

---

---

VERIFIED DIRECT TESTIMONY OF VIOLET SISTOVARIS

---

---

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

2 A1. My name is Violet Sistovaris. My business address is 801 East 86<sup>th</sup>  
3 Avenue, Merrillville, Indiana 46410. I currently serve as Executive Vice  
4 President of NiSource Corporation and as President of Northern Indiana  
5 Public Service Company ("NIPSCO").

6 **Q2. Please describe your educational background.**

7 A2. I earned a bachelor's degree in business administration from Valparaiso  
8 University and a master's degree in business administration from Indiana  
9 University.

10 **Q3. Please describe your professional experience.**

11 A3. Before joining NiSource Inc. in 1995, I was Vice President, Training &  
12 Development at Centier Bank in Merrillville, Indiana. My banking  
13 experience centered in the areas of marketing, training and development  
14 and sales administration. In 1999, I began serving as Director for  
15 NIPSCO's Customer Contact Center. In November 2003, I served as Vice  
16 President, Customer Contact Centers and was responsible for directing

1 the operation of NiSource's customer contact centers and managing  
2 contacts with the 3.7 million residential natural gas and electric customers  
3 served by NiSource's energy distribution companies. In addition to these  
4 responsibilities, my 20 years of experience at NiSource includes positions  
5 in the areas of human resources, college and executive recruiting and  
6 management development. I accepted the position of Senior Vice  
7 President and Chief Information Officer at NiSource responsible for  
8 providing leadership and direction to NiSource's information technology,  
9 supply chain services, real estate and facilities management in August,  
10 2008. I accepted the position of Executive Vice President in July, 2015 and  
11 accepted my current position of President for NIPSCO in October, 2016.

12 **Q4. What are your responsibilities as President?**

13 A4. As President, I am responsible for all operations, regulatory strategy,  
14 customer, community, compliance, and financial functions at NIPSCO and  
15 for ensuring safe, reliable and affordable service to NIPSCO's 1.1 million  
16 electric and gas customers across the state.

17 **Q5. Have you previously testified before this or any other regulatory**  
18 **commission?**

1 A5. Yes. I previously submitted testimony in support of NIPSCO's most  
2 recent electric rate case in Cause No. 44688.

3 **Q6. Are you sponsoring any attachments to your testimony in this Cause?**

4 A6. Yes. I am sponsoring Attachments 1-A through 1-D, all of which were  
5 prepared by me or under my direction and supervision.

6 **Q7. What is the purpose of your testimony?**

7 A7. The purpose of my testimony is to provide an overview of NIPSCO and  
8 its role in northern Indiana, to briefly describe NIPSCO's gas system, to  
9 describe NiSource including its corporate structure and strategic vision  
10 and its commitments to its stakeholders, to explain how the NiSource  
11 vision and commitments have been embraced and executed at NIPSCO, to  
12 explain NIPSCO's customer service goals, to explain why NIPSCO is filing  
13 this case at this time, and to provide a brief overview of NIPSCO's case-in-  
14 chief.

15 **NIPSCO and its Role**

16 **Q8. Please briefly describe NIPSCO.**

17 A8. NIPSCO and its predecessor companies have been serving northern  
18 Indiana for over 100 years. NIPSCO provides natural gas service to more

1 than 819,000 customers in 32 counties across the northern third of Indiana  
2 and electric service to more than 468,000 customers in 20 counties in  
3 northwest Indiana. NIPSCO's nearly 3,000 employees average 13 years of  
4 service, and its nearly 600 gas operational employees average 14.3 years of  
5 service.

6 **Q9. Please provide an overview of NIPSCO's gas facilities.**

7 A9. NIPSCO's gas distribution system delivered natural gas to about 819,000  
8 customers in 32 counties in the northern tier of Indiana in 2016. About ten  
9 percent of those customers either transport their own gas or take  
10 advantage of NIPSCO's Choice program, while the remaining ninety  
11 percent of customers purchase sales service from NIPSCO. Table 1 below  
12 summarizes NIPSCO's customers by group:

13 **Table 1 – 2016 Historic Base Period Customer Data<sup>1</sup>**  
14

<b>Customer Class</b>	<b>Customers</b>	<b>% of Total</b>	<b>Throughput Volumes (Dth)</b>	<b>% of Total</b>
Residential	752,011	91.72%	60,115,255	17.69%
Commercial	64,485	7.86%	37,248,651	10.96%
Industrial	<u>3,412</u>	0.42%	<u>242,428,167</u>	71.35%
<b>TOTAL</b>	<b>819,908</b>		<b>339,792,072</b>	

15

---

<sup>1</sup> Source: NIPSCO response to 170 IAC 1-5-8(a)(3)(B) and 170 IAC 1-5-8(a)(3)(C)

1 As discussed in greater detail by NIPSCO Witness Campbell, NIPSCO  
2 operates a system of more than 17,000 miles of distribution and high  
3 pressure transmission line, along with on-system storage systems that are  
4 and will continue to be used and useful in providing service to those  
5 customers.

6 **Q10. What is significant about NIPSCO's customer base?**

7 A10. As Table 1 illustrates, while industrial customers make up less than one  
8 percent of the total NIPSCO gas customers, they accounted for more than  
9 70 percent of system throughput sales during the base year. NIPSCO's  
10 five largest customers reflect more than 40 percent of NIPSCO's annual  
11 throughput, which represents a unique risk profile. NIPSCO's service to  
12 industrial transportation customers is significantly higher than that for  
13 most gas utilities and poses a unique challenge to NIPSCO from a  
14 business perspective. Because a significant portion of the costs associated  
15 with providing gas are fixed in nature, reductions in throughput volume  
16 associated with business and manufacturing activity can result in a  
17 significant negative impact to revenues, earnings and other customers'  
18 rates.

1 **Q11. Please describe NIPSCO's role in northern Indiana.**

2 A11. NIPSCO plays a critical role in northern Indiana. Safe, reliable, and  
3 affordable energy is critically important to northern Indiana. NIPSCO is  
4 continually focused on improving customer service, enhancing the  
5 availability and reliability of electricity and natural gas, and providing an  
6 infrastructure to support new jobs and economic growth. NIPSCO  
7 remains sensitive to its customers in need, as demonstrated by NIPSCO's  
8 low income program and its work with trustee offices throughout its  
9 service territory. Ultimately, NIPSCO's goal and its vision is to be the  
10 premier utility in Indiana, and it is part of our mission to engage its  
11 customers, employees and community partners to continuously improve  
12 and achieve this goal. NIPSCO's leadership team and other employees  
13 serve critical roles in various community organizations. NIPSCO's  
14 Charity of Choice effort has provided more than \$840,000 in funds to  
15 community organizations over the last five years, and its Luminary  
16 Awards have shone a spotlight on community leaders to promote the  
17 importance of leadership in the continued economic viability of northern  
18 Indiana.

1 NiSource and its Strategic Vision.

2 **Q12. Please describe NiSource and its corporate structure.**

3 A12. NiSource is headquartered in Merrillville, Indiana. NiSource and its  
4 operating companies employ more than 8,000 employees. More than  
5 3,300 of those jobs are located in the State of Indiana, making NiSource  
6 among the largest employers in Indiana and one of the largest employers  
7 in the northwest region of the State. In addition to NIPSCO, NiSource  
8 includes six operating companies: Columbia Gas of Massachusetts,  
9 Columbia Gas of Kentucky, Columbia Gas of Maryland, Columbia Gas of  
10 Ohio, Columbia Gas of Pennsylvania, Columbia Gas of Virginia. Together  
11 the NiSource operating companies serve nearly 4 million natural gas and  
12 electric customers in seven states under the NIPSCO and Columbia Gas  
13 brands. The NiSource operating companies are supported by NiSource  
14 Corporate Services Company ("NCSC"), a service company providing  
15 shared services to all of the NiSource operating companies, including  
16 NIPSCO.

17 **Q13. How are the NiSource regulated operating companies organized?**

18 A13. With the separation of Columbia Pipeline Group in July 2015, NiSource  
19 became a pure-play regulated utility company. Each state team is

1 responsible for executing on local plans geared to benefit local customers  
2 and communities and is supported by a centralized operating group. The  
3 centralized operating group is built around delivering locally with a bias  
4 toward common philosophy, standard practices and shared platforms.  
5 This model helps deliver a consistent, disciplined approach while  
6 optimizing investments in each operating company which provides  
7 benefits to customers and communities across the NiSource footprint.  
8 Across all companies our goal is clear – everything we do must be driven  
9 by operating safely and improving how our customers are served, while  
10 at the same time enhancing value for all of our stakeholders.

11 **Q14. Please describe the NiSource strategic vision.**

12 A14. NiSource's aspiration is to become the premier regulated energy company  
13 in North America, with top-tier safety, customer service and reliability  
14 metrics, a solid foundation of engaged, aligned and safe employees, a  
15 strong financial profile, a wide range of investment-driven growth  
16 opportunities, and robust and sustainable earnings and cash flow. Our  
17 strategy consists of a three-part plan (1) to invest in needed infrastructure  
18 programs at our utilities to continue serving our customers safely and  
19 reliably, (2) to strengthen our financial foundation for access to capital to



1 continue making ongoing investments in service quality, environmental  
2 and reliability, and (3) to enhance processes, performance, safety and  
3 reliability across our companies to provide improved customer service.  
4 Achieving these core objectives ultimately will serve the interests of all of  
5 NiSource's key stakeholders, including customers, employees,  
6 communities and its financial stakeholders.

7 **Q15. Why is ongoing infrastructure investment a core objective for NiSource?**

8 A15. As the provider of critically important services to residential, commercial  
9 and industrial customers, the NiSource operating companies play an  
10 important role in the safety, comfort, and economic vitality of the  
11 communities they serve. Much of the infrastructure operated by the  
12 NiSource operating companies has been in service for many decades, and  
13 significant ongoing investment is required to maintain the systems in  
14 order to reliably meet current and long-term customer needs.

15 **Q16. Please explain the importance to NIPSCO of NiSource maintaining its**  
16 **investment grade credit rating.**

17 A16. In order to successfully execute on our vision, NiSource needs to operate  
18 from a solid financial foundation, with adequate liquidity and access to

1 capital on reasonable terms to support our ongoing investment in  
2 NiSource's operating companies. Access to capital on reasonable terms is  
3 the lifeblood of any capital intensive business and an important objective  
4 for NiSource. Access to capital is particularly critical for NiSource because  
5 of the need to make ongoing investments in service quality, safety  
6 compliance and reliability and the ability to obtain that capital on  
7 reasonable terms is important to manage the customer rate impact of such  
8 investments. For these reasons, NiSource has been making, and will  
9 continue to make, a concerted effort to maintain its improved corporate  
10 credit ratings. NIPSCO Witness Rea provides additional detail about the  
11 status and importance of access to capital on competitive terms as a driver  
12 for NIPSCO's success.

13 **Q17. What is NiSource's current credit rating?**

14 A17. NiSource credit ratings with the three rating agencies have continued on a  
15 positive trend based on its continued execution of its long-term  
16 infrastructure investment plan. As of September 1, 2017, NiSource credit  
17 ratings were:

18

<b>Rating Agency</b>	<b>Credit Rating</b>
Standard and Poor's	BBB+
Fitch	BBB
Moody's	Baa2

1

2 With the separation of CPG, NiSource became a 100% regulated utility  
3 holding company, which improved its business risk profile which has in  
4 turn driven improved credit ratings.

5 **Q18. Does the regulatory process impact NiSource's corporate credit rating?**

6 A18. Absolutely. Credit rating agencies closely follow and assess regulatory  
7 proceedings and their impact on a company's financial condition. To the  
8 extent that the NiSource operating companies, including NIPSCO,  
9 consistently receive timely and reasonable regulatory treatment, the more  
10 positive is the perception of NiSource by the rating agencies and the  
11 marketplace for capital in general. Specific regulatory outcomes also drive  
12 improvements in the NiSource balance sheet and overall financial  
13 performance, thereby increasing the likelihood for stabilization or  
14 improvement in the corporate credit rating.

15 Finally, I would note that the credit rating agencies, and financial markets  
16 in general, understandably are interested in and sensitive to the

1 regulatory process itself, including the degree to which procedures are  
2 transparent and understandable, as well as the timeframe within which  
3 filings are processed. Financial stakeholders understand these processes  
4 and have a sense that when cases are processed within a reasonable time,  
5 they will have more confidence in a given jurisdiction's regulatory process  
6 and its impact on the regulated companies they evaluate.

7 **Q19. Why is it a NiSource core objective to enhance processes, performance,**  
8 **safety and reliability, and with a high level of customer service?**

9 A19. When our services are provided efficiently to our nearly 4 million  
10 customers based on appropriate and safe processes, our performance is  
11 enhanced because our customers are comfortable that they are receiving  
12 the safe and reliable service they expect at a reasonable cost. Customers  
13 are entitled to expect responsive communication and access to accurate  
14 and timely information about the service they receive. It is therefore  
15 critical that our services be delivered in an efficient and transparent way  
16 in keeping with those expectations.

17 **Execution of the NiSource Vision at NIPSCO**

18 **Q20. How does the NiSource vision apply to NIPSCO?**

1 A20. The three core objectives of the NiSource vision are directly applicable to  
2 NIPSCO generally and to its gas operation specifically. First, NIPSCO has  
3 and will continue to have a need to invest in its gas infrastructure to  
4 continue serving our customers safely and reliably. That objective is  
5 reflected in the more than \$595 million NIPSCO has invested in its gas  
6 transmission, distribution, and storage assets since the close of its 2009  
7 historical test year in its last gas rate case in Cause No. 43894 as well as in  
8 the estimated \$482 million in additional investment to be completed  
9 through the end of the projected 2018 test year in this proceeding.<sup>2</sup>  
10 Second, the strengthening of the NiSource financial foundation for access  
11 to capital is critical to NIPSCO's ability to continue making the required  
12 investments in service integrity, quality and reliability. NIPSCO's 2016  
13 Moody's credit rating report states that an upgrade (or downgrade) of the  
14 NiSource credit rating could also place similar directional pressure on  
15 NIPSCO's credit rating. Finally, the enhancement of processes,  
16 performance, safety and reliability at NIPSCO has been and will continue  
17 to be critical to continued improvements in the safety of our system for  
18 our customers and the public as well as customer service and satisfaction.

---

<sup>2</sup> Original cost rate base less additions of former Northern Indiana Fuel & Light Company ("NIFL") and Kokomo Gas and Fuel Company ("Kokomo") net plant.

1 **Q21. How has NIPSCO approached its commitment to achieve industry**  
2 **leading safety performance?**

3 A21. NIPSCO has taken a number of steps to improve its safety performance.  
4 For example, NIPSCO has continued to improve its performance in  
5 reducing third-party damages to its underground gas facilities. As  
6 discussed by NIPSCO Witnesses Stone and Roberts, NIPSCO anticipates  
7 increases in expenses associated with pipeline safety and damage  
8 prevention to support not only increased compliance requirements but  
9 also in furtherance of NIPSCO's commitment to industry-leading safety  
10 performance.

11 **Q22. How has NIPSCO approached its commitment to top-tier customer**  
12 **satisfaction and brand perception?**

13 A22. NIPSCO's commitment to top-tier customer satisfaction and brand  
14 perception has been demonstrated in improvement in customer  
15 satisfaction and brand perception metrics. In addition to posting the  
16 largest increase in overall customer satisfaction among the nation's mid-  
17 sized electric utilities through the second quarter of 2016 as measured by  
18 J.D. Power and Associates, NIPSCO recently learned that its J.D. Power  
19 overall customer satisfaction scores in the large gas utility segment also

1 posted impressive performance increases. NIPSCO plans to introduce a  
2 number of service enhancements for its customers in the near future  
3 including an enhanced and simplified web presence and introduction of  
4 improved billing and payment options. NIPSCO's low income program is  
5 also seen as a model of efficiency and effectiveness within Indiana.

6 **Q23. How has NIPSCO approached its commitment to system investments**  
7 **for service integrity?**

8 A23. NIPSCO's commitment to ongoing investments required to systematically  
9 and efficiently deliver service integrity has been demonstrated through  
10 the significant investment in gas utility transmission, distribution and  
11 storage assets since its last rate case, including replacement of several  
12 large transmission projects and progress toward the elimination of the  
13 bare steel distribution lines in Gary, Indiana. Since 2010, NIPSCO has  
14 invested more than \$595 million in its transmission, distribution, and  
15 storage assets. These ongoing investments in NIPSCO's gas transmission,  
16 distribution and storage systems are required as a result of: (1) new  
17 delivery infrastructure to serve new customers; (2) compliance with  
18 evolving standards for the safety of underground pipelines, (3)  
19 replacement of infrastructure to modernize systems and enhance capacity.

1 NIPSCO continues to balance the need for new investments with the cost  
2 to its customers.

3 **Q24. How has NIPSCO approached its commitment to provide dependable**  
4 **and timely service and emergency response?**

5 A24. NIPSCO's commitment to provide dependable and timely service and  
6 emergency response is demonstrated by the substantial improvement in  
7 its gas emergency response rate to an average of 23 minutes. As NIPSCO  
8 Witness Stone discusses, NIPSCO has also hired new facilities locate  
9 contractors to provide improved timeliness and accuracy in locating its  
10 underground gas facilities. For another example, one area where NIPSCO  
11 has had an ongoing focus is in connecting new customers. NIPSCO  
12 reviewed and improved its internal processes, developed employee  
13 training and employed new technologies to now meet internal deadlines  
14 for the connection of new customers 90 percent of the time.

15 **Q25. Has NIPSCO delivered on its commitment to expand gas service to**  
16 **previously unserved areas?**

17 A25. Yes. NIPSCO has added more than 27,500 customers since the close of the  
18 2009 test year in its last rate case, with a significant number of those



1 additions coming in the rural portions of its service territory where  
2 natural gas service was not previously available.<sup>3</sup> Specifically, NIPSCO  
3 has seen especially strong growth in Crown Point, Dyer, Demotte,  
4 Goshen, Plymouth and Ft. Wayne areas. NIPSCO projects that about  
5 4,200 customers will be added through the end of the 2018 forecasted test  
6 year in this case as discussed in greater detail by NIPSCO Witness Efland.

7 **Q26. Has NIPSCO delivered on its commitment to be recognized as among**  
8 **the best places to work?**

9 A26. It has. In May of 2017 NiSource was named by *Forbes* magazine as one of  
10 America's Best Large Employers for the second consecutive year, and  
11 number 61 out of the 500 companies listed, and the top company in the  
12 utility segment. At that time, NIPSCO was recognized by *The Times of*  
13 *Northwest Indiana* as one of the three best places to work in northwest  
14 Indiana. NIPSCO takes its employee relations seriously and has  
15 continued to pursue opportunities to enhance responsiveness and  
16 involvement by providing its employees with charitable and community

---

<sup>3</sup> These additions do not include the customers added through the 2011 merger of the former Northern Indiana Fuel & Light Co. and Kokomo Gas & Fuel Co. into NIPSCO.

1 outreach opportunities as well as support for employee training and  
2 development and inclusion and diversity initiatives.

3 **Q27. Has NIPSCO contributed to sustained growth in earnings and**  
4 **dividends for its investors?**

5 A27. Yes. NiSource has continued to experience sustained growth in both  
6 earnings and dividends to which NIPSCO as an operating company has  
7 made a significant contribution. Among its successes have been the  
8 ongoing investment in its gas and electric infrastructure and the successful  
9 execution of its ongoing environmental compliance efforts on the electric  
10 side of its business. NIPSCO remains the lowest cost provider of natural  
11 gas service in Indiana and among the lowest in the nation, but ongoing  
12 investments in its workforce and increases in pipeline safety and  
13 depreciation expenses dictate that its overall basic rates and charges be  
14 increased for the first time since 1988.

15 **Customer Service**

16 **Q28. What is NIPSCO's customer service goal?**

17 A28. NIPSCO's goal is to be the premier utility in Indiana in every aspect of its  
18 performance, including interaction with its customers. NIPSCO evaluates

1 its performance with customers using multiple metrics, as discussed  
2 below.

3 **Q29. What steps has NIPSCO taken to improve customer service?**

4 A29. NIPSCO collects direct input and feedback from its customers through a  
5 range of methods, which is broadly referred to internally as our "Voice of  
6 Customer" process. Those feedback mechanisms include the J.D. Power  
7 Customer Satisfaction Surveys, MSR Group Surveys, NIPSCO's  
8 Community Advisory Panels, NiSource's My Energy Insights On-line  
9 Customer Panels, comments and complaints that are emailed or called  
10 into NIPSCO's Call Center, as well as the Commission's consumer affairs  
11 division. Also, we are members of several industry associations and we  
12 research best practices that have been demonstrated by those within the  
13 utility sector, as well as those outside of our industry.

14 NIPSCO has long taken advantage of feedback from its customers,  
15 employees and other stakeholders to uncover trends, and such feedback  
16 has served as the primary driver behind many of the operational changes,  
17 improvements in customer communications, enhancements to services  
18 and added programs and other offerings that have been implemented by

1 the Company. Examples include:

2 • *NIPSCO Ambassadors* (launched 2009) – A program providing  
3 employees with a resource to direct customer inquiries initiated  
4 through employees to the right resources to provide prompt and  
5 accurate answers.

6 • *NIPSCO Alerts* (launched in 2014) – A program enabling customers  
7 to receive alerts regarding outages, updated restoration times, and  
8 completion notices via text, email, or phone. *NIPSCO Alerts* was  
9 upgraded in 2015 to permit enhanced features on mobile devices  
10 including the ability to report service outages and receive billing  
11 reminders through a range of user selectable preference options.  
12 More than 22,000 customers have enrolled in this program through  
13 2016.

14 • *Comprehensive Gas & Electric Bill Redesign* (2015) - The bill  
15 redesign provided an updated, clean, easier to read format and was  
16 based on customer input.

17 NIPSCO has also responded to direct customer feedback by addressing  
18 one of the largest historical sources of dissatisfaction among NIPSCO

1 customers – estimated bills. By the end of 2015, NIPSCO completed the  
2 replacement of nearly all natural gas meters with Automated Meter  
3 Reading technology. This technology allows NIPSCO to substantially  
4 reduce if not eliminate estimated bills for all but the most severe weather  
5 periods.

6 NIPSCO also tracks feedback from customers that have been recently  
7 connected to assess how the experience went from a customer perspective.  
8 The “Net Promoter” score tracks the percentage of customers stating that  
9 they would recommend NIPSCO as a service provider based on their  
10 experience. While the Net Promoter score is more typically used in  
11 competitive business, we think it is valuable to understand how our initial  
12 customer experience is perceived and whether customers are satisfied.

13 NIPSCO's focus on its customers has resulted in the fewest customer  
14 complaints per 1,000 customers at the Commission, and NIPSCO leads  
15 major utilities with the fewest justified complaints.

16 **Q30. Have NIPSCO's customer service ratings improved?**

17 A30. Yes. As I discussed above, NIPSCO's J. D. Power and Associates average  
18 customer satisfaction ratings have continued to trend upward for the past

1       several years, and NIPSCO gas posted a 28 point increase in the most  
2       recent J.D. Power report. This is consistent with the increase on the  
3       electric side of NIPSCO's business where it recently posted the largest  
4       increase in overall customer satisfaction among the nation's mid-sized  
5       electric utilities. While NIPSCO aspires to even better performance, we  
6       are optimistic that our improved customer focus will continue to produce  
7       improvements into the future.

8       **Q31. In NIPSCO proposing any new customer-driven initiatives in this**  
9       **proceeding?**

10      A31. Yes. As discussed in greater detail by NIPSCO Witnesses Caister and  
11      Isensee, NIPSCO is seeking to initiate a new program permitting bills to  
12      be paid by credit card with no additional fee charged for that convenience.  
13      This payment option has been requested by customers and we expect it to  
14      be popular.

15      **Q32. Please describe NIPSCO's customer service facilities.**

16      A32. NIPSCO's main customer contact facility is located at its headquarters in  
17      Merrillville, Indiana and employs 156 Customer Service Representatives  
18      ("CSRs"). NIPSCO also maintains a walk-in facility in Gary, Indiana with

1           11 CSRs. The Gary facility also houses our disaster recovery site. In  
2           addition to the primary call center, NIPSCO also maintains specific points  
3           of contact for New Business (separately for residential and non-  
4           residential), and Builder Developers in addition to the Major Accounts  
5           Business Link system (that handles rates, billing, and related issues for  
6           their designated customers).

7           **This Proceeding**

8           **Q33. Why is NIPSCO filing this case at this time?**

9           A33. NIPSCO is filing this case in an effort to begin to address some of the  
10          challenges NIPSCO is currently facing that are reflected in its current rates  
11          and rate structure. As discussed in more detail by NIPSCO Witness  
12          Caister, the result is that NIPSCO's current rates are insufficient to permit  
13          it to recover its ongoing cost of operation.

14          **Q34. What are some of the challenges faced by NIPSCO?**

15          A34. First, as discussed by NIPSCO Witness Roberts, federal pipeline safety  
16          requirements have increased since NIPSCO's base rates were last  
17          thoroughly adjusted. These heightened requirements are beneficial for the  
18          safe operation of gas systems and result in enhanced levels of system  
19          integrity, but come at an increasing cost. The cost is not only associated

1 with the installation of upgraded facilities, but also to enhanced  
2 monitoring and maintenance with a focus on proactive risk reduction.  
3 NIPSCO is committed to not only being in compliance with these  
4 requirements but also to fostering a safety focused culture throughout our  
5 organization.

6 Second, NIPSCO's overall rate structure is based on conditions in the gas  
7 industry that predate the unbundling of the interstate pipeline network  
8 and as a result, while those rates have been augmented and adjusted from  
9 time to time, they have not received a full "makeover" in several decades.  
10 While this has produced low, stable rates over a long period of time,  
11 NIPSCO's gas rates today are not an accurate reflection of either the make-  
12 up of NIPSCO's customers today or the cost to serve them as discussed at  
13 greater length by NIPSCO Witness Amen.

14 Finally, the depreciation expense reflected in NIPSCO's rates requires  
15 adjustment to reflect the current state of investment and condition. The  
16 settlement agreement approved in NIPSCO's last rate case (Cause No.  
17 43894) allowed NIPSCO to rebuild the book value of its gas assets, but  
18 also contributed to a deficiency in rates that has been accentuated by



1 NIPSCO's increased investment.

2 **Overview of NIPSCO's Case-In-Chief**

3 **Q35. Please identify the witnesses offered by the Company.**

4 A35. Attachment 1-A identifies NIPSCO's witnesses and the subject matter of  
5 their testimony.

6 **Notices**

7 **Q36. Did NIPSCO provide notice of its intent to file a gas rate case in**  
8 **accordance with the Commission's General Administrative Order 2013-**  
9 **5?**

10 A36. Yes. Attachment 1-B is a copy of NIPSCO's notice that was hand  
11 delivered to the Secretary to the Commission on August 28, 2017, a copy  
12 of which was provided to the Indiana Office of Utility Consumer  
13 Counselor ("OUCC") and other anticipated intervenors via email  
14 transmission. NIPSCO has met with the OUCC, the NIPSCO Industrial  
15 Group and other parties to NIPSCO's settlement agreements approved in  
16 NIPSCO's last gas rate case along with other stakeholders and anticipated  
17 intervenors to discuss its filing first beginning in May, 2017, with  
18 additional discussions since that time.

1 **Q37. Will NIPSCO publish notice of the filing of this case in each County**  
2 **where it provides gas service?**

3 A37. Yes. Attachment 1-C will be a copy of each of the Publishers' Affidavits  
4 associated with the notices published in accordance with the law and  
5 Commission practice. This attachment will be organized alphabetically by  
6 County, and will be filed with the Commission once all of the Publishers'  
7 Affidavits have been received.

8 **Q38. Will NIPSCO provide its residential customers with written notice of**  
9 **the relief requested in this proceeding?**

10 A38. Yes. Attachment 1-D will be a copy of the written notice provided to  
11 residential customers within 45 days of the filing of the petition in this  
12 proceeding. This notice will be provided as a bill insert to our residential  
13 customers consistent with the Commission's rules. This attachment will  
14 be filed with the Commission when available.

15 **Q39. Does this conclude your prefiled direct testimony?**

16 A39. Yes.

**VERIFICATION**

I, Violet Sistovaris, President of Northern Indiana Public Service Company, affirm under penalties of perjury that the foregoing representations are true and correct to the best of my knowledge, information and belief.



\_\_\_\_\_  
Violet Sistovaris

Date: September 27, 2017

**Petitioner's Exhibit No. 1**  
**Attachment 1-A**

<b>Witness</b>	<b>Major Topics</b>
<b>Violet Sistovaris</b> President NIPSCO	Company Vision / Mission Overview of Case Customer Service Goals
<b>Timothy R. Caister</b> Vice President, Regulatory Policy NIPSCO	Overview of Current Rates Drivers for Rate Case Collaborative Approach Objectives of Rate Design Deprecation Credit Two-Step Rate Implementation Fair Value Net Operating Income
<b>Derric J. Isensee</b> Executive Director, Rates and Regulatory Finance NIPSCO	Revenue Requirement Pro-Forma Adjustments Original Cost Rate Base Accounting Issues
<b>Clifton E. Scott</b> State Finance Director NIPSCO	Overview of Planning Process Forward Test Year Budget and Adjustments
<b>Albert A. (Andy) Stone</b> Vice President and General Manager NIPSCO	Operations Overview Damage Prevention and Pipeline Safety O&M Budget Adjustments
<b>James S. Roberts</b> Director of Pipeline Safety NCSC	System Integrity and Design Pipeline Safety Programs Budget Adjustments
<b>Andrew S. Campbell</b> Director of Regulatory Support & Planning NIPSCO	Gas System Infrastructure Gas Supply Operations Gas Tariff Changes Curtailment (Rule 13) Planning Assumptions for Cost of Gas Sold
<b>Ronald J. Harper</b> Director, Work Planning NCSC	NCSC Accounting Policies and Procedures NCSC Services to NIPSCO NCSC Cost Allocation NCSC Planning Process and Forward Test Year Budget Proposed Adjustments to NCSC Expense

**Petitioner's Exhibit No. 1**  
**Attachment 1-A**

<b>Witness</b>	<b>Major Topics</b>
<b>Christopher P. Smith</b> Vice President, Human Resources NCSC	NIPSCO's Wages and Salaries Incentive Compensation and Benefits NIPSCO's Incentive Compensation Adjustment
<b>John J. Spanos</b> Senior Vice President Gannett Fleming Valuation and Rate Consultants, LLC	Proposed Depreciation Rates Depreciation Study
<b>Ann E. Bulkley</b> Vice President Concentric Energy Advisors, Inc.	Fair Value Rate Base (Replacement Cost New Less Depreciation)
<b>Michael D. McCuen</b> Director, Tax Planning and Accounting NCSC	NIPSCO's Expense Adjustments for (1) Federal and State Income Tax and (2) Taxes other than Income
<b>Vincent V. Rea</b> Director, Regulatory Finance and Economics NCSC	Capital Structure and Weighted Average Cost of Capital Debt Financing Activities Credit Ratings Capital Structure Adjustments Rate of Return Return on Common Equity Fair Rate of Return on Fair Value
<b>Amy Efland</b> Lead Forecasting Analyst NCSC	Weather Normalization
<b>Ronald J. Amen</b> Director Black & Veatch	Allocated Class Cost of Service Study Rate Design Revenue Proof and Typical Bill Special Studies Utilized in Allocated Class Cost of Service Study to Apportion the Various Categories of Plant and O&M Expenses to Customer Classes

**Petitioner's Exhibit No. 1**  
**Attachment 1-A**

<b>Witness</b>	<b>Major Topics</b>
<b>Curt A. Westerhausen</b> Director, Rates and Contracts NIPSCO	Principles and Objectives for Designing Rates Proposed Rates, Riders and Rules and Regulations Revenue Adjustments Usage Adjustments AMR Opt-Out



August 28, 2017

RECEIVED

AUG 28 2017

INDIANA UTILITY  
REGULATORY COMMISSION

**Via Hand Delivery**

Mary M. Becerra  
Secretary to the Commission  
Indiana Utility Regulatory Commission  
101 West Washington Street  
Suite 1500 East  
Indianapolis, Indiana 46204

**RE: *Notice of Intent to File Gas Rate Case***

Dear Ms. Becerra:

In accordance with Indiana Utility Regulatory Commission General Administrative Order 2013-5, Northern Indiana Public Service Company hereby provides notice of its intent to file a gas rate case pursuant to Ind. Code § 8-1-2-42.7 on or after September 27, 2017. Please let me know if you have any questions or concerns about this notice.

Sincerely,

A handwritten signature in black ink, appearing to read "Timothy R. Caister", is written over a horizontal line.

Timothy R. Caister  
Vice President, Regulatory Policy

cc: **Via Email Transmission**  
William Fine ([wfine@oucc.in.gov](mailto:wfine@oucc.in.gov))  
Bette J. Dodd ([bdodd@lewis-kappes.com](mailto:bdodd@lewis-kappes.com))  
Todd A. Richardson ([trichardson@lewis-kappes.com](mailto:trichardson@lewis-kappes.com))  
Jennifer Washburn ([jwashburn@citact.org](mailto:jwashburn@citact.org))

**Petitioner's Exhibit No. 1**  
**Attachment 1-C**

To be submitted as a late-filed exhibit



**Petitioner's Exhibit No. 1**  
**Attachment 1-D**

To be submitted as a late-filed exhibit