRCF 	<ul style="list-style-type: none"> • Trapp (No. 14)
Depreciation	<ul style="list-style-type: none"> • Set new depreciation rates and reflect the resulting depreciation expense in base rates based on depreciation study. 	<ul style="list-style-type: none"> • Spanos (No. 13) (depreciation).
Terms and Conditions of Service and Tariffs	<ul style="list-style-type: none"> • Description of changes 	<ul style="list-style-type: none"> • Whitehead (No. 2)
Forecasted Rate Base	<ul style="list-style-type: none"> • Reflects forecasted capital projects in rate base • Description of forecast technique 	<ul style="list-style-type: none"> • Dousias (No. 4) (rate base forecast) • Camp (No. 5) (overall forecasting methodology)
Cost of Service Study and Overall Rate Design	<ul style="list-style-type: none"> • Description of overall ACOSS • Description of rate design 	<ul style="list-style-type: none"> • Amen (No. 17)

COST OF SERVICE AND RATE DESIGN

Subject	Proposal	Supporting Witness
Class Cost of Service Study (CCOSS)	<ul style="list-style-type: none"> • Propose gradualism to address subsidy and move classes closer to cost of service. 	<ul style="list-style-type: none"> • Amen (No. 17) (CCOSS, allocation factors).

Subject	Proposal	Supporting Witness
Overall Rate Design	<ul style="list-style-type: none">• Allocation of revenue increase.	<ul style="list-style-type: none">• Whitehead (No. 2) (Overview)• Amen (No. 117) (rate design).
Terms and Conditions of Service and Tariffs	<ul style="list-style-type: none">• Modifications to tariff	<ul style="list-style-type: none">• Whitehead (No. 2)