VERIFIED SETTLEMENT TESTIMONY OF ERIN E. WHITEHEAD

<u>Introduction</u>

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

A1. My name is Erin E. Whitehead. My business address is 150 West Market Street, Suite 600, Indianapolis, Indiana 46204. My position is Vice President of Regulatory Policy and Major Accounts for Northern Indiana Public Service Company LLC ("NIPSCO" or the "Company").

Q2. Are you the same Erin E. Whitehead who previously prefiled direct testimony in this Cause?

A2. Yes.

Q3. What is the purpose of your settlement testimony?

A3. The purpose of my settlement testimony is to support the Stipulation and Settlement Agreement entered into as of the 2nd day of March, 2022, by and between NIPSCO, NIPSCO Industrial Group ("Industrial Group"), Steel Dynamics, Inc. ("SDI"), and the Indiana Office of Utility Consumer Counselor ("OUCC") (collectively the "Settling Parties") (the "Settlement"). My testimony provides (1) an overview of the Settlement (2) a summary of key issues, and (3) an explanation of why the Settlement is in the public interest.

Q4. On whose behalf are you testifying?

A4. I am testifying on behalf of NIPSCO. While the Settling Parties have reviewed and had an opportunity to comment on the testimony I am providing prior to its filing, the other Settling Parties may not agree with all opinions and explanations contained in my testimony. This is also the case with respect to NIPSCO's view of the other Settling Parties' testimony. Neither my testimony nor the testimony presented by any other Settling Party changes the substance of the Settlement Agreement.

I am authorized by all Settling Parties to inform the Commission that all Settling Parties believe that: (a) the Settlement as a whole represents a reasonable resolution of all the issues in this Cause; (b) approval of the Settlement is in the public interest; and (c) all Settling Parties strongly encourage the Commission, after considering the evidence in support of the Settlement, to find the Settlement to be reasonable and in the public interest and promptly enter an order approving the Settlement in its entirety.

Q5. Are you sponsoring any attachments to your settlement testimony?

A5. Yes. Together with the other Settling Parties, I am sponsoring Joint Exhibit 1 which is a copy of the Settlement in this Cause. I also sponsor the resulting rate design, together with revenue proof, set forth in Attachment 2-S-A.

Q6. What specific objectives were addressed in the Settlement?

A6. The specific objectives addressed in the Settlement are to establish a level of basic rates and charges for NIPSCO which are calculated to provide the opportunity to earn a fair return on the fair value of its plant and equipment. The Settlement was entered after NIPSCO had filed its case-in-chief testimony, other parties had filed their respective cases-in-chief, and NIPSCO was actively working to complete and file rebuttal testimony. The specific issues that were raised by the OUCC and Industrial Group that were resolved in the Settlement are discussed below.

Overview of the Settlement

Q7. Please provide an overview of the settlement process.

A7. The specific issues discussed and compromises proposed are privileged and confidential, but it is fair to say that NIPSCO followed an open and transparent process to communicate details of its proposals and the rationale and support behind them. NIPSCO worked with its stakeholders, including responding to data requests and informal requests for information, and conducting informal and settlement discussions, which led to execution of the Settlement. The result is a settlement that reflects input from and the interests of a broad range of customer and industry groups.

Q8. Please provide an overview of the Settlement.

A8. The Settlement documents an agreement reached between NIPSCO and its stakeholders that addresses the issues raised in this Cause. The Settlement is comprehensive in scope and proposes resolution to all issues. The Settlement provides NIPSCO with an increase in rate revenue sufficient to enable it to meet its revenue requirement and provide an adequate return on the investments made on behalf of its customers. After much compromise, NIPSCO agreed to a 35% reduction from the increase requested in its case-in-chief. Although the Settlement is an entire negotiated package, I will summarize the significant terms as well as parties' positions on some key issues and explain how the issues are reasonably addressed by the Settlement.

Revenue Requirement and Net Operating Income

Q9. How does the Settlement address revenue requirement and net operating income?

A9. As discussed in greater detail by NIPSCO Witness Newcomb, the Settling Parties agreed that NIPSCO's base rates will be designed to produce revenue at proposed rates of $886,319,992, resulting in a proposed authorized net operating income of $158,422,838.[1]

Return on Equity

Q10. Is the return on equity underlying the Settlement reasonable?

A10. Yes. The Settling Parties have stipulated that NIPSCO's return on equity is 9.85%, which is the current return on equity that was agreed to and approved as part of the settlement in Cause No. 44988. The agreed upon amount is within the range of litigation outcomes and represents a reasonable resolution of the issue in this case. NIPSCO would note that in the recent major gas general rate case involving CenterPoint Indiana North (Indiana Gas Co.), Cause No. 45468 (Order November 17, 2021), the Commission approved a stipulated return on equity of 9.80%. In my opinion, the differences between NIPSCO and Indian Gas Co. as well as the other provisions of the Settlement warrant the slightly higher return on equity here.

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[1] Both the revenue at proposed rates and net operating income are adjusted for the Rate Base Update Mechanism set forth in Paragraph B.7 of the Settlement.

Depreciation Expense

Q11. How does the Settlement address depreciation expense?

A11. NIPSCO has agreed to two very significant adjustments that will greatly reduce depreciation expense. First, NIPSCO has accepted the request made by both the OUCC and the Industrial Group to switch from using the Equal Life Group procedure (the procedure that NIPSCO has used for many years and several depreciation studies in calculating its depreciation accrual rates) to the Average Life Group (ALG) procedure. Second, NIPSCO has accepted the service life change proposed by Industrial Group Witness Andrews for Account 380. For the remainder of accounts, the depreciation accrual rates are those that were calculated by Mr. Spanos using the ALG procedure that were previously provided to the parties in discovery. Combined, these two adjustments have reduced NIPSCO's revenue requirement by $20,873,803. Together these adjustments represent the largest reduction to NIPSCO's case-in-chief revenue increase and therefore serve to mitigate the increase on customers. While NIPSCO has agreed in this gas rate case to this change in depreciation methodology, such agreement for purposes of this settlement should not be interpreted as agreement that it is more appropriate to use the ALG methodology. These changes have the corresponding effect of reducing NIPSCO's internally generated funds, thereby increasing its needs to secure capital from external sources.

<u>Acceleration of the Indiana EDIT</u>

Q12. What is the balance of NIPSCO's Indiana EDIT at the beginning of the test year?

A12. As provided in response to Industrials Request 3-003, the Company has $8,199,518 of Indiana EDIT as of the year ended December 31, 2021, consisting of $3,137,994 of protected Indiana EDIT and $5,061,524 of unprotected Indiana EDIT.

Q13. How has NIPSCO included the refund of Indiana EDIT to customers in the test period?

A13. NIPSCO applied the average rate assumption method "ARAM" for both protected and unprotected and included Indiana EDIT amortization of $305,737 as a reduction of state income taxes for the test period, which represents protected Indiana EDIT amortization of $114,046 and unprotected Indiana EDIT amortization of $191,691.

Q14. Did Mr. Gorman recommend acceleration of NIPSCO's Indiana EDIT?

A14. Yes. Mr. Gorman testified that Indiana EDIT can be amortized in accordance with the Commission's discretion and is not required to be refunded due to ARAM, which is approximately 27 years. Mr. Gorman recommended that the Indiana EDIT should be refunded to customers as quickly as possible to reduce the cost of service that can offset a portion of the Company's proposed rate increase. Mr. Gorman also believed that a faster amortization period will result in a more balanced treatment to the current generation of ratepayers, without creating any detriment to NIPSCO or its future customers.

Q15. How does the Settlement resolve this issue?

A15. NIPSCO has agreed to Mr. Gorman's proposal. Accelerating the amortization to 4 years increases the Indiana EDIT amortization from $305,737 to $2,049,880, resulting in an adjustment of $1,744,143.

Q16. Is there anything further to add concerning the potential acceleration of amortization of Indiana EDIT?

A16. Yes. The amortization and resulting reduction in rates must be timed to coincide with the actual passback of all of the EDIT. This is consistent with the passback of unprotected federal EDIT. The Settlement provides that

NIPSCO will make a compliance filing in this Cause to increase rates to reflect the cessation of amortization (one for federal and one for state) upon the passback of all EDIT. To the extent approval of the compliance filing does not perfectly match the cessation of amortization, the Settlement provides that NIPSCO be permitted to defer for future recovery any difference.

Rate Case Expense and Amortization

Q17. How does the Settlement address rate case expense?

A17. There are two adjustments to rate case expense as a result of Settlement. First, NIPSCO accepted the OUCC's proposed reduction in rate case expense of $63,055 to reflect lower estimated costs of Billing System Rate Implementation. Second, NIPSCO has reduced overall rate case expense by an additional $200,000 to reflect anticipated reduced costs, since there will not be a litigated final hearing and post hearing submissions. To be consistent with precedent before this Commission, NIPSCO has not accepted OUCC Witness Courter's proposal to share rate case expense.

Q18. Over what period will rate case expense be amortized?

A18. In keeping with the OUCC's recommendation, rate case expense will be amortized over four years. To minimize the number of compliance filings at the expirations of amortization, NIPSCO will also amortize the regulatory assets associated with the deferrals for TDSIC, FMCA, and COVID over four years.

<u>NIPSCO's Proposed Tax Mechanism</u>

Q19. Did the OUCC oppose NIPSCO's proposed tax mechanism?

A19. Yes. OUCC Witness Grosskopf disagreed with NIPSCO's proposal to "automatically" adjust its base rates for potential, future changes in federal income tax rate, Indiana state income tax rate, utility receipts tax ("URT") rates, or public utility fee ("PUF") rates. OUCC Witness Grosskopf indicated in his direct testimony that NIPSCO is requesting authority to automatically update its rates in the event of an income tax rate change before the scope of any future change is known. OUCC Witness Grosskopf believes that the proposal is speculative and premature and that in the event of a tax rate or fee change, NIPSCO should be required to make a filing setting forth how it proposes to implement a tax rate or fee change, which gives the OUCC, other interested parties, and the Commission an opportunity to evaluate the request at the time it is made.

Q20. How does the Settlement address NIPSCO's proposed tax mechanism?

A20. NIPSCO agreed to withdraw its request pertaining to future changes in URT or PUF. NIPSCO further agreed that in the event of future legislation that would change either the federal or state income tax rate, NIPSCO would seek approval of a new rider in a docketed proceeding to implement related rate changes. The new rider would function like the first phase of the Commission's Investigation into the effects of the Tax Cuts and Jobs Act of 2017 in Cause No. 45032.

In Section B.4.(b) of the Settlement, the Settling Parties agreed NIPSCO would have authority to seek a rate adjustment to reflect the difference between: (1) the amount of federal or state taxes 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 or state taxes that would have been embedded in the given rate or charge had the new tax rate applicable to NIPSCO as a result of the new legislation been in effect at the time of approval. To the extent new statutory state and federal income tax rates affect NIPSCO's EADIT, NIPSCO may also seek authority to evaluate any related ratemaking effects. NIPSCO may also seek authority to use regulatory accounting, such as regulatory assets or liabilities, for all calculated differences resulting from adoption of new statutory state and federal income tax rates.

In accordance with Section B.4.(b)(v) of the Settlement, the Settling Parties agree that the request for the rider can be made outside of a general rate case but all parties have reserved all rights to take any position as to the merits of any new rider filing made by NIPSCO seeking to implement any future statutory change to state and federal income tax rates or EADIT effects.

Operating Revenues

Q21. What adjustments were agreed to in the Settlement relating to NIPSCO's Operating Revenues.

A21. NIPSCO Witness Newcomb discusses the agreed increase in Gas Rent Revenue.

O&M Expenses

Q22. What adjustments were agreed to in the Settlement relating to NIPSCO's O&M Expenses.

A22. In accordance with Section B.6. of the Settlement, the Settling Parties agreed to a reduction in Gas Operations, Uncollectible Expense, and Fee Free Transaction Expense, for a total reduction of $2,958,602.

<u>Gas Operations Adjustment.</u>

Q23. Did the OUCC oppose NIPSCO's proposed adjustments for Damage Prevention (Adjustment OM 2A) and Gas Measurement & Transmission ("GM&T") (Adjustment OM 2B)?

A23. Yes. OUCC Witness Smith proposed an adjustment of $2,549,505 because NIPSCO had not yet initiated the hiring process for the new labor positions.

Q24. What is the status of hiring these new positions?

A24. There were several factors that had impacted the timing of hiring the internal positions, including training center capacity and changes to the human capital management system. NIPSCO currently anticipates that the labor positions will be filled between the period May through July, 2022.

Q25. How does the Settlement resolve this issue?

A25. As shown by Section B.6.(a) of the Settlement, NIPSCO agreed to a reduction of $1,275,000 from its case-in-chief position based on its expectation to make significant progress filling these positions and also, as further discussed below, NIPSCO's total budgeted labor expense for the test year is already several million dollars below its historical 2020 and 2021 labor expense. Accordingly, NIPSCO feels the reduction serves as a reasonable compromise on this issue.

Uncollectible Expense

Q26. How does the Settlement resolve the issue over Uncollectible Expense raised by the OUCC?

A26. As shown by Section B.6.(b) of the Settlement, the Settlement accepts the OUCC's proposed reduction of $60,116 from $2,374,129 to $2,314,013.

Fee Free Transaction

Q27. Did the OUCC oppose NIPSCO's proposed adjustment to implement a Fee Free Transaction program for payment of bills at pay stations or through debit or credit cards?

A27. Yes. OUCC Witness Viefhaus recommended the entire Fee Free Transaction program expense be denied.

Q28. How does the Settlement resolve this issue?

A28. As shown by Section B.6.(c) of the Settlement, the Settlement does not include NIPSCO's proposed adjustment of $1,623,486.

<u>Labor Expense</u>

Q29. Did the Industrial Group oppose NIPSCO's labor expense as proposed in its case-in-chief?

A29. Yes. Industrial Group Witness Gorman proposed reductions to NIPSCO's pro forma labor expense based upon budgeted positions that are presently vacant or new positions that have not been filled.

Q30. Does the Settlement include any adjustment to NIPSCO's labor expense?

A30. No. NIPSCO's actual labor expense in 2021 was $64,192,209 and the budgeted amount for the same period was $60,903,557. This data shows that the Company assumed in its budget for 2021 a significant (almost 10%) reduction in its labor expense compared to 2020 actual labor expense. The reduction was not based upon the elimination of positions or vacancies, as Mr. Gorman's adjustment would imply; rather, it was simply a reduction in total spend. As NIPSCO's actual 2021 labor expense would indicate, NIPSCO was not successful in producing that reduction in labor expense. The 2022 budget (and the amount built into this case) of $58,819,362 assumes an even further reduction in labor expense, however NIPSCO now believes the 2022 labor expense was understated.

Q31. What does this mean?

A31. It means that NIPSCO's actual labor expense for the test year (2022) will likely be significantly greater than the amount that has been built into the revenue requirement in this case. If an adjustment based upon headcount or vacancies were made, it would push the labor expense even lower. If one were instead to make the adjustment from the 2020 or 2021 actual labor expense, it would still be producing a total labor expense greater than the amount NIPSCO built into the revenue requirement in this case.

<u>Incentive Compensation</u>

Q32. Did the OUCC and Industrial Group oppose NIPSCO's incentive compensation adjustment as proposed in its case-in-chief?

A32. Yes. Industrial Group Witness Gorman recommends the disallowance of incentive costs on the basis that they are not fixed, known, and measurable. OUCC Witness Poole recommends recovery of incentive compensation be based upon a 3-year historical average. OUCC Witness Viefhaus takes a similar approach in using the same 3-year historical period to apply a reduction to the amount that the Company requested in the cost of service. Ultimately the OUCC and Industrial Group both recommend that incentive compensation be based on recent awards below target level.

Q33. How does the settlement resolve these issues?

A33. The Settlement Agreement provides that the revenue requirement should include incentive compensation payouts at the target level, as proposed in the Company's case-in-chief. The Settlement sets forth the agreed adjustments to NIPSCO's forecasted pro forma O&M expenses, and the adjustment proposed by the OUCC and the Industrial Group is not among them. *See* Section B.6. of the Settlement.

Q34. Why is NIPSCO's proposal that incentive compensation be based on target level appropriate?

A34. Mr. Gorman's approach, using only one year, based the Company's incentive compensation on 2020, the year most directly impacted by the COVID pandemic. The 2018 and 2019 program results included by the OUCC were significantly impacted by an operating incident that occurred at Columbia Gas of Massachusetts (a former NiSource company), having a significant downward impact on incentive plan results, which also impacted NIPSCO employees. Outside of these two unprecedented anomalies, NIPSCO has a consistent pattern of paying above target. The concession by the Industrial Group and the OUCC on this issue was an important factor for NIPSCO in reaching a resolution in this case.

Rate Base Update Mechanism.

Q35. Does the Settlement include an agreed to cap on Rate Base for Step 2?

A35. Yes. OUCC Witness Grosskopf recommended that NIPSCO's forecasted rate base serve as a cap on the actual rate base that is ultimately included in Step 2 Rates. As shown by Section B.7.(b) of the Settlement, the Settlement provides that the cap will apply to Total Utility Plant. Applying the cap to total utility plant will make it easier for NIPSCO to determine which items of utility plant were placed in service after the cap had been reached (and therefore not included in rate base for purposes of this case as a result of the cap). In all other respects, the calculation of Step 2 Rates remains the same, with rates based upon total original cost rate base, capital structure, and annualized depreciation and amortization expenses at test-year end (December 31, 2022). Step 1 will be based upon these same components as of June 30, 2022.

Q36. What if the resulting calculation of the revenue requirement at either Step 1 or Step 2 differs from the total revenue requirement set forth in Paragraph B.1(a) of the Settlement Agreement?

A36. This is addressed in Paragraph B.7(c). If the calculation of the revenue requirement at either Step 1 or Step 2 differs from $886,319,992, the difference will be reflected in an across-the-board change to the rates that are set forth in Attachment 2-S-A.

Revenue Allocation

Q37. Have the Settling Parties agreed on a revenue allocation?

A37. Yes. As shown by Section B.8 of the Settlement, the allocation of the agreed $71.8 Million revenue increase between classes is as follows:[2]

	Revenue Increase	Percentage Increase
Rate 111	$52,960,388	17.9%
Rate 115	$399,321	16.6%
Rate 121	$9,729,065	9.8%
Rate 125	$1,242,227	9.7%
Rate 128 DP	$3,676,622	15.7%
Rate 128 HP	$3,294,500	
Rate 134		
Rate 138	$497,877	9.7%
	$71,800,000	

The Settling Parties also agreed to the allocators to be used in NIPSCO's TDSIC filings, as shown in Joint Exhibit C to the Settlement.

Q38. What agreement was reached regarding cost of service and revenue allocation?

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2 Rounds the actual agreed revenue increase of $71,800,282.

A38. As shown by Section B.8 of the Settlement, the Settling Parties stipulated that no cost of service methodology is being adopted or endorsed by virtue of the Settlement. Recall that NIPSCO's case-in-chief position was to use the Peak & Average Method to allocate Transmission Mains. Based on its cost of service study, NIPSCO had proposed no increase for Rate 134 and increases capped at 60% of the system average margin increase for Rates 121, 125 and 138. The Industrial Group and SDI proposed the continued use of the Design Day Method for the allocation of Transmission Mains. The consumer parties worked together to achieve an equitable balance of the settlement increase, which was agreeable to NIPSCO. In essence, the agreement is that Rate 128 would receive an increase approximating what it would have received with an across-the-board increase. The split of the Rate 128 increase among DP and HP was negotiated between intervenors representing those two groups of customers and was agreeable to the remaining Settling Parties. Rate 134 would receive no increase. Rates 121, 125 and 138 were set around 65% of the system average margin increase. The balance is Rates 111 and 115. Given the divergent views on cost of service and mitigation, this is a fair and equitable allocation.

With respect to the DP subclass in Rate 128, the Settling Parties agreed that the second tier threshold for the transportation charge will be changed from 300,000 to 100,000 therms (with no change to the HP tiers), with the second tier rate remaining the same as the second tier rate for HP (NIPSCO's filed position).

<u>Rate Design and Tariff Issues</u>

Q39. What does the Settlement provide concerning Customer Charges?

A39. In addition to the customer charge increases already agreed to in testimony, as shown by Section B.9 of the Settlement, the Settling Parties agree to the following customer charge increases:

Residential:	$14.00 to $16.50
Multi Family:	$17.50 to $20.75
General Service Small:	$53.00 to $67.00
General Service Large:	$400.00 to $500.00

Q40. Why are these customer charges reasonable?

A40. While NIPSCO requested and advocated for higher customer charges, NIPSCO recognizes the OUCC's position. The customer charges represent a very gradual movement to straight fixed variable pricing, and are equal to the customer charges that were recently implemented for CenterPoint Indiana North and South in their rate cases (Cause Nos. 45468 and 45447).

Accordingly, the customer charges are within the scope of the evidence and are in the public interest.

Q41. How does the Settlement address the dispute over the bank account capacity charge?

A41. The Settling Parties ultimately agreed to increase the bank account capacity charge by 25%, which would represent a bank account capacity charge of $0.0406 per therm per month. *See* Section B.10.(a) of the Settlement. In NIPSCO's opinion, this gradual increase is consistent with NIPSCO's goal to move this charge to closer to what it believes is the true cost of providing this service.

Q42. How does the Settlement address the dispute over the Unaccounted for Gas ("UAFG") percentage?

A42. NIPSCO recovers UAFG through the GCA subject to an agreed upon cap of 1.04%. Ms. Poole recommended that the maximum annual UAFG recovered through the GCA should be lowered to 0.69%, which is NIPSCO's 10-year average UAFG. The Settling Parties agreed to lower the cap to 0.90%. *See* Section B.10.(b) of the Settlement.

Q43. How does the Settlement address the dispute over the Universal Service Program (USP) Rider?

A43. The Settling Parties agree that NIPSCO will fund 30% of the USP program expenses after funding 100% of the Hardship portion of the program. NIPSCO's contribution to USP expenses will not exceed $500,000, but the Company's administrative expenses are not included in the $500,000 contribution, as proposed by the OUCC.

Q44. Has the Company prepared a rate design (together with revenue proof)?

A44. Yes. The rate design (together with revenue proof) is attached hereto as Attachment 2-S-A. The rate design is based upon the Settlement requirement and stipulated revenue allocation at Step 2. The actual rates will be based upon the Step 2 compliance filing as set forth in the Settlement.

Public Interest Associated with the Settlement

Q45. Is the Settlement reached consistent with the public interest?

A45. Yes. The regulatory compact is by necessity a balancing of interests between the utility and its stakeholders. As a general matter, negotiated resolutions to complex issues are consistent with the public interest because the result is the byproduct of input and compromise by the various parties that are directly impacted by the outcome.

Q46. Please explain.

A46. With respect to the issues addressed in Cause No. 45621, NIPSCO was able to reach an agreement that provides for rates and charges sufficient to allow for the recovery of the cost of providing service to its customers as well as a return of and on its investments in plant and equipment needed to serve its customers. The issues discussed above are examples that demonstrate the value of compromise in the context of the public interest and the balancing of interest inherent in the regulatory compact and the public interest that are reflected in the Settlement.

Q47. Is the Settlement supported by substantial evidence?

A47. Yes. The resolution of the various issues addressed in the Settlement are well within the boundaries of the evidence submitted by NIPSCO and its stakeholders, including detailed ratemaking and accounting schedules that document the agreed-upon result.

<u>Conclusion</u>

Q48. Do you recommend that the Commission approve the Settlement as submitted?

A48. Yes. The Settlement reflects a balancing of interests consistent with the regulatory compact and is supported by substantial evidence. As I discussed above, the level of engagement in this case was extraordinary and led to meaningful give and taken on issues of substance. The settlement is fair to the Company and all of its stakeholders and should be approved.

Q49. Does this conclude your prefiled settlement testimony?

A49. Yes.

VERIFICATION

I, Erin E. Whitehead, Vice President, Regulatory Policy and Major Accounts for Northern Indiana Public Service Company LLC, affirm under penalties of perjury that the foregoing representations are true and correct to the best of my knowledge, information and belief.

Erin E. Whitehead

Erin E. Whitehead

Date: March 2, 2022

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	)	**CAUSE NO. 45621**
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.	)	

STIPULATION AND SETTLEMENT AGREEMENT

This Stipulation and Settlement Agreement ("Agreement") is entered into as of this 2nd day of March, 2022, by and between Northern Indiana Public Service Company LLC ("NIPSCO"), the NIPSCO Industrial Group ("Industrial Group"),[1] Steel Dynamics, Inc. ("SDI"), and the Indiana Office of Utility Consumer Counselor (the "OUCC") (collectively the "Settling Parties"). The Settling Parties, solely for purposes of

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[1] The Industrial Group is comprised of BP Products North America, Inc., Cargill, Inc., Cleveland-Cliffs Inc., General Motors LLC, Linde, NLMK Indiana, United States Steel Corporation, and USG Corporation.

compromise and settlement, stipulate and agree that the terms and conditions set forth below represent a fair and reasonable resolution of the issues in this Cause subject to incorporation into a Final Order of the Indiana Utility Regulatory Commission ("Commission") without any modification or condition that is not acceptable to each of the Settling Parties regarding the issues resolved herein. The Settling Parties agree that this Agreement resolves all disputes, claims and issues arising from the general gas rate case proceeding currently pending in Cause No. 45621 as among the Settling Parties. The Settling Parties agree that NIPSCO's requested relief in this Cause should be granted in its entirety except as expressly modified herein.

A. Background

1. NIPSCO's Current Basic Rates and Charges. The Commission's September 19, 2018 Order in Cause No. 44988 (the "44988 Rate Case 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 44988 Rate Case Order approved a three step change in basic rates and charges. 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.

2. NIPSCO's Alternative Regulatory Plan. NIPSCO has operated under the terms of an approved alternative regulatory plan ("ARP") under Ind. Code § 8-1-2.5 since the Commission's Order dated October 8, 1997 in Cause No. 40342. The ARP was renewed and modified in Cause No. 41338, consolidated Cause Nos. 42800 and 42884, and Cause No. 43837. The ARP was most recently extended and modified and became a permanent part of NIPSCO's tariff on March 15, 2012 in Cause No. 44081.

3. NIPSCO's Gas Cost Adjustment ("GCA") Proceedings. 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. Pursuant to the Commission's November 4, 2010 Order in Cause No. 43894 and through an annual update to Appendix E – Unaccounted for Gas Percentage ("UAFG"), NIPSCO also recovers through its GCA the actual cost of UAFG up to a maximum percentage of 1.04%. NIPSCO proposes to continue both of these recoveries through the GCA as modified by the terms of this Agreement.

4. NIPSCO's Other Tracking Mechanisms.

(a) Pursuant to the Commission's December 7, 2011 Order in Cause No. 44094, NIPSCO files an annual update to Appendix D – Universal Service Program

(USP) Factors in a compliance filing in Cause No. 44094 to be applicable for the billing month of October.

(b) 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").[2]

(c) 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.

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[2] 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.

(d) Pursuant to the Commission's September 19, 2018 Order in Cause No. 45007, NIPSCO filed 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"). Pursuant to the Commission's December 1, 2021 Order in Cause No. 45560, NIPSCO now files the FMCA Mechanism in Cause No. 45560-FMCA-XX.

5. This Proceeding. On September 29, 2021, NIPSCO filed its Verified Petition with the Commission requesting the 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 in the Verified Petition. NIPSCO filed its case-in-chief testimony and exhibits on September 29, 2021. On January 20, 2022, the OUCC and intervenors filed their respective cases-in-chief.

As discussed within NIPSCO's Verified Petition, and the testimony of various parties including NIPSCO, this rate case filing was driven by several developments subsequent to the 44988 Rate Case Order. Since the 44988 Rate Case 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 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.

6. NIPSCO's Current Depreciation and Accrual Rates. NIPSCO's current gas depreciation rates are based on the depreciation study approved in the 44988 Rate Case 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.

B. Settlement Terms

1. Revenue Requirement and Net Operating Income.

(a) Revenue Requirement: The Settling Parties agree that NIPSCO's base rates will be designed to produce revenue at proposed rates of $886,319,992, as adjusted for the Rate Base Update Mechanism set forth in Paragraph B.7. This Revenue Requirement represents an increase of $71,800,282, which is a decrease of $37,891,687 (35%) from the amount requested by NIPSCO in its Case-in-chief ($109,691,969). Joint

Exhibit A attached hereto represents the schedules supporting the calculation of NIPSCO's revenue requirement based on the 12-month period ending December 31, 2022.

(b) Net Operating Income: Subject to the Rate Base Update Mechanism set forth in Paragraph B.7., the Settling Parties agree that NIPSCO's Revenue Requirement in Paragraph B.1(a) above results in a proposed authorized net operating income ("NOI") of $158,422,828.

2. Original Cost Rate Base, Capital Structure, and Fair Return.

(a) Original Cost Rate Base. NIPSCO has agreed that its weighted cost of capital times its original cost rate base yields a fair return for purposes of this case. Based upon this agreement and the Rate Base Update Mechanism set forth in Paragraph B.7., the Settling Parties agree that NIPSCO should be authorized a fair return of $158,422,828 yielding an overall return for earnings test purposes of 6.55%, based upon: (a) a Net Original Cost Rate Base of $2,418,669,134; and (b) NIPSCO's forecasted capital structure, including an authorized return on equity ("ROE") of 9.85%.

(b) Capital Structure and Fair Return: Based on the following capital structure, the 9.85% ROE, and the cost of debt/zero cost capital as filed, the overall weighted average cost of capital is computed as follows:

	% of Total	Cost %	WACC %
Common Equity	49.47%	9.85%	4.87%
Long-Term Debt	36.30%	4.52%	1.64%
Customer Deposits	0.84%	4.64%	0.04%
Deferred Income Taxes	18.66%	0.00%	0.00%
Post-Retirement Liability	0.34%	0.00%	0.00%
Prepaid Pension Asset	-5.64%	0.00%	0.00%
Post-1970 ITC	0.01%	7.59%	0.00%
Totals	**100.0%**		**6.55%**

The Settling Parties agree that fair return will be calculated based upon the actual capital structure and rate base as described in the Rate Base Update Mechanism set forth in Paragraph B.7.

3. Depreciation and Amortization Expense.

(a) Depreciation Expense. The Settling Parties agree that the depreciation accrual rates will use the Average Life Group procedure for the calculation of depreciation rates with an average service life of 68 years for its gas distribution services (Account 380), resulting in a pro forma adjustment of $20.9 Million. The resulting depreciation accrual rates are shown in Joint Exhibit B. NIPSCO will continue 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.

(b) Amortization Expense. The Settling Parties agree to a projected Cause No. 45621 Gas Rate Case Expense regulatory asset balance of $1,352,043 reflecting (i) a $63,055 reduction to the Billing System New Rate Implementation component (from $200,000 to $136,945); and (ii) a $200,000 reduction to reflect reduced costs due to settlement. The Settling Parties agree to Petitioner's proposed 33-month amortization period for the remaining Cause No. 44988 regulatory asset (rate case expense and then-deferred TDSIC balance) (the "44988 Regulatory Asset"). The Settling Parties also agree to a 4-year amortization period for TDSIC, FMCA, COVID, and Cause No. 45621 Gas Rate Case Expense regulatory assets, resulting in a reduction of $1,153,883 in Amortization Expense. If not already addressed by an intervening base rate order, after the completion of the 33-month period, NIPSCO agrees to make a compliance filing that will reflect the reduction in amortization expense for the 44988 Regulatory Asset. After the completion of the four (4) year period, NIPSCO agrees to make a compliance filing that will reflect the reduction in amortization expense for TDSIC, FMCA and COVID regulatory assets, as well as Cause No. 45621 Rate Case Expense. If NIPSCO files a general rate case before the expiration of the amortization period of four (4) years, any unamortized TDSIC, FMCA, COVID or Cause No. 45621 Gas Rate Case Expense regulatory asset balances will be rolled into NIPSCO's next rate case.

4. <u>Taxes</u>.

(a) The Settling Parties agree to a 4-year amortization period for Indiana excess accumulated deferred income taxes ("EADIT") (protected and unprotected), resulting in an increase of $1,744,143 in the annual state tax passback from $305,737 to $2,049,880. Upon completion of the passback of Indiana (protected and unprotected) EADIT and unprotected federal EADIT approved in Cause No. 44988 ($6,120,309), NIPSCO will make compliance filings in this Cause to increase rates to reflect the cessation of amortization upon the passback of all Indiana EADIT and unprotected federal EADIT, as the case may be.

(b) The Settling Parties agree to the following with respect to NIPSCO's proposal for future modifications to State or Federal income tax, Public Utility Fee, and Indiana Utility Receipts Tax rates:

(i) NIPSCO is authorized to seek approval of a new Tax Rate Modification Mechanism ("TRMM") in a separately docketed proceeding to implement rate changes upon the adoption of new statutory state and/or federal income tax rates, if and when they occur;

(ii) As a part of the proposed Tax Rate Modification Mechanism, NIPSCO may seek authority to implement a rate adjustment to reflect the difference between: (1) the amount of federal or state taxes 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 or state taxes that would have been embedded in the given rate or charge had the new tax rate applicable to NIPSCO as a result of the new legislation been in effect at the time of approval;

(iii) To the extent new statutory state and federal income tax rates affect its EADIT, NIPSCO may also seek authority to evaluate any related ratemaking effects;

(iv) NIPSCO may also seek authority to use regulatory accounting, such as regulatory assets or liabilities, for all calculated differences resulting from adoption of new statutory state and federal income tax rates until such time as such new tax rates are reflected in NIPSCO's rates; and

(v) A filing made by NIPSCO pursuant to this Paragraph B.4.b. may be made outside of a general rate case. Otherwise, the OUCC, Industrial Group, and SDI reserve all rights to take any position as to the merits of NIPSCO's request.

(vi) Other than as provided in this Paragraph B.4.b., NIPSCO is withdrawing its request for approval of a mechanism to modify rates prospectively for changes in federal or state income tax, utility receipts tax, and public utility fees.

5. <u>Operating Revenues</u>. The Settling Parties stipulate that Gas Rent Revenue should be increased by $24,578 from $133,857 to $158,435 as proposed by the OUCC.

6. O&M Expenses: The Settling Parties stipulate that NIPSCO's forecasted pro forma O&M Expenses should be decreased by $2,958,602, as follows:

(a) Gas Operations (Adjustment OM 2): Reduction of $1,275,000 from $45,092,165 to $43,817,165, to address the OUCC's proposal to decrease Adjustment OM 2A (Line Locates / Mitigate Damages) and Adjustment OM 2B (Gas Measurement & Transmission).

(b) Uncollectible Expense (Adjustment OM 11): Reduction of $60,116 from $2,374,129 to $2,314,013, as proposed by the OUCC.

(c) Fee Free Transaction (Adjustment OM 21): Reduction of $1,623,486 representing the entire adjustment.

7. Rate Base Update Mechanism. The Settling Parties agree that NIPSCO should be authorized to modify its base rates and charges for natural gas utility service in two steps as described herein. The Settling Parties agree to the following process for the implementation of rates in two steps:

(a) Step 1 Rates. The first change in rates will be based on the agreed revenue requirement as adjusted to reflect the actual original cost of NIPSCO's rate base, actual capital structure, and associated annualized depreciation and amortization expense as of June 30, 2022 ("Phase 1"). Following issuance of a Final Order in this Cause approving this Agreement, Phase 1 rates will go into effect upon submission on an interim subject to refund basis pending the 60-day review process as described herein. NIPSCO will certify its actual total rate base, capital structure, and associated annualized depreciation and amortization expenses as of June 30, 2022 and implement base rates using the forecasted results of operation for the test year as found in the Order. If needed to resolve any objections, the Commission will conduct a hearing and rates would be trued up, retroactive to the date such rates were put into place.

(b) Step 2 Rates. NIPSCO will certify its actual total rate base, capital structure, and associated annualized depreciation and amortization expenses at test-year end (December 31, 2022). Step 2 rates will be based on the agreed revenue requirement as of December 31, 2022, as adjusted for this certification and reflecting the lesser of (a) NIPSCO's forecasted test-year-end Total Utility Plant as updated in its direct evidence ($4,004,668,454 – Pet. Ex. No. 3, Attachment 3-B-S2 RB Module), or (b) NIPSCO's certified test-year-end Total Utility Plant as of December 31, 2022. Step 2 rates would take effect immediately upon filing on an interim-subject-to-refund basis, with other parties being offered a period of 60 days to review and present any objections. If needed to resolve any objections, the Commission will conduct a hearing and rates would be trued up, retroactive to the date such rates were put into place. To the extent any additions to Utility Plant are excluded from net original cost rate base because NIPSCO's total Utility Plant exceeds $4,004,668,454, NIPSCO shall include with its submission a list of the work orders which have been placed in service but which are not being included in rate base in this Cause. For purposes of this Paragraph B.7., "certify" means NIPSCO has determined that it has completed the amount of plant indicated in its certification and the corresponding plant additions have been placed in service and are used and useful in providing utility service as of the date of certification. NIPSCO will serve all Settling Parties with its certification.

(c) To the extent the actual revenue requirement resulting from either paragraph (a) or (b) of this section is different from $886,319,992 as provided in Paragraph B.1(a) herein, the difference shall be reflected by changing the rates set forth in NIPSCO Witness Whitehead's <u>Attachment 2-S-A</u> in an across-the-board fashion.

8. <u>Revenue Allocation.</u> The Settling Parties stipulate to the allocation of the agreed $71.8 Million revenue increase between classes as shown below.[3] The TDSIC allocators are as shown on <u>Joint Exhibit C</u> attached hereto.

	Current Distribution Margin	Revenue Increase	Percentage Increase on Margin
Rate 111	$295,326,125	$52,960,388	17.9%
Rate 115	$2,404,167	$399,321	16.6%
Rate 121	$99,061,233	$9,729,065	9.8%
Rate 125	$12,859,523	$1,242,227	9.7%
Rate 128 DP	$9,191,556	$3,676,622	15.7%
Rate 128 HP	$35,286,309	$3,294,500	
Rate 134	$194,747	$0	0.0%
Rate 138	$5,154,021	$497,877	9.7%
		$71,800,000	

3 Rounds the actual agreed revenue increase of $71,800,282.

The Settling Parties agree that the Rate 128 – Distribution Pressure subclass will be capped at a 40% increase, resulting in an allocation for Rate 128 – Distribution Pressure of $3,676,622 and Rate 128 – High Pressure of $3,294,500.

The Settling Parties stipulate that no cost-of-service methodology is being adopted or endorsed by virtue of the Settlement.

With respect to the DP subclass in Rate 128, the Settling Parties agree that the second tier threshold for the transportation charge will be changed from 300,000 to 100,000 therms (with no change to the HP tiers), with the second tier rate remaining the same as the second tier rate for HP, per NIPSCO's filed position.

9. Rate Design. In addition to the customer charge increases already agreed to in testimony, the Settling Parties agree to the following customer charge increases:

Residential:	$14.00 to $16.50
Multi Family:	$17.50 to $20.75
General Service Small:	$53.00 to $67.00
General Service Large:	$400.00 to $500.00

Otherwise, the allocation of the revenue increase by class in Paragraph 8 shall be as set forth in by NIPSCO Witness Whitehead in Attachment 2-S-A. .

10. Tariff Changes.

(a) Bank Account Capacity Charge: The Settling Parties agree to a Bank Account Capacity Charge of $0.0406 per Therm of capacity per month, representing a 25% increase from the current charge of $0.0325.

(b) Unaccounted for Gas (UAFG) Percentage: For purposes of recovery of actual UAFG through the GCA, the Settling Parties agree to decrease the UAFG Percentage cap to 0.90%, representing a decrease from the current UAFG Percentage of 1.04%.

(c) Universal Service Program (USP) Rider: The Settling Parties agree that NIPSCO will fund 30% of the USP program expenses after funding 100% of the Hardship portion of the program. NIPSCO's contribution to USP expenses will not exceed $500,000, but the Company's administrative expenses are not included in the $500,000 contribution.

C. Procedural Aspects and Presentation of the Agreement

1. The Settling Parties acknowledge that a significant motivation to enter into this Agreement is the simplification and minimization of issues to be presented in the proceeding.

2. The Settling Parties agree to jointly present this Agreement to the Commission for approval in this proceeding, and agree to assist and cooperate in the

preparation and presentation of supplemental testimony as necessary to provide an appropriate factual basis for such approval.

3. If the Agreement is not approved in its entirety by the Commission, the Settling Parties agree that the terms herein shall not be admissible in evidence or cited by any party in a subsequent proceeding. Moreover, the concurrence of the Settling Parties with the terms of this Agreement is expressly predicated upon the Commission's approval of the Agreement in its entirety without modification of material condition deemed unacceptable to any Settling Party. If the Commission does not approve the Agreement in its entirety, the Agreement shall be null and void and deemed withdrawn upon notice in writing by any Settling Party within fifteen (15) business days after the date of the Final Order that contains any unacceptable modifications. In the event the Agreement is withdrawn, the Settling Parties will request an Attorney's Conference to be convened to establish a procedural schedule for the continued litigation of this proceeding.

4. The Settling Parties agree that this Agreement and each term, condition, amount, methodology, and exclusion contained herein reflects a fair, just, and reasonable resolution and compromise for the purpose of settlement, and is agreed upon without prejudice to the ability of any party to propose a different term, condition, amount, methodology, or exclusion in any future proceeding. As set forth in the Order in *Re Petition of Richmond Power & Light*, Cause No. 40434, the Settling Parties

agree and ask the Commission to incorporate as part of its Final Order that this Agreement, and the Final Order approving it, not be cited as precedent by any person or deemed an admission by any party in any other proceeding except as necessary to enforce its terms before the Commission or any court of competent jurisdiction on these particular issues. This Agreement is solely the result of compromise in the settlement process. Each of the Settling Parties has entered into this Agreement solely to avoid future disputes and litigation with attendant inconvenience and expense.

5. The Settling Parties stipulate that the evidence of record presented in this Cause constitutes substantial evidence sufficient to support this Agreement and provides an adequate evidentiary basis upon which the Commission can make any finding of fact and conclusion of law necessary for the approval of this Agreement as filed. The Settling Parties agree to the admission into the evidentiary record of this Agreement, along with testimony supporting it, without objection. The Settling Parties further agree that the respective cases-in-chief of NIPSCO, the OUCC, the Industrial Group, and SDI may be admitted into the evidentiary record and each of the Settling Parties waives cross examination with respect thereto.

6. The undersigned represent and agree that they are fully authorized to execute this Agreement on behalf of their designated clients who will be bound thereby; and further represent and agree that each Settling Party has had the opportunity to

review all evidence in this proceeding, consult with attorneys and experts, and is otherwise fully advised of the terms.

7. The Settling Parties shall not appeal the agreed Final Order or any subsequent Commission order as to any portion of such order that is specifically implementing, without modification, the provisions of this Agreement and the Settling Parties shall not support any appeal of any portion of the of Final Order by any person not a party to this Agreement.

8. The provisions of this Agreement shall be enforceable by any Settling Party before the Commission or in any court of competent jurisdiction.

9. The terms set forth in this Agreement are the complete and final agreement among the Settling Parties. The communications and discussions during the negotiations and conferences which produced this Agreement have been conducted on the explicit understanding that they are or relate to offers of settlement and shall therefore be privileged.

ACCEPTED AND AGREED this 2nd day of March, 2022.

[SIGNATURE PAGES FOLLOW]

Northern Indiana Public Service Company LLC

Erin A. Whitehead
Vice President
Regulatory and Major Accounts

Indiana Office of Utility Consumer Counselor

Tiffany Murray
Deputy Consumer Counselor
Indiana Office of Utility Consumer Counselor

NIPSCO Industrial Group

Todd Richardson

Joint Exhibit 1
Cause No. 45621

Steel Dynamics, Inc.

____
Damon E. Xenopoulos
Principal
Stone Mattheis Xenopoulos & Brew, PC

Northern Indiana Public Service Company LLC
Statement of Operating Income
Actual, Pro forma, and Proposed
For the Twelve Month Period Ending December 31, 2022

Line No.	Description	Actual	Pro forma Adjustments Increases (Decreases)	Attachment 3-B-S2 Reference[1]	Pro forma Results Based on Current Rates	Pro forma Adjustments Increases (Decreases)	Attachment 3-C-S2-S Reference	Pro forma Results Based on Proposed Rates
	A	B	C	D	E	F	G	H
1	**Operating Revenue**							
2	Revenue (Actual / Pro Forma)	$ 711,775,365		REV, Col A	$ 814,519,710	71,800,282	PF-1-S2-S	$ 886,319,992
3	Pro forma Adjustments December 31, 2020		21,042,617	REV, Col B				
4	Budget Adjustments December 31, 2021		39,127,033	REV, Col D				
5	Budget Adjustments December 31, 2022		5,535,979	REV, Col F				
6	Ratemaking Adjustments December 31, 2022		37,014,138	REV, Col H				
7	Settlement Ratemaking Adjustments December 31, 2022		24,578	REV, Col J[2]				
8	Total Operating Revenue	$ 711,775,365	$ 102,744,345		$ 814,519,710	$ 71,800,282		$ 886,319,992
9	**Gas Costs (Trackable)**							
10	Gas Cost (Actual / Pro Forma)	$ 272,995,605		COGS, Col A	$ 348,721,758	-		$ 348,721,758
11	Pro forma Adjustments December 31, 2020		13,038,036	COGS, Col B				
12	Budget Adjustments December 31, 2021		28,170,131	COGS, Col D				
13	Budget Adjustments December 31, 2022		(11,826,877)	COGS, Col F				
14	Ratemaking Adjustments December 31, 2022		46,344,863	COGS, Col H				
15	Total Gas Costs	$ 272,995,605	$ 75,726,153		$ 348,721,758	$ -		$ 348,721,758
16	**Gross Margin**	$ 438,779,760	$ 27,018,192		$ 465,797,952	$ 71,800,282		$ 537,598,234
17	**Operations and Maintenance Expenses**							
18	Operations and Maintenance Expenses (Actual / Pro Forma)	$ 226,187,401		O&M, Col A	$ 220,463,202	203,981	PF-2-S2-S	$ 220,667,183
19	Pro forma Adjustments December 31, 2020		3,840,998	O&M, Col B				
20	Budget Adjustments December 31, 2021		(3,522,408)	O&M, Col D				
21	Budget Adjustments December 31, 2022		(4,040,584)	O&M, Col F				
22	Ratemaking Adjustments December 31, 2022		956,397	O&M, Col H				
23	Settlement Ratemaking Adjustments December 31, 2022		(2,958,602)	O&M, Col J[2]				
24	Total Operations and Maintenance Expense	$ 226,187,401	$ (5,724,199)		$ 220,463,202	$ 203,981		$ 220,667,183
25	**Depreciation Expense**							
26	Depreciation Expense (Actual / Pro Forma)	$ 67,838,244		DEPR, Col A	$ 76,632,613			$ 76,632,613
27	Pro forma Adjustments December 31, 2020		(314,778)	DEPR, Col B				
28	Budget Adjustments December 31, 2021		10,012,814	DEPR, Col D				
29	Budget Adjustments December 31, 2022		6,229,000	DEPR, Col F				
30	Ratemaking Adjustments December 31, 2022		13,741,136	DEPR, Col H				
31	Settlement Ratemaking Adjustments December 31, 2022		(20,873,803)	DEPR, Col J[2]				
32	Total Depreciation Expense	$ 67,838,244	$ 8,794,369		$ 76,632,613	$ -		$ 76,632,613

Northern Indiana Public Service Company LLC
Statement of Operating Income
Actual, Pro forma, and Proposed
For the Twelve Month Period Ending December 31, 2022

Line No.	Description	Actual	Pro forma Adjustments Increases (Decreases)	Attachment 3-B-S2 Reference[1]	Pro forma Results Based on Current Rates	Pro forma Adjustments Increases (Decreases)	Attachment 3-C-S2-S Reference	Pro forma Results Based on Proposed Rates
	A	B	C	D	E	F	G	H
33	**Amortization Expense**							
34	Amortization Expense (Actual / Pro Forma)	$ 5,832,272		AMTZ, Col A	$ 23,408,115			$ 23,408,115
35	Pro forma Adjustments December 31, 2020		2,420,052	AMTZ, Col B				
36	Budget Adjustments December 31, 2021		1,606,828	AMTZ, Col D				
37	Budget Adjustments December 31, 2022		2,713,535	AMTZ, Col F				
38	Ratemaking Adjustments December 31, 2022		11,989,311	AMTZ, Col H				
39	Settlement Ratemaking Adjustments December 31, 2022		(1,153,883)	AMTZ, Col J[2]				
40	Total Amortization Expense	$ 5,832,272	$ 17,575,843		$ 23,408,115	$ -		$ 23,408,115
41	**Taxes**							
42	**Taxes Other than Income**							
43	Taxes Other than Income (Actual / Pro Forma)	$ 31,241,852		OTX, Col A	$ 29,754,919			$ 29,754,919
44	Pro forma Adjustments December 31, 2020		120,001	OTX, Col B				
45	Budget Adjustments December 31, 2021		(285,860)	OTX, Col D				
46	Budget Adjustments December 31, 2022		2,209,933	OTX, Col F		$ 1,048,284	PF-3-S2-S	$ 1,048,284
47	Ratemaking Adjustments December 31, 2022		(3,531,961)	OTX, Col H		$ 91,623	PF-4-S2-S	$ 91,623
48	Settlement Ratemaking Adjustments December 31, 2022		954	OTX, Col J[2]				
49	Total Taxes Other Than Income	$ 31,241,852	$ (1,486,933)		$ 29,754,919	$ 1,139,907		$ 30,894,826
50	**Operating Income Before Income Taxes**	107,679,991	$ 7,859,112		115,539,103	$ 70,456,394		$ 185,995,497
51	**Income Taxes**							
52	Federal and State Taxes (Actual / Pro Forma)	$ (6,245,304)	16,254,183	Attachment 3-C-S2-S, ITX 1	$ 10,008,879	17,563,790	PF-5-S2-S	$ 27,572,669
53	Total Taxes	$ 24,996,548	14,767,250		$ 39,763,798	$ 18,703,697		$ 58,467,495
54	**Total Operating Expenses including Income Taxes**	$ 324,854,465	$ 35,413,263		$ 360,267,728	$ 18,907,678		$ 379,175,406
55	**Required Net Operating Income**	$ 113,925,295	$ (8,395,071)		$ 105,530,224	$ 52,892,604		$ 158,422,828

Footnote 1 - Unless otherwise noted
Footnote 2 - Attachment 3-B-S2-S Reference

Northern Indiana Public Service Company LLC
Calculation of Proposed Revenue Increase
Based on Pro forma Operating Results
Original Cost Rate Base Estimated at December 31, 2022

Line No.	Description					Revenue Deficiency
1	Net Original Cost Rate Base					$ 2,418,669,134
2	Rate of Return					6.55%
3	Net Operating Income					158,422,828
4	Pro forma Net Operating Income					105,530,224
5	Increase in Net Operating Income (NOI Shortfall)					52,892,604
6	Effective Incremental Revenuel NOI Conversion Factor					73.666%
7	Increase in Revenue Requirement (Based on Net Original Cost Rate Base) (Line 5 / Line 6)					$ 71,800,281
8	One		1.000000			
9	Less: Public Utility Fee		0.001276			
10	Less: Bad Debt		0.002841			
11	State Taxable Income			0.995883		
12	One	1.000000				
13	Less: IN Utilities Receipts Tax	0.014600				
14	Taxable Adjusted Gross Income Tax		0.995883			
15	Adjusted Gross Income Tax Rate		0.049000			
16	Adjusted Gross Income Tax			0.048798		
17	Line 11 less line 13 less line 16				0.932485	
18	One			1.000000		
19	Less: Federal Income Tax Rate			0.210000		
20	One Less Federal Income Tax Rate				0.790000	
21	Effective Incremental Revenue / NOI Conversion Factor					73.666%

Northern Indiana Public Service Company LLC
Summary of Rate Base
As Of December 31, 2022

Line No.	Description		Pro forma As Of December 31, 2022	Attachment 3-B-S2 Reference
	Rate Base			
1	Utility Plant	$	3,815,305,221	RB, Col I
2	Common Allocated		189,363,233	RB, Col I
	Total Utility Plant	**$**	**4,004,668,454**	RB, Col I
3	Accumulated Depreciation and Amortization	$	(1,578,834,102)	RB, Col I
4	Common Allocated		(124,923,724)	RB, Col I
	Total Accumulated Depreciation and Amortization	**$**	**(1,703,757,826)**	RB, Col I
	Net Utility Plant	**$**	**2,300,910,628**	RB, Col I
5	Cause No. 44988 Regulatory Assets	$	6,195,174	RB, Col I
6	TDSIC Regulatory Asset		11,652,922	RB, Col I
7	FMCA Regulatory Asset		14,584,863	RB, Col I
8	Materials & Supplies		13,684,877	RB, Col I
9	Gas Stored Underground - Current A/C 164 (13-mo avg)		66,691,249	RB, Col I
10	Gas Stored Underground - Non-Current A/C 117		4,949,422	RB, Col I
	Total Rate Base	**$**	**2,418,669,134**	RB, Col I

Northern Indiana Public Service Company LLC
Capital Structure
As Of December 31, 2022

Line No.	Description	Total Company Capitalization	Percent of Total	Cost	Weighted Average Cost
	A	B	C	D	E
1	Common Equity	$ 3,807,197,234	49.47%	**9.85%**	4.87%
2	Long-Term Debt	2,793,901,786	36.30%	4.52%	1.64%
3	Customer Deposits	64,944,910	0.84%	4.64%	0.04%
4	Deferred Income Taxes	1,436,388,185	18.66%	0.00%	0.00%
5	Post-Retirement Liability	26,333,943	0.34%	0.00%	0.00%
6	Prepaid Pension Asset	(433,959,232)	-5.64%	0.00%	0.00%
7	Post-1970 ITC	909,368	0.01%	7.59%	0.00%
8	**Totals**	**$ 7,695,716,194**	**100.00%**		**6.55%**

Cost of Investor Supplied Capital

	Description	Total Company Capitalization	Percent of Total	Cost	Weighted Average Cost
	A	B	C	D	E
9	Common Equity	$ 3,807,197,234	57.68%	9.85%	5.68%
10	Long-Term Debt	2,793,901,786	42.32%	4.52%	1.91%
11	**Totals**	**$ 6,601,099,020**	**100.00%**		**7.59%**

NORTHERN INDIANA PUBLIC SERVICE COMPANY

TABLE 1. SUMMARY OF ESTIMATED SURVIVOR CURVE, NET SALVAGE PERCENT, ORIGINAL COST, BOOK DEPRECIATION RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO GAS PLANT AS OF DECEMBER 31, 2022

	ACCOUNT	PROBABLE RETIREMENT DATE	SURVIVOR CURVE	NET SALVAGE PERCENT	ORIGINAL COST AS OF DECEMBER 31, 2022	BOOK DEPRECIATION RESERVE	FUTURE ACCRUALS	CALCULATED ANNUAL ACCRUAL AMOUNT	CALCULATED ANNUAL ACCRUAL RATE	COMPOSITE REMAINING LIFE
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)=(8)/(5)	(10)=(7)/(8)
	DEPRECIABLE PLANT									
	UNDERGROUND STORAGE PLANT									
350.20	LEASEHOLDS	06-2032	75-R4 *	0	385,804.99	374,165	11,640	1,229	0.32	9.5
350.40	RIGHTS OF WAY	06-2032	75-R4 *	0	191,697.23	91,710	99,987	10,574	5.52	9.5
351.10	WELL STRUCTURES	06-2032	70-R4 *	(5)	19,286.59	17,003	3,248	348	1.80	9.3
351.20	COMPRESSOR STATION STRUCTURES	06-2032	70-R4 *	(5)	412,261.17	305,653	127,221	13,449	3.26	9.5
351.30	MEASURING AND REGULATING STATION STRUCTURES	06-2032	70-R4 *	(5)	111,522.21	112,863	4,236	448	0.40	9.5
351.40	OTHER STRUCTURES	06-2032	70-R4 *	(5)	3,956,496.80	2,956,102	1,198,220	128,235	3.24	9.3
352.00	WELLS	06-2032	65-S4 *	(15)	15,567,286.30	16,336,519	1,565,860	166,076	1.07	9.4
352.30	NONRECOVERABLE NATURAL GAS	06-2032	50-SQ *	0	5,540,824.84	4,854,056	686,769	72,292	1.30	9.5
353.00	LINES	06-2032	50-S1.5 *	(25)	22,698,125.01	21,742,971	6,629,685	715,873	3.15	9.3
354.00	COMPRESSOR STATION EQUIPMENT	06-2032	50-R3 *	(10)	3,758,571.68	3,027,208	1,107,221	118,058	3.14	9.4
355.00	MEASURING AND REGULATING STATION EQUIPMENT	06-2032	60-R2.5 *	(10)	2,858,971.97	2,208,397	936,472	102,400	3.58	9.1
356.00	PURIFICATION EQUIPMENT	06-2032	65-R4 *	(5)	12,374,499.07	9,247,339	3,745,885	395,815	3.20	9.5
357.00	OTHER EQUIPMENT	06-2032	30-S2.5 *	0	1,037,788.69	984,143	53,646	6,726	0.65	8.0
	TOTAL UNDERGROUND STORAGE PLANT				**68,913,136.55**	**62,258,127**	**16,170,090**	**1,731,523**	**2.51**	
	OTHER STORAGE PLANT									
361.00	STRUCTURES AND IMPROVEMENTS	06-2031	65-R4 *	(10)	9,347,116.00	8,636,445	1,645,383	195,063	2.09	8.4
362.10	GAS HOLDERS	06-2031	55-S3 *	(10)	18,419,738.80	19,536,495	725,218	85,329	0.46	8.5
363.00	PURIFICATION EQUIPMENT	06-2031	55-S2.5 *	(5)	1,720,662.88	1,505,828	300,868	38,342	2.23	7.8
363.10	LIQUEFACTION EQUIPMENT	06-2031	50-S2 *	(5)	8,339,875.34	7,709,263	1,047,606	125,348	1.50	8.4
363.20	VAPORIZING EQUIPMENT	06-2031	50-R2 *	(5)	5,130,282.84	5,176,829	209,968	25,146	0.49	8.3
363.30	COMPRESSOR EQUIPMENT	06-2031	40-R2 *	(5)	3,104,734.02	2,033,740	1,226,230	147,348	4.75	8.3
363.40	MEASURING AND REGULATING EQUIPMENT	06-2031	55-R1.5 *	(5)	1,619,393.44	1,248,508	451,855	54,992	3.40	8.2
363.50	OTHER EQUIPMENT	06-2031	35-R2 *	(5)	2,290,882.33	1,668,416	737,010	91,256	3.98	8.1
	TOTAL OTHER STORAGE PLANT				**49,972,685.65**	**47,515,524**	**6,344,138**	**762,824**	**1.53**	
	TRANSMISSION PLANT									
365.20	LAND RIGHTS		75-R4	0	14,820,746.32	2,697,090	12,123,657	248,409	1.68	48.8
366.20	MEASURING AND REGULATING STATION STRUCTURES		60-R3	(5)	7,575,894.52	1,347,685	6,607,005	133,703	1.76	49.4
366.30	OTHER STRUCTURES		55-R4	(5)	1,622,883.58	201,160	1,502,868	32,135	1.98	46.8
367.00	MAINS		95-R3	(30)	727,258,845.16	115,458,035	829,978,463	9,764,160	1.34	85.0
369.00	MEASURING AND REGULATING STATION EQUIPMENT		58-R2	(35)	179,999,363.97	27,806,742	215,192,399	4,128,208	2.29	52.1
371.00	OTHER EQUIPMENT		30-R2.5	0	400,722.01	46,309	354,413	13,427	3.35	26.4
	TOTAL TRANSMISSION PLANT				**931,678,455.56**	**147,557,021**	**1,065,758,805**	**14,320,042**	**1.54**	
	DISTRIBUTION PLANT									
374.20	LAND RIGHTS		75-R4	0	1,935,421.67	413,344	1,522,078	25,731	1.33	59.2
375.00	STRUCTURES AND IMPROVEMENTS		70-R4	(10)	4,781,999.49	2,128,730	3,131,470	64,017	1.34	48.9
376.10	MAINS - STEEL		85-R2.5	(40)	332,478,778.26	141,970,165	323,500,125	5,119,602	1.54	63.2
376.20	MAINS - PLASTIC		85-R2.5	(40)	853,164,755.14	266,192,416	928,238,241	12,492,652	1.46	74.3

NORTHERN INDIANA PUBLIC SERVICE COMPANY

TABLE 1. SUMMARY OF ESTIMATED SURVIVOR CURVE, NET SALVAGE PERCENT, ORIGINAL COST, BOOK DEPRECIATION RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO GAS PLANT AS OF DECEMBER 31, 2022

	ACCOUNT (1)	PROBABLE RETIREMENT DATE (2)	SURVIVOR CURVE (3)	NET SALVAGE PERCENT (4)	ORIGINAL COST AS OF DECEMBER 31, 2022 (5)	BOOK DEPRECIATION RESERVE (6)	FUTURE ACCRUALS (7)	CALCULATED ANNUAL ACCRUAL AMOUNT (8)	CALCULATED ANNUAL ACCRUAL RATE (9)=(8)/(5)	COMPOSITE REMAINING LIFE (10)=(7)/(8)
378.00	MEASURING AND REGULATING STATION EQUIPMENT - GENERAI		55-R1.5	(35)	58,512,779.32	22,637,588	56,354,664	1,269,232	2.17	44.4
380.10	SERVICES - STEEL[1]		68-R2	(120)	73,604,188.26	55,873,020	106,056,195	3,000,649	4.08	35.3
380.20	SERVICES - PLASTIC[1]		68-R2	(120)	750,598,791.29	465,110,728	1,186,206,613	21,391,440	2.85	55.5
381.00	METERS		36-R2	(5)	186,211,901.40	35,240,229	160,282,267	6,877,267	3.69	23.3
382.00	METER INSTALLATIONS		55-R1	(30)	197,975,095.99	136,396,495	120,971,130	2,362,395	1.19	51.2
383.00	HOUSE REGULATORS		55-R1.5	(30)	128,638,934.98	78,337,956	88,892,660	1,805,905	1.40	49.2
384.00	HOUSE REGULATOR INSTALLATIONS		55-R2.5	(10)	3,836,976.64	3,117,501	1,103,174	25,122	0.65	43.9
385.00	INDUSTRIAL MEASURING AND REGULATING STATION EQUIPMEI		60-R2	(10)	66,269,699.43	25,831,110	47,065,560	1,080,582	1.63	43.6
386.00	OTHER PROPERTY ON CUSTOMER PREMISES		15-R3	0	40,468.46	34,000	6,468	723	1.79	8.9
	TOTAL DISTRIBUTION PLANT				**2,658,049,790.33**	**1,233,283,280**	**3,023,330,645**	**55,515,317**	**2.09**	
	GENERAL PLANT									
389.20	LAND RIGHTS		65-R4	0	2,095,915.21	185,279	1,910,636	41,685	1.99	45.8
390.00	STRUCTURES AND IMPROVEMENTS									
	GAS OPERATIONS CENTER	06-2044	50-S0 *	(10)	2,969,959.68	1,285,544	1,981,412	113,701	3.83	17.4
	SOUTH BEND OPERATIONS HEADQUARTERS	06-2042	50-S0 *	(10)	5,857,657.97	2,484,059	3,959,365	249,228	4.25	15.9
	CENTRAL GAS METER SHOP	06-2029	50-S0 *	(10)	2,066,628.28	1,164,371	1,108,920	181,781	8.80	6.1
	PERU OPERATIONS HEADQUARTERS	06-2028	50-S0 *	(10)	1,400,816.35	646,971	893,927	169,012	12.07	5.3
	FORT WAYNE OPERATIONS HEADQUARTERS	06-2040	50-S0 *	(10)	6,176,475.12	2,495,298	4,298,825	360,047	5.83	11.9
	OTHER MISCELLANEOUS STRUCTURES		50-S0	(10)	7,072,709.56	1,595,437	6,184,544	161,644	2.29	38.3
	TOTAL STRUCTURES AND IMPROVEMENTS				25,544,246.96	9,671,680	18,426,993	1,235,413	4.84	
391.10	OFFICE FURNITURE AND EQUIPMENT		20-SQ	0	1,049,130.25	585,150	463,980	52,462	5.00	8.8
391.20	COMPUTER EQUIPMENT		7-SQ	0	18,083.71	14,897	3,187	2,584	14.29	1.2
392.40	TRANSPORTATION EQUIPMENT - TRUCKS > 13,000 #		15-L4	15	229,771.29	195,305	0	0	- ***	-
393.00	STORES EQUIPMENT		30-SQ	0	149,618.01	82,055	67,563	4,987	3.33	13.5
394.00	TOOLS, SHOP AND GARAGE EQUIPMENT		25-SQ	0	16,753,655.56	8,291,500	8,462,156	670,196	4.00	12.6
395.00	LABORATORY EQUIPMENT		20-SQ	0	1,830,715.53	977,250	853,466	91,561	5.00	9.3
396.00	POWER OPERATED EQUIPMENT		13-L2	15	869,209.94	738,828	0	0	- ***	-
397.00	COMMUNICATION EQUIPMENT		15-SQ	0	2,132,140.37	1,077,900	1,054,240	142,148	6.67	7.4
398.00	MISCELLANEOUS EQUIPMENT		20-SQ	0	384,075.77	203,800	180,276	19,209	5.00	9.4
	TOTAL GENERAL PLANT				**51,056,562.60**	**22,023,644**	**31,422,497**	**2,260,245**	**4.43**	
	UNRECOVERED RESERVE ADJUSTMENT FOR AMORTIZATION									
391.10	OFFICE FURNITURE AND EQUIPMENT					(164,541)		54,847 **		
391.20	COMPUTER EQUIPMENT					(1,202,026)		400,675 **		
393.00	STORES EQUIPMENT					(15,264)		5,088 **		
394.00	TOOLS, SHOP AND GARAGE EQUIPMENT					(1,474,536)		491,512 **		
395.00	LABORATORY EQUIPMENT					(227,345)		75,782 **		
397.00	COMMUNICATION EQUIPMENT					(447,057)		149,019 **		
398.00	MISCELLANEOUS EQUIPMENT					48,296		(16,099) **		
	TOTAL UNRECOVERED RESERVE ADJUSTMENT FOR AMORTIZATION					**(3,482,473)**		**1,160,824**		

NORTHERN INDIANA PUBLIC SERVICE COMPANY

TABLE 1. SUMMARY OF ESTIMATED SURVIVOR CURVE, NET SALVAGE PERCENT, ORIGINAL COST, BOOK DEPRECIATION RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO GAS PLANT AS OF DECEMBER 31, 2022

	ACCOUNT	PROBABLE RETIREMENT DATE	SURVIVOR CURVE	NET SALVAGE PERCENT	ORIGINAL COST AS OF DECEMBER 31, 2022	BOOK DEPRECIATION RESERVE	FUTURE ACCRUALS	CALCULATED ANNUAL ACCRUAL AMOUNT	CALCULATED ANNUAL ACCRUAL RATE	COMPOSITE REMAINING LIFE
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)=(8)/(5)	(10)=(7)/(8)
	TOTAL DEPRECIABLE PLANT				3,759,670,630.69	1,509,155,124	4,143,026,175	75,750,775	2.01	
	NONDEPRECIABLE PLANT									
301.00	ORGANIZATION				7,147.20	(36,462)				
302.00	FRANCHISES AND CONSENTS				61,624.80	41,281				
303.00	INTANGIBLE PLANT				34,483,737.27	33,713,862				
350.10	LAND				85,274.96					
360.10	LAND				1,274,922.85					
365.10	LAND				11,968,764.03					
374.10	LAND				2,109,568.00					
388.00	ARO				20,706,098.41					
389.10	LAND				619,587.89					
392.10	TRANSPORTATION EQUIPMENT - AUTOS								***	
392.20	TRANSPORTATION EQUIPMENT - TRAILERS								***	
392.30	TRANSPORTATION EQUIPMENT - TRUCKS < 13,000 #								***	
	TOTAL NONDEPRECIABLE PLANT				71,316,725.41	33,718,681				
	TOTAL GAS PLANT IN SERVICE				3,830,987,356.10	1,542,873,805	4,143,026,175	75,750,775		

* INTERIM SURVIVOR CURVE USED. EACH LOCATION HAS A UNIQUE PROBABLE RETIREMENT DATE.
** 5-YEAR AMORTIZATION OF UNRECOVERED RESERVE RELATED TO IMPLEMENTATION OF AMORTIZATION ACCOUNTING.
*** ACCRUAL RATE TO BE BOOKED TO NEW ADDITIONS AS OF JANUARY 1, 2023 WILL BE:

ACCOUNT	RATE
392.10	9.95
392.20	6.30
392.30	8.88
392.40	5.86
396.00	6.80

TDSIC Allocators[1]

Class	Revenues at Current Rates	Revenue Increase	Total Revenue	Percentage of total per class which will be the TDSIC allocator
Rate 111	$525,585,924	$52,960,388	$578,546,312	65.75%
Rate 115	$4,877,756	$399,321	$5,277,077	0.60%
Rate 121 / 134	$194,557,312	$9,729,065	$204,286,377	23.21%
Rate 125	$31,776,675	$1,242,227	$33,018,902	3.75%
Rate 128 DP	$9,304,550	$3,676,622	$12,981,172	1.48%
Rate 128 HP	$36,772,091	$3,294,500	$40,066,591	4.55%
Rate 138	$5,325,132	$497,877	$5,823,009	0.66%
Total	**$808,199,440**	**$71,800,000**	**$879,999,440**	**100.00%**

1 The revenue increase shown here rounds the actual agreed revenue increase of $71,800,282. Revenue at Current Rates and Total Revenue excludes miscellaneous revenues.

Northern Indiana Public Service Company
Revenue Proof and Rate Design

	Total System	Residential 111	Multiple Family 115	General Small 121	General Large 125	Large Transport - DP 128 DP	Large Transport - HP 128 HP	Interruptible 134	General Transport 138	Miscellaneous Revenue
Current Distribution Margin (As-Filed)	$ 465,531,588	$ 295,326,125	$ 2,404,167	$ 99,061,233	$ 12,859,523	$ 9,191,556	$ 35,286,309	$ 194,747	$ 5,154,021	$ 6,053,907
Misc Revenue Corrections (Per Revised)	$ 266,364									$ 266,364
Settlement Increase	$ 71,800,000	$ 52,960,388	$ 399,321	$ 9,729,065	$ 1,242,227	$ 3,676,622	$ 3,294,500		$ 497,877	$ -
Proposed Margin	$ 537,597,952	$ 348,286,513	$ 2,803,488	$ 108,790,298	$ 14,101,750	$ 12,868,178	$ 38,580,809	$ 194,747	$ 5,651,898	$ 6,320,271
Resulting Increase % (Dist Margin)	15.5%	17.9%	16.6%	9.8%	9.7%	40.0%	9.3%	0.0%	9.7%	4.4%
Gas Cost	$ 348,721,758	$ 230,259,799	$ 2,473,589	$ 95,301,332	$ 18,917,152	$ 112,993	$ 1,485,782	$ -	$ 171,111	$ -
Total Revenue	$ 886,319,710	$ 578,546,312	$ 5,277,077	$ 204,091,630	$ 33,018,902	$ 12,981,172	$ 40,066,591	$ 194,747	$ 5,823,009	$ 6,320,271
Percent of Total Revenue	100.0%	65.3%	0.6%	23.0%	3.7%	1.5%	4.5%	0.0%	0.7%	0.7%

Northern Indiana Public Service Company
Revenue Proof and Rate Design

Line No.	(A) Description	(B) 2022 Forecasted Billing Determinants (Therms/Bills)	(C) Current Rate	(D) 2022 Total Revenue ("Margins")	(E) 2022 Forecasted Billing Determinants (Therms/Bills)	(F) Proposed Rate	(G) Total Revenue ("Margins") 2022
1	**Residential - Rate 211**						
2	Customer Charge						
3	Customer Charge - 211	9,231,053	$ 14.00	$ 129,234,742	9,231,053	$ 16.50	$ 152,312,375
4	Customer Charge - 251	37,545	$ 14.00	$ 525,630	37,545	$ 16.50	$ 619,493
5	Total Customer Charge	9,268,598		$ 129,760,372	9,268,598		$ 152,931,867
6	Delivery Charge						
7	All Therms - 211	669,912,337 Therms	$ 0.20854	$ 139,703,519	669,912,337 Therms	$ 0.29079	$ 194,804,431
8	All Therms - 251	1,892,135 Therms	$ 0.20854	$ 394,586	1,892,135 Therms	$ 0.29079	$ 550,216
9	Total Delivery Charge	671,804,472 Therms		$ 140,098,105	671,804,472 Therms		$ 195,354,646
10	Residential - Rate 211 Sales			$ 269,858,477			$ 348,286,513
11	Adjustment of Charges for FMCA			$ 11,983,283			
12	Adjustment of Charges for TDSIC			$ 13,484,448			
13	Total Rider			$ 25,467,731			$ -
14			Total Margin	$ 295,326,207		Total Margin	$ 348,286,513
15			Revenue Proof	$ 295,326,207		Target Margin	$ 348,286,513
16			Over/(Under)	$ -		Over/(Under)	$ -
				0.000%			
17	**Multi-Family - Rate 215**						
18	Customer Charge						
19	Customer Charge - 215	58,410	$ 17.50	$ 1,022,175	58,410	$ 20.75	$ 1,212,008
20	Customer Charge- 251	72	$ 17.50	$ 1,260	72	$ 20.75	$ 1,494
21	Total Customer Charge	58,482		$ 1,023,435	58,482		$ 1,213,502
22	Delivery Charge						
23	All Therms - 215	7,280,514 Therms	$ 0.15311	$ 1,114,720	7,280,514 Therms	$ 0.21806	$ 1,587,602
24	All Therms - 251	10,933 Therms	$ 0.15311	$ 1,674	10,933 Therms	$ 0.21806	$ 2,384
25	Total Delivery Charge	7,291,448 Therms		$ 1,116,394	7,291,448 Therms		$ 1,589,986
26	Multi-Family - Rate 215 Sales			$ 2,139,829			$ 2,803,488
27	Adjustment of Charges for FMCA			$ 104,301			
28	Adjustment of Charges for TDSIC			$ 160,038			
29	Total Rider			$ 264,339			$ -
30			Total Margin	$ 2,404,167		Total Margin	$ 2,803,488
31			Revenue Proof	$ 2,404,167		Target Margin	$ 2,803,488
32			Over/(Under)	$ (0)		Over/(Under)	$ -
				0.000%			
33	**Small General Service - Rate 221**						
34	Customer Charge						
35	Customer Charge - 221	810,533	$ 53.00	$ 42,958,263	810,533	$ 67.00	$ 54,305,729
36	Customer Charge- 251	216	$ 53.00	$ 11,448.00	216	$ 67.00	$ 14,472
37	Total Customer Charge	810,749		$ 42,969,711	810,749		$ 54,320,201
38	Delivery Charge						
39	All Therms - 221	346,877,624 Therms	$ 0.13833	$ 47,983,582	346,877,624 Therms	$ 0.15701	$ 54,464,225
40	All Therms - 251	37,399 Therms	$ 0.13833	$ 5,173	37,399 Therms	$ 0.15701	$ 5,872
41	Total Delivery Charge	346,915,023 Therms		$ 47,988,755	346,915,023 Therms		$ 54,470,097
42	Small General Service - Rate 221 Sales			$ 90,958,467			$ 108,790,298
43	Adjustment of Charges for FMCA			$ 3,166,741			
44	Adjustment of Charges for TDSIC			$ 4,936,053			
45	Total Rider			$ 8,102,794			$ -
46			Total Margin	$ 99,061,261		Total Margin	$ 108,790,298
47			Revenue Proof	$ 99,061,260		Target Margin	$ 108,790,298
48			Over/(Under)	$ 0		Over/(Under)	$ -
				0.000%			

Northern Indiana Public Service Company
Revenue Proof and Rate Design

Line No.	(A) Description	(B) 2022 Forecasted Billing Determinants (Therms/Bills)	(C) Current Rate	(D) 2022 Total Revenue ("Margins")	(E) 2022 Forecasted Billing Determinants (Therms/Bills)	(F) Proposed Rate	(G) Total Revenue ("Margins") 2022
49	General Service Large - Rate 225						
50	Customer Charge						
51	Customer Charge - 225	7,359	$ 400.00	$ 2,943,636	7,359	$ 500.00	$ 3,679,545
52	Customer Charge- 251	-	$ 400.00	$ -	-	$ 500.00	$ -
53	Total Customer Charge	7,359		$ 2,943,636	7,359		$ 3,679,545
54	Delivery Charge						
55	First 6,000 Therms	34,906,629 Therms	$ 0.09286	$ 3,241,430	34,906,629 Therms	$ 0.11372	$ 3,969,463
56	Next 24,000 Therms	52,081,041 Therms	$ 0.08286	$ 4,315,435	52,081,041 Therms	$ 0.10372	$ 5,401,669
57	Next 60,000 Therms	11,300,071 Therms	$ 0.06286	$ 710,322	11,300,071 Therms	$ 0.08372	$ 946,004
58	All over 90,000 Therms	1,255,051 Therms	$ 0.05786	$ 72,617	1,255,051 Therms	$ 0.08372	$ 105,069
59	First 6,000 Therms - Rate 251	0 Therms	0.09286	$ -	0 Therms	$ 0.11372	$ -
60	Next 24,000 Therms - Rate 251	0 Therms	0.08286	$ -	0 Therms	$ 0.10372	$ -
61	Next 60,000 Therms - Rate 251	0 Therms	0.06286	$ -	0 Therms	$ 0.08372	$ -
62	All over 90,000 Therms	0 Therms	0.05786	$ -	0 Therms	$ 0.08372	$ -
63	Total Delivery Charge	99,542,792 Therms		$ 8,339,804	99,542,792 Therms		$ 10,422,204
64	General Service Large - Rate 225 Sales			$ 11,283,441			$ 14,101,750
65	Adjustment of Charges for FMCA			$ 426,371			
66	Adjustment of Charges for TDSIC			$ 1,149,714			
67	Total Rider			$ 1,576,085			$ -
68			Total Margin	$ 12,859,526		Total Margin	$ 14,101,750
69			Revenue Proof	$ 12,859,526		Target Margin	$ 14,101,750
70			Over/(Under)	$ (0)		Over/(Under)	$ -
				0.000%			
71	LargeTransportation - Rate 228						
72	Customer Charge	2,035	$ 1,000.00	$ 2,035,455	2,035	$ 3,000.00	$ 6,106,364
73	Demand Charge - HP	82,923,675 Therms	$ 0.03075	$ 2,549,903	82,923,675 Therms	$ 0.05580	$ 4,627,141
74	Demand Charge - DP	7,241,358 Therms	$ 0.11120	$ 805,239	7,241,358 Therms	$ 0.15568	$ 1,127,335
		90,165,033 Therms		3,355,142	90,165,033 Therms		5,754,476
75	Administrative Charges for Balancing Services						
76	Category A & C	349	$ 1,590.00	554,974	349	$ 1,590.00	554,974
77	Category B	1,727	$ 660.00	1,139,732	1,727	$ 660.00	1,139,732
78	Total Administrative Charges for Balancing Ser	2,076		1,694,706			1,694,706
79	Transportation charge - HP						
80	First 300,000 Therms	191,178,797 Therms	$ 0.03280	6,270,665	191,178,797 Therms	$ 0.03815	7,293,235
81	All Over 300,000 Therms	2,142,576,253 Therms	$ 0.00986	21,125,802	2,142,576,253 Therms	$ 0.01071	22,946,992
82	Total Transportation Charge	2,333,755,050 Therms		27,396,466	2,333,755,050 Therms		30,240,227
83	Transportation charge- DP						
84	First 300,000 Therms	154,976,410 Therms	$ 0.03377	5,233,553			
85	All Over 300,000 Therms	38,940,376 Therms	$ 0.00986	383,952			
86	First 100,000 Therms				102,844,253 Therms	$ 0.05439	5,593,948
87	All Over 100,000 Therms				91,072,533 Therms	$ 0.01071	975,387
88	Total Transportation Charge	193,916,786 Therms		5,617,505	193,916,786 Therms		6,569,335
89	Pooling Agreement Fee	1,840	$ 60.00	110,400	1,840	$ 60.00	110,400
90	Company Nomination Exchange	781	$ 10.00	7,810	781	$ 10.00	7,810
91	Imbalance Exchange Service Charge	-	$ 10.00	-	-	$ 10.00	-
92	Pool Adminstration Charge - Cat. A	19	$ 1,000.00	19,198	19	$ 1,000.00	19,198
93	Pool Adminstration Charge - Cat. B	131	$ 500.00	65,364	131	$ 500.00	65,364
94	Pool Adminstration Charge - Cat. C	-	$ 250.00	-		$ 250.00	-
95	Pool Participation Fee - Cat. A	167	$ 2,500.00	418,241	167	$ 2,500.00	418,241
96	Pool Participation Fee - Cat. B	1,444	$ 87.50	126,307	1,444	$ 87.50	126,307
97	Pool Participation Fee - Cat. C	91	$ 250.00	22,855	91	$ 250.00	22,855

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98	Imbalance Net Throughput Fee						
99	Volumetric Fee - Cat. A & C	1,826,604,204 Therms	$ 0.00015	273,991	1,826,604,204 Therms	$ 0.00015	273,991
100	Volumetric Fee - Cat. B	264,767,331 Therms	$ 0.00015	39,715	264,767,331 Therms	$ 0.00015	39,715
101	LargeTransportation - Rate 228 Sales			$ 41,183,155			$ 51,448,988
102	Adjustment of Charges for FMCA			$ 1,984,407			
103	Adjustment of Charges for TDSIC			$ 1,310,316			
104	Total Rider			$ 3,294,723			$ -
105			Total Margin	44,477,878		Total Margin	51,448,988
106			Revenue Proof	$ 44,477,750		Target Margin	$ 51,448,988
107			Over/(Under)	$ 128		Over/(Under)	$ -
				0.000%			
108	C&I Off-Peak Interruptible - Rate 234A						
109	Customer Charge						
110	Customer Charge - 234A	24	$ 637.00	$ 15,288.00	24	$ 637.00	$ 15,288
111	Minimum Charge				0		$ -
112	Total Customer Charge	24		$ 15,288.00	24		$ 15,288
113	Delivery Charge						
114	Off-Peak Intrrpt Gas	0 Therms	0	0	0 Therms		$ -
115	Off-Peak Intrrpt Contract	1,055,641 Therms	$ 0.17000	$ 179,458.89	1,055,641 Therms	$ 0.17000	$ 179,459
116	Total Delivery Charge	1,055,641 Therms		$ 179,458.89	1,055,641 Therms		$ 179,459
117	C&I Off-Peak Interruptible - Rate 234A Sales			$ 194,747			$ 194,747
118	Total Rider			$ -			$ -
119			Total Margin	$ 194,747		Total Margin	$ 194,747
120			Revenue Proof	$ 194,747		Target Margin	$ 194,747
121			Over/(Under)	$ -		Over/(Under)	$ -
				0.000%			
122	General Transportation & Balancing - Rate 238						
123	Customer Charge	1,077	$ 750.00	$ 807,682	1,077	$ 1,200.00	$ 1,292,291
124	Administrative Charges for Balancing Services	1,022	$ 250.00	$ 255,500	1,022	$ 250.00	$ 255,500
125	Demand Charge	2,073,788	$ 0.12063	$ 250,161	2,073,788	$ 0.29414	$ 609,986
126	Transportation charge						
127	First 6,000 Therms	6,759,541 Therms	$ 0.06483	$ 438,221	6,759,541 Therms	$ 0.06336	$ 428,253
128	Next 24,000 Therms	23,799,583 Therms	$ 0.06383	$ 1,519,127	23,799,583 Therms	$ 0.06336	$ 1,507,832
129	Next 60,000 Therms	19,063,020 Therms	$ 0.06283	$ 1,197,730	19,063,020 Therms	$ 0.06336	$ 1,207,745
130	All Over 90,000 Therms	3,330,423 Therms	$ 0.06183	$ 205,920	3,330,423 Therms	$ 0.06336	$ 211,000
131	Total Transportation Charge	52,952,568 Therms		$ 3,360,998	52,952,568 Therms		$ 3,354,831
132	General Transportation & Balancing - Rate 238 Sales			$ 4,674,341			$ 5,512,608
133	Pooling Agreement Fee	1,328	$ 60.00	$ 79,670	1,328	$ 60.00	$ 79,670
134	Company Nomination Exchange	383	$ 10.00	$ 3,830	383	$ 10.00	$ 3,830
135	Pool Administration Charge	110	$ 250.00	$ 27,523	110	$ 250.00	$ 27,523
136	Pool Participation Fee	904	$ 25.00	$ 22,592	904	$ 25.00	$ 22,592
137	Volumetric Charge - Pool Operator	37,836,387 Therms	$ 0.00015	$ 5,675	37,836,387 Therms	$ 0.00	$ 5,675
138	Adjustment of Charges for FMCA			$ 177,706			
139	Adjustment of Charges for TDSIC			$ 162,686			
140	Total Rider			$ 479,682			$ 139,290
141			Total Margin	$ 5,154,023		Total Margin	$ 5,651,898
142			Revenue Proof	$ 5,154,023		Target Margin	$ 5,651,898
143			Over/(Under)	$ -		Over/(Under)	$ -
				0.000%			
144	All Classes						
145			Total Margin	$ 459,477,809		Total Margin	$ 531,277,681
146			Revenue Proof	$ 459,477,681		Target Margin	$ 531,277,681
147			Over/(Under)	$ 128		Over/(Under)	$ -