STATE OF INDIANA
INDIANA UTILITY REGULATORY COMMISSION

PETITION OF NORTHERN INDIANA PUBLIC SERVICE COMPANY LLC PURSUANT TO IND. CODE §§ 8-1-2-42.7, 8-1-2-61, AND, 8-1-2.5-6 FOR (1) AUTHORITY TO MODIFY ITS RETAIL RATES AND CHARGES FOR ELECTRIC UTILITY SERVICE THROUGH A PHASE IN OF RATES; (2) APPROVAL OF NEW SCHEDULES OF RATES AND CHARGES, GENERAL RULES AND REGULATIONS, AND RIDERS (BOTH EXISTING AND NEW); (3) APPROVAL OF A NEW RIDER FOR VARIABLE NONLABOR O&M EXPENSES ASSOCIATED WITH COALFIRED GENERATION; (4) MODIFICATION OF THE FUEL COST ADJUSTMENT TO PASS BACK 100% OF OFF-SYSTEM SALES REVENUES NET OF EXPENSES; (5) APPROVAL OF REVISED COMMON AND ELECTRIC DEPRECIATION RATES APPLICABLE TO ITS ELECTRIC PLANT IN SERVICE; (6) APPROVAL OF NECESSARY AND APPROPRIATE ACCOUNTING RELIEF, INCLUDING BUT NOT LIMITED TO APPROVAL OF (A) CERTAIN DEFERRAL MECHANISMS FOR PENSION AND OTHER POSTRETIREMENT BENEFITS EXPENSES; (B) APPROVAL OF REGULATORY ACCOUNTING FOR ACTUAL COSTS OF REMOVAL ASSOCIATED WITH COAL UNITS FOLLOWING THE RETIREMENT OF MICHIGAN CITY UNIT 12, AND (C) A MODIFICATION OF JOINT VENTURE ACCOUNTING AUTHORITY TO COMBINE RESERVE ACCOUNTS FOR PURPOSES OF PASSING BACK JOINT VENTURE CASH, (7) APPROVAL OF ALTERNATIVE REGULATORY PLANS FOR THE (A) MODIFICATION OF ITS INDUSTRIAL SERVICE STRUCTURE, AND (B) IMPLEMENTATION OF A LOW INCOME PROGRAM; AND (8) REVIEW AND DETERMINATION OF NIPSCO'S EARNINGS BANK FOR PURPOSES OF IND. CODE § 8-1-2-42.3.	)	**CAUSE NO. 45772**

INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR

PUBLIC'S EXHIBIT NO. 2

TESTIMONY OF OUCC WITNESS MARK E. GARRETT

JANUARY 20, 2023

Respectfully submitted,

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PUBLIC'S EXHIBIT NO. 2

BEFORE THE

INDIANA UTILITY REGULATORY COMMISSION

	)	
NORTHERN INDIANA PUBLIC SERVICE	)	
COMPANY LLC	)	**CAUSE NO. 45772**
	)	

DIRECT TESTIMONY AND SCHEDULES

OF

MARK E. GARRETT

ON BEHALF OF

INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR ("OUCC")

January 20, 2023

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I. INTRODUCTION AND PURPOSE OF TESTIMONY

Q: PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A: My name is Mark E. Garrett. My business address is 4028 Oakdale Farm Circle, Edmond, Oklahoma 73013.

Q: WHAT IS YOUR PRESENT OCCUPATION?

A: I am the President of Garrett Group Consulting, Inc., a firm specializing in public utility regulation, litigation and consulting services.

Q: WOULD YOU PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND YOUR PROFESSIONAL EXPERIENCE RELATED TO UTILITY REGULATION?

A: I received my bachelor's degree from The University of Oklahoma and completed post graduate hours at Stephen F. Austin State University and the University of Texas at Arlington and Pan American. I received my juris doctorate degree from Oklahoma City University Law School and was admitted to the Oklahoma Bar in 1997. I am a Certified Public Accountant licensed in the States of Texas and Oklahoma with a background in public accounting, private industry, and utility regulation. In public accounting, as a staff auditor for a firm in Dallas, I primarily audited financial institutions in the State of Texas. In private industry, as controller for a mid-sized corporation in Dallas, I managed the company's accounting function, including general ledger, accounts payable, financial reporting, audits, tax returns, budgets, projections, and supervision of accounting personnel. In utility regulation, I served as an auditor in the Public Utility Division of the Oklahoma Corporation Commission ("Commission") from 1991 to 1995. In that position, I managed the audits of major gas and electric utility companies in Oklahoma.

Since leaving the Commission, I have worked on numerous rate cases and other regulatory proceedings on behalf of various consumers, consumer groups, public utility commission staffs and attorney general's offices. My clients primarily include industrial customers, hospitals and hospital groups, universities, municipalities, and large commercial customers. I have also testified on behalf of the commission staff in Utah and the offices of attorneys general in Oklahoma, Washington, Nevada and Florida. I have also served as a presenter at the NARUC subcommittee on Accounting and Finance on the issue of incentive compensation, and as a regular instructor at the New Mexico State University's Center for Public Utilities course on basic utility regulation.

Q: HAVE YOU PREVIOUSLY TESTIFIED IN REGULATORY PROCEEDINGS ON UTILITY RATES?

A: Yes. I have provided testimony before the public utility commissions in the states of Alaska, Arizona, Arkansas, Colorado, Florida, Indiana, Massachusetts, Nevada, New Mexico, Oklahoma, South Carolina, Texas, Utah, and Washington. My qualifications were accepted in each of those states. A description of my qualifications and a list of the proceedings in which I have been involved are attached as Attachment MEG-1.

Q: ON WHOSE BEHALF ARE YOU APPEARING IN THESE PROCEEDINGS?

A: I am appearing on behalf of the Indiana Office of Utility Consumer Counselor ("OUCC").

Q: WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

A: The purpose of my testimony is to address various revenue requirement issues identified in the rate case application filed by Northern Indiana Public Service Company, LLC ("NIPSCO" or "Company"). In my testimony, I provide recommendations and adjustments to the Company's requested revenue requirement. My adjustments include several recommendations for the sharing of certain costs between ratepayers and shareholders, rather than recovering them solely from ratepayers. My testimony also presents a summary of the adjustments proposed by other OUCC witnesses.

Q: PLEASE PROVIDE AN OVERVIEW OF THE COMPANY'S REQUESTED REVENUE REQUIREMENT IN THIS APPLICATION.

A: In this filing, the Company is requesting a $395.0 million increase in rates.[1] The Company indicates that it is proposing a rate increase of $291.8 million, which is an overall system increase of 19.09%.[2] However, the Company is also requesting an additional increase through a new tracker mechanism that includes all variable non-labor O&M expenses associated with its coal-fired generation resources in base rates. This new tracker mechanism, the "VCT Rider," will add another $100.7 million to the requested increase.

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[1] See Direct Testimony of Jennifer L. Shikany, Petitioners Exhibit No. 3, Attachment 3-A-S2-A1, p. 1.

[2] Direct Testimony of Erin E. Whitehead, p. 15, lines 1-3.

When this proposed tracker is included in the overall revenue requirement it results in an overall increase of $395.0 million, which is a 25.7% total increase in rates.[3]

Q: PLEASE DESCRIBE THE COMPANY'S PROPOSED TIMING OF ITS RATE INCREASES.

A: The Company proposes to phase in the rate increases in three steps over a ten-month period,[4] as follows:

> <u>Step 1</u>: Assuming an order date of July 16, 2023, Step 1 rates will be calculated as of June 30, 2023, to become effective no later than September 1, 2023.
>
> <u>Step 2</u>: The Step 2 rates will be calculated as of December 31, 2023, to become effective no later than March 1, 2024.
>
> <u>Step 3</u>: NIPSCO is proposing to implement rates associated with the Variable Cost Tracker in July 2024 (an informal Step 3).[5]

The Company presented revenue requirement calculations that reflect its Step 1 and Step 2 rate increases.[6] The Company's Attachment 3-A-S1 through Attachment 3-C-S1 show the "Step 1" revenue requirement. The Company's Attachment 3-A-S2 through Attachment 3-C-S2 show the "Step 2" revenue requirement. The Company notes that the attachments denoted "S1" are being provided for informational purposes, presumably because this is an interim rate.

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[3] Direct Testimony of Erin E. Whitehead, p. 15, lines 16-19.

[4] Direct Testimony of Erin E. Whitehead, p. 15, lines 4-10.

[5] Id.

[6] Direct Testimony of Jennifer L. Shikany, p. 16, line 1-6.

Q: HAS THE COMPANY PROVIDED AN ALTERNATIVE REVENUE REQUIREMENT CALCULATION THAT INCLUDES VARIABLE NON-LABOR O&M EXPENSES IN BASE RATES RATHER THAN IN THE VCT RIDER?

A: Yes. Given that the Variable Cost Tracker represents a new tracker proposal that requires approval, in the event the tracker is not approved, NIPSCO is presenting an alternative revenue requirement that includes all variable non-labor O&M expenses associated with its coal-fired generation resources in base rates.[7] This alternative revenue requirement is presented by NIPSCO witness Shikany in Attachment 3-A-S2-A1, which presents the Step 2 revenue requirement without the VCT Rider.[8] The Company did not, however, provide a similar Alternative Step 1 calculation for rates without the VCT Rider for the forecasted period ended June 30, 2023.

Q: HAVE YOU PREPARED SCHEDULES TO ACCOMPANY YOUR TESTIMONY?

A: Yes. I have prepared accounting schedules that present my findings and recommendations and include the recommendations and proposed adjustments sponsored by other OUCC witnesses. The OUCC accounting schedules are presented in two parts which correspond to the Company's proposed Step 1 and Step 2 revenue requirement calculations. Accounting Schedules MEG-1(S1) through MEG-8(S1) reflect the interim rates based on the Step 1 forecasted period ended June 30, 2023. Accounting Schedules MEG-1(S2) through MEG-8(S2) reflect the interim rates based on the Step 2 forecasted period ended

[7] Direct Testimony of Erin E. Whitehead, p. 15, line 14 – p. 16, line 2.
[8] See Direct Testimony of Jennifer L. Shikany, Attachment 3-A-S2-A1.

December 31, 2023. Because OUCC does not recommend the implementation of the VCT Rider, OUCC's accounting schedules are based on the Company's Alternative Step 2 revenue requirement calculation set forth in Ms. Shikany's Attachment 3-A-S2-A1.

Q: TO THE EXTENT THAT YOU DO NOT ADDRESS A SPECIFIC ITEM OR ADJUSTMENT, SHOULD THAT BE CONSTRUED TO MEAN THAT YOU AGREE WITH THE COMPANY'S PROPOSAL FOR THAT ITEM?

A: No. Exclusion from my testimony of any specific adjustments or amounts proposed by NIPSCO does not indicate my approval of those adjustments or amounts, but rather that the scope of my testimony is limited to the specific items addressed herein.

II. REVENUE REQUIREMENT ADJUSTMENTS

II. A. PAYROLL EXPENSE

Q: PLEASE DISCUSS THE COMPANY'S ADJUSTMENTS TO PAYROLL EXPENSES.

A: The Company adjusted its payroll expenses in adjustment OM 1. The Company's adjustment includes general pay increases for 2022 and 2023, a headcount reduction to June 30, 2022 levels, and an increase in employee levels for vacant positions expected to be added by January 1, 2023.[9] These adjustments increase payroll expenses from $123.5 million for 2021 to $132.0 million for 2023, an increase of $8.5 million or 6.9% over the two-year period. The Company included pay increases of 3.0% for 2022 for both

[9] See Direct Testimony of Jennifer L. Shikany, p. 45, lines 1-14.

bargaining and non-bargaining employees. For 2023, the Company projected pay increases of 3.5% for bargaining employees and 3.0% for non-bargaining employees.[10] I have not proposed any adjustment to the Company's projected pay increases.

Q: DID THE COMPANY PROPOSE AN ADJUSTMENT RELATED TO VACANT POSITIONS?

A: Yes. The Company made an adjustment to include 99 vacant positions which added $4,397,870 to the 2023 payroll expenses.[11]

Q: DO YOU AGREE WITH THE COMPANY'S PROPOSED ADJUSTMENT FOR VACANT POSITIONS?

A: No. NIPSCO'S employee levels declined from 2,787 employees in December 2021 to 2,767 in June 2022. The employee levels declined further to 2,733 by October 2022 according to the latest data provided by the Company.[12] Based upon this trend, it is unlikely that the 99 vacant positions will be filled as reflected in the Company's adjustment. As such, the Company's proposed adjustment would result in an overstated payroll expense for the projected test year.

[10] Based on Workpaper OM 1, p. 4.

[11] Workpaper OM 1, p. 4, sum of line 24.

[12] See OUCC 10-007, Attachment A.

The Company reported in its July 2022 compliance filing in Cause No. 44688 that its annual employee turnover rate has ranged from 5% to 8% percent over the last decade.[13] Assuming NIPSCO experienced an average turnover rate of 6.5% for 2022 this would result in 180 employees.[14] NIPSCO adjustment includes new employees for current vacant positions but fails to account for the new vacancies that will develop by the beginning of the projected test year. The Company's adjustment also fails to recognize that retiring employees are often paid at higher rates than newly hired employees which would cause the Company's projected payroll expense to be further overstated. Moreover, companies typically maintain some level of vacant positions because it is virtually impossible to keep all positions filled. In my experience, I do not recall any instance in which a commission has allowed an adjustment to include vacant positions in rates.

Q: WHAT ADJUSTMENT DO YOU RECOMMEND REGARDING THE NIPSCO VACANT POSITION ADJUSTMENT?

A: I recommend that the adjustment for vacant positions be rejected.

Q: WHAT IS THE AMOUNT OF THE ADJUSTMENT TO EXCLUDE THE VACANT EMPLOYEE POSITIONS ADDED BY THE COMPANY?

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[13] See Figure 31, p. 32 of the July 1, 2022 Performance Metric Collaborative Update filed in Cause No. 44688.

[14] See Workpaper OM 1 p. 9, line 69 for the June 30, 2022 headcount of 2765. (8%+5%)/2 = 6.5% 2065 * 6.5% = 180.

A: The adjustment to remove the vacant employee positions reduces payroll expenses by $4,397,870. This adjustment is shown on Schedule MEG-5.1(S2).

II. B. EMPLOYEE BENEFITS RELATED TO VACANT POSITIONS

Q: DOES THE EXCLUSION OF THE VACANT POSITIONS AFFECT EMPLOYEE BENEFITS COSTS?

A: Yes. NIPSCO included adjustments to employee medical expenses and other employee benefits based on their additional employee positions and estimated costs provided by Aon Hewitt.[15] The employee medical expenses were adjusted in OM 14 and the other employee benefits were adjusted in OM 16. The other employee benefits include savings plan matching, dental, life insurance, disability, and vision insurance.

Q: WHAT ADJUSTMENTS ARE NEEDED TO REMOVE EXPENSES FOR MEDICAL AND OTHER BENEFITS RELATED TO THE VACANT POSITIONS ADDED BY NIPSCO?

A: The adjustment to remove the medical benefits for the added employees reduces O&M expenses by $389,183, as set forth on Schedule MEG-5.2(S2). The adjustment to remove the other related employee benefits reduces O&M expenses by $300,201, as set forth on Schedule MEG-5.3(S2).

[15] See Direct Testimony of Jennifer L. Shikany, p. 53, line 14 – p. 54, line 2 and p. 55, lines 2-9.

II. C. SHORT-TERM INCENTIVE COMPENSATION EXPENSE ADJUSTMENT

Q: PLEASE PROVIDE A BRIEF DESCRIPTION OF NISOURCE's INCENTIVE COMPENSATION PLANS.

A: NiSource's incentive compensation plans are formal written plans administered according to management discretion. The Company's plans are set forth in the MSFR filings and are discussed in the testimony of Company witness, Kimberly Cartella. The Company provides an annual Short Term Incentive Plan ("STI") for its employees. In its application, the Company seeks to include STI plan costs of $9,738,651 for NIPSCO,[16] and $5,488,957 for NiSource allocated cost, [17] for a total of $15,227,608 based on forecasted 2023 levels.

Q: PLEASE DESCRIBE THE NISOURCE PLANS.

A: NiSource has two STI Plans—one for officer participants[18] and one for non-officer participants.[19] Both plans are discretionary and include a Net Operating Earnings Per Share ("EPS") goal at 70% for all covered employees. In the officers' plan, the remaining 30% is based on safety measures. In the non-officers plan, the remaining 30% includes 20% customer satisfaction measures and 10% safety goals.[20] Both plans establish three levels at which employees may be awarded for the achievement of incentive goals: (1) a "trigger" at which the payout is 50% of target level, (2) a "target" at which payout is

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[16] Petitioners Workpaper OM 11, p.1.

[17] See Response to OUCC Request 10-024 Attachment A.

[18] 2021 Cash-Based Awards Program Terms and Conditions for Officer Participants, MSFR 0412-0417.

[19] 2021 Cash-Based Awards Program Terms and Conditions for Non-Officer Participants, MSFR 0418-0424.

[20] See the responses to OUCC 10-28 and OUCC 10-30.

100%, and (3) a "stretch" level for which payout is 150% of target.[21] In this proceeding, NIPSCO seeks to recover 100% of its target level STI.[22]

Q: PLEASE DISCUSS THE COMMISSION'S STANDARD FOR THE RECOVERY OF INCENTIVE COMPENSATION COSTS IN RATES.

A: The Commission uses a three-part test for evaluating the amount of incentive compensation cost to be included in rates.[23] The Commission noted that this standard was first established in Cause No. 42359, which:

> The criteria for the recovery of incentive compensation plan costs is well established. We will allow recovery in rates when: (1) the incentive compensation plan is not a pure profit-sharing plan, but rather incorporates operational as well as financial performance goals; (2) the incentive compensation plan does not result in excessive pay levels beyond what is reasonably necessary to attract a talented workforce; and (3) shareholders are allocated part of the cost of the incentive compensation programs.[24]

Q: HAS THE COMMISSION PREVIOUSLY APPLIED ITS THREE-PART TEST IN EVALUATING THE NISOURCE INCENTIVE COMPENSATION PLANS?

A: Yes. The Commission addressed the recovery of incentive compensation costs in NIPSCO Cause No. 43526. In that case, the Industrial Group witness proposed to disallow all of NIPSCO's incentive plan costs based on the existence of a financial trigger, however, the

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[21] See Direct Testimony of Kimberly Cartella, p. 14, line 16 – p. 15, line 5.

[22] *Id.*, p. 18, line 12 – p. 19, line 3.

[23] *In re Indiana Michigan Power Company*, Ind. Util. Regul. Comm'n, Cause No. 45235, Final Order (Mar. 11, 2020) p. 62.

[24] *In re PSI Energy, Inc.*, Ind. Util. Regul. Comm'n, Cause No. 42359, Final Order, (May 18, 2004) p. 89. ("Cause No. 42359"); *see also, In re S. Ind. Gas and Elec. Co., d/b/a Vectren Energy Delivery of Ind. Inc*., Ind. Util. Regul. Comm'n, Cause No. 43839, Final Order, (Apr. 27, 2011) p.50.

Commission determined that a 50%-50% sharing of the *target* level of incentive compensation expense was the appropriate treatment. The Commission's order states:

> Under our criteria, once an incentive compensation plan is found to provide benefits to shareholders and ratepayers and not be excessive, an appropriate level of costs should be recovered from ratepayers who are benefited by these programs. Mr. Campbell explained that NiSource's shareholders are already allocated a portion of the incentive plan costs ***because NIPSCO's adjustment only includes incentive compensation at the <u>trigger level which is 50% below the target amount</u>, leaving shareholders to cover the target and stretch levels***. Thus, NIPSCO's adjustment reduces electric test year incentive compensation expense by $916,264.[25]

The treatment adopted by the Commission included only the 50% "trigger" level in rates. It left the remaining 100% "target" and 150% "stretch" levels to be paid by shareholders, if achieved. Sharing the costs of the target level incentive compensation costs equally between ratepayers and shareholders is appropriate for NIPSCO's plan because the plans are heavily weighted (70%) to promote financial performance goals which benefit shareholders more than ratepayers.

Q: DID THE COMPANY FOLLOW THE TREATMENT DESCRIBED IN THE COMMISSION'S ORDER IN CAUSE NO. 43526?

A: No. The Company in this case is seeking recovery of 100% of the target level, leaving shareholders only to cover the "stretch" levels, if reached. The stretch levels are the above-target payouts which in my view would not be recoverable under the *second* prong of the test, which is established to ensure that above-market incentive plan costs are not

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[25] *In re N. Ind. Pub. Serv. Co.*, ("NIPSCO"), Ind. Util. Regul. Comm'n Cause No. 43526, Final Order, (Aug. 25, 2010) p. 63 ("Cause No. 43526") (emphasis added).

recovered in rates. To accomplish a reasonable sharing of the incentive plan costs, I recommend the Commission adopt the treatment followed in Cause 43526, to allow recovery of the 50% trigger levels, but leaving *target* and *stretch* levels for shareholders. This approach ensures that the third prong of the Commission's test is satisfied.

Q: DOES THE COMPANY'S PROPOSED RECOVERY OF 100% OF TARGET LEVEL SATISFY THE THREE COMPONENTS OF THE COMMISSION'S STANDARD?

A: No. In my view, full recovery of "target" level compensation (allocating only the above-target "stretch" portion of the plan costs to shareholders) does not constitute a legitimate *sharing* of costs between shareholders and ratepayers. As discussed in the section below, I believe that the removal of above-target costs is required by the *second* prong of the test—which ensures that above-market incentive plan costs are not recovered in rates. If removal of the above-target costs were the only adjustment required to satisfy the Commission's standard, the third prong would be unnecessary. For this reason, the third prong of the Commission's test requires a *sharing* of the market-based (*target*) level incentive compensation costs, in recognition of the fact that the discretionary incentive compensation plan provides benefits to shareholders and ratepayers alike.

Q: DO INCENTIVE PLANS WITH SIGNIFICANT FINANCIAL PERFORMANCE METRICS PRIORITIZE THE INTERESTS OF SHAREHOLDERS OVER THE INTERESTS OF CUSTOMERS?

A: Yes. Plans heavily weighted on EPS targets (such as the NiSource plans) provide incentives to maximize shareholders' earnings. Under the Company's plan, regardless of how well employees may perform in performance measures such as safety or customer satisfaction, if the EPS is below the stated threshold, the awards are significantly reduced. The Company's EPS is the primary controlling factor for whether the incentive compensation will be paid and to what extent.

Q: HOW DO DISCRETIONARY INCENTIVE COMPENSATION PLANS TIED TO FINANCIAL PERFORMANCE SPECIFICALLY BENEFIT SHAREHOLDERS?

A: Discretionary plans that are conditioned on meeting predetermined financial goals create uncertainty regarding the actual level of incentive payments from year to year. If rates are established based on 100% of *target* levels, but annual plan goals are not met, the incentive payments may be reduced at management's discretion, the amounts collected in rates would then be transferred to shareholders rather than employees. As such, incentive payments embedded in rates can be used to shelter the utility's shareholders against the risk of earnings erosion.

When a utility embeds full recovery for incentive payments in rates, those funds are available not only to make incentive payments when financial performance goals are met, but also to supplement earnings in years that a utility's financial performance falls short. As such, embedded incentive compensation payments can be used as a financial hedge to shelter the financial performance of the company.

An example of this problem occurred in the 2008 Oklahoma rate case proceeding of Public Service Company of Oklahoma, ("PSO") PUD 08-144. In PSO's 2008 rate case, the Commission included more than $4 million in rates for incentive compensation, however, because PSO's earnings fell in 2009, its management elected not to utilize all of that money to pay incentives that year, but instead retained a portion of funds for its shareholders to help bolster the Company's lower earnings.[26] The fact is, when setting rates prospectively, one cannot know from year to year what the level of incentive compensation will be paid. For this reason, many jurisdictions establish rates based on a reasonable sharing of these discretionary costs between ratepayers and shareholders.

Q: WHEN REGULATORS EXCLUDE A PORTION OF A UTILITY'S INCENTIVE PLAN TIED TO FINANCIAL PERFORMANCE MEASURES, DOES THE UTILITY STOP OFFERING INCENTIVE COMPENSATION TO HELP ACHIEVE ITS FINANCIAL GOALS?

A: No. Even though regulators generally disallow incentive compensation tied to financial performance for ratemaking purposes, utilities continue to include financial performance as a key component of their plans. In my opinion, utilities continue to tie incentive payments to financial performance because by doing so they achieve the primary objective of the incentive plans: to increase corporate earnings and, thereby, earnings per share

[26] *In re Pub. Serv. Co. of Okla.*, PUD 2008-144. In 2009, PSO's below target EPS reduced the funding available for incentive compensation payments by 76.9%, thereby retaining funds to help bolster its lower earnings that year. See *Pub. Serv. Co. of Okla.*, Cause No. 2010-050, PSO response to OIEC Data Request No. 4-7.

("EPS"). However, since the utility retains the increased earnings that these plans help achieve, payments for these plans should be made from a portion of these increased earnings and these plans should not be subsidized by ratepayers. Because NiSource plans are based upon 70% EPS goals, when the Company's earnings targets are achieved the Company has ample funding for the payout of incentives. For these reasons, a 50% sharing of the *target* level of compensation balances the interests of ratepayers and shareholders while providing a fair and reasonable level recovery of the utility's discretionary incentive compensation costs.

Q: ARE FINANCIALLY-BASED INCENTIVE COMPENSATION PAYMENTS SIGNIFICANTLY ABOVE TARGET LEVELS REASONABLE AND NECESSARY FOR THE PROVISION OF ELECTRIC SERVICE?

A: No. When a regulated monopoly utility's incentive compensation plans routinely has payouts significantly *above* target, it is a cause for concern. In the competitive market, shareholders bear all of the costs associated with incentive compensation payouts. Although employers strive to pay market-based compensation, the contravening interests of the shareholders tend to mitigate the tendency to pay compensation significantly above market. With monopoly utilities, however, if ratepayers pay a significant portion of the incentive compensation costs, the cost-control tension can be significantly reduced, absent stringent regulatory intervention. As the surrogate for competition for monopoly utilities, regulators establish policies (such as the Commission's three-pronged test) to ensure that utility compensation levels are reasonable and necessary for the provision of service.

Q: WHAT IS THE COMPANY'S HISTORY OF INCENTIVE COMPENSATION PAYMENTS IN RELATION TO ITS ANNUAL TARGET LEVELS?

A: The Company presented a ten-year history of incentive compensation payouts shown in Figure MEG-1 below.[27]

Figure MEG-1

STI Plan History												
Percent of Target												
	2011	**2012**	**2013**	**2014**	**2015* First Half**	**2015* Second Half**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
NIPSCO	128%	122%	122%	131%	65%	105%	117%	149%	75%	73%	50%	111%
Corporate Wide	149%	130%	133%	142%	122%	105%	117%	149%	75%	73%	50%	111%
Executive Only	149%	130%	133%	142%	122%	105%	117%	146%	50%	65%	50%	113%

* Due to split of Columbia Pipeline Group from NiSource, there was a 1/1-6/30 plan and a 7/1-12/31 plan; the second half was based upon total NI results, not business unit results.

As shown in figure above, the Company typically has made incentive compensation payments to employees at above-target levels. However, for years 2018-2020, the Company only paid out at levels between 50% to 75% of target. In those years, incentive compensation at the full target levels was *not* ultimately distributed to the utility's employees, but instead was retained by the Company.

Q: NIPSCO ASSERTS THAT ITS INCENTIVE COMPENSATION PROGRAMS ARE NECESSARY TO ATTRACT AND RETAIN QUALIFIED PERSONNEL TO PROVIDE SAFE AND RELIABLE SERVICE. DO YOU AGREE?

[27] See Direct Testimony of Kimberly Cartella, p. 19.

A: Not entirely. Utilities often claim their incentive compensation plans are necessary for attracting talent to provide safe and reliable service. However, much of the electricity in this country is provided by municipal electric providers that do not pay short-term incentives, yet they are able to attract talent sufficient to deliver safe and reliable service.[28] Electric cooperatives also provide a substantial amount of the electricity used in this country but many do so without the use of short-term incentives.[29] Likewise, many state-run electric systems also provide electric service without the use of short-term incentives,[30] as do some federally-owned utilities.[31] So, it is inaccurate to say that incentives are ***necessary*** for the provision of electric service.

The other problem with this argument is that it does nothing to explain why the full amount of target incentive pay should be included in rates. Virtually all utilities have the same need to attract qualified employees, but most of these other utilities are ***not recovering*** the full amount of their target-level incentive pay in rates.

Q: ARE YOU RECOMMENDING THAT THE COMPANY ELIMINATE ITS SHORT-TERM INCENTIVES?

A: No. The question for ratemaking purposes is not whether the utility should offer short-term incentives to its employees; the question is, who should pay for them. My point is that the metrics of many incentive compensation plans are focused more heavily on

[28] *See e.g.*, Oklahoma Corp. Comm'n, Docket No. PUD 2018-00140, OG&E response to OIEC 9-8.

[29] *Id.*

[30] *Id.*

[31] *Id.*

increasing shareholder wealth than on enhancing the safety and reliability of the electric service provided. The consensus view is that financial-based incentives benefit the shareholders more than they do the ratepayers, and, as a result, should be paid for by the shareholders. This point was addressed recently by the Wisconsin commission:

> [T]he Commission is not persuaded by NSPW's arguments that its overall compensation without the AIP would fall below market rates. The Commission is also not persuaded by NSPW's argument that recovery of the AIP expense from ratepayers is required in order for NSPW to attract and compete for employees. NSPW provided no evidence of any unsuccessful recruitments or other examples of any difficulty in hiring talented employees because NSPW is not recovering its AIP payments in rates. *NSPW's management is not prohibited from paying a portion of its overall 2018 employee compensation in the form of incentives*. However, the amount of payroll expense authorized for recovery is limited to what the Commission has determined to be reasonable in this case.[32]

Q: WHAT ARE YOU RECOMMENDING WITH RESPECT TO THE COMPANY'S INCENTIVE EXPENSE?

A: I recommend the Commission adopt the treatment used in NIPSCO Cause No. 43526, a ***50% - 50% sharing approach*** which allocates the ***target*** level of annual incentive plan costs evenly between shareholders and ratepayers. A 50% -50% sharing approach is a reasonable approach that recognizes the Company's plan is based on both financial and operational performance measures, and that it benefits both shareholders and ratepayers. The calculations supporting this adjustment are set forth at Schedule MEG-5.4(S2).

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[32] *In re Northern States Power Co.*, Wis. Pub. Serv. Comm'n, Docket No. 4220-UR-123, Final Order, (Dec. 21, 2017), p.16.

Adjustment to Remove 50% of Target Annual Incentive Costs

Adjustment to Remove 50% of target level expense-NIPSCO	$4,869,326
Adjustment to Remove 50% of target level expense—NCSC	$2,744,479
Total Adjustment	$7,613,804

II. D. PAYROLL TAXES

Q: DO THE ADJUSTMENTS TO BASE COMPENSATION AND STI AFFECT THE LEVEL OF PAYROLL TAXES THAT SHOULD BE INCLUDED IN THE REVENUE REQUIREMENT?

A: Employee compensation is subject to employment taxes and NIPSCO recognized the impact of their adjusted payroll levels on employment taxes in adjustment OTX 2. The Company included $11,308,527 in employment taxes in the adjusted revenue requirement.

Q: WHAT IS THE IMPACT OF THE ADJUSTMENT TO REDUCE PAYROLL TAX EXPENSE BASED ON THE ADJUSTMENTS TO PAYROLL AND STI EXPENSES?

A: Adjustments to employment taxes are required as a result of adjustments to cash compensation amounts. The related payroll tax adjustment reduces O&M expense by $905,720. This adjustment is found on Schedule MEG-5.5(S2).

II. E. LONG-TERM EXECUTIVE STOCK INCENTIVE PLAN

Q: DID NIPSCO INCLUDE LONG-TERM INCENTIVES COSTS IN THE REVENUE REQUIREMENT?

A: Yes. NiSource Inc. has a long-term incentive compensation ("LTI") plan for high-level employees. Participation in the LTI was limited to the employees at the level of Director and above in the 2021 test year. The plan includes Performance Share Units which require the achievement of specific goals and Restricted Stock Units that are based on continued employment with the Company. [33] The LTI plan was limited to employees at the Vice President level and above in 2021 but participation was expanded somewhat in 2022.[34] The PSUs goals for 2021 were weighted 50% on net operating income per share and 50% on relative total shareholder return for the top executives. Those financial goals are subject to adjustment for safety, environmental, and diversity goal.[35] The NIPSCO LTI awards included in O&M expenses increased from $592,053 in 2021 to $780,740 projected for 2022, and $851,858 projected for 2023.[36] The Company also seeks to include affiliate LTI costs of $4,686,294.[37]

Q: DO YOU BELIEVE THESE COSTS ARE INCLUDIBLE FOR RATEMAKING PURPOSES?

A: No. The goals of the plan are tied to financial-related metrics and the payments are made to highly compensated executives of the Company.

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[33] See Direct Testimony of Kimberly Cartella, p. 20 line 8 – p. 21, line 2.

[34] *Id.*, p. 20, fn. 2 and OUCC 10-16.

[35] See 2022 Proxy Statement & Notice of Annual Meeting of Stockholders, p. 40.

[36] See Workpaper OM 17, p. 1.

[37] See Response to OUCC10-017, Attachment A.

Q: WHAT IS THE RATIONALE FOR EXCLUDING LONG-TERM INCENTIVE COMPENSATION EXPENSE?

A: Long term incentives, especially stock-based incentives such as NiSource's, are financial-based incentives and should be disallowed for all of the reasons set forth in the previous section. Incentive compensation payments to officers, executives, and key employees of a utility, such as the long-term incentive payments, are generally excluded for ratemaking purposes. Officers of any corporation have a fiduciary duty to the corporation to put the interests of the company first. Undoubtedly, the interests of the company and the interests of the customer are not always the same, and at times, can be quite divergent. This natural divergence of interests creates a situation where not every cost associated with executive compensation is presumed to be a necessary cost of providing utility service. Many regulators are inclined to exclude executive bonuses, incentive compensation and supplemental benefits from utility rates, understanding that these costs would be better borne by the utility shareholders.

Long-term incentive plans are specifically designed to tie compensation to the financial performance of the company. This is done to further align the interest of the employee with those of the shareholder. Since the compensation of the employee is tied over a long period of time to the company's stock price, it motivates employees to make business decisions from the perspective of long-term shareholders. This intentional alignment of employee and shareholder interests means the costs of these plans should be borne solely by the shareholders. It would be inappropriate to require ratepayers to bear the costs of incentive plans designed to encourage employees to put the interests of the shareholders first.

Q: IN THE CURRENT ECONOMIC CLIMATE, DO YOU BELIEVE IT IS APPROPRIATE FOR NIPSCO TO RECEIVE A FULL RECOVERY OF ITS LONG TERM INCENTIVE COMPENSATION?

A: No. Long term incentive compensation is designed to align the interests of employees with the interests of the shareholders. At a time when individuals and businesses are struggling to make ends meet, it is important for regulators to impose cost constraint measures on the utility company.

For these reasons, I recommend that the Commission apply the standard previously approved by the Commission in its 2012 Indiana-American Water Company, Inc., Cause No. 44022 Order, which held that financially-based long-term incentives should be excluded for ratemaking purposes:

> LTIP is based on the total shareholder return and internal performance goals. Although the LTIP is not a pure profit-sharing plan, *it is strongly tied to financial performance* in that the Board of Directors determines the level of additional compensation. In addition, the Commission notes that given the current economic climate and the other increases being requested by Petitioner in this case, it is reasonable for Petitioner to mitigate rate increases and control costs where possible. Therefore, we find that Petitioner's *LTIP expense should be borne by its shareholders rather than its ratepayers, and we disallow the pro forma LTIP expense*.[38]

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[38] *In re Indiana-American Water Co.,* Cause No. 44022, Final Order, p. 57 (Ind. Util. Regul. Comm'n Jun. 6, 2012) ("Cause No. 44022") (emphasis added).

Q: HOW IS LONG-TERM INCENTIVE COMPENSATION TREATED IN OTHER JURISDICTIONS?

A: In my experience, most jurisdictions limit, or wholly exclude, long-term stock-based incentives in rates. My understanding of the regulatory treatment of long-term incentive compensation is informed, in part, by the results of an Incentive Compensation Survey of 24 Western States conducted by the Garrett Group LLC in 2007, and updated in 2009, 2011, 2015, and 2018 (the "Garrett Group Survey"). According to the Garrett Group Survey, 20 of the 24 western states tend to exclude long-term stock-based incentive pay, either through (1) outright exclusion of stock-based incentives, (2) disallowance of costs associated with *financial performance* metrics, or (3) the use of sharing mechanisms which exclude costs associated with long-term earnings-based and stock-based awards. These states include Arizona, Arkansas, California, Colorado, Hawaii, Idaho, Kansas, Louisiana, Minnesota, Missouri, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Texas, Utah, Washington, and Wyoming. In the other four states, Alaska, Iowa, Montana and Nebraska, the issue has not been addressed.[39]

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[39] *See e.g., In re Ariz. Pub. Serv. Co*., Ariz. Corp. Comm'n, Docket No. E-01345A-05-0816 et al., Order No. 69663, (Jun. 28, 2007) p. 36; *In re Entergy Arkansas*, Inc., Ark. Pub. Serv. Comm'n, Docket No. 13-028-U, Order No. 21, (Dec. 30, 2013) pp. 54-55; *In re Southern California Edison Co., Pub. Util Comm'n of Cal., Application 07-11-011 Decision 09-03-025 (Mar. 17, 2009)* pp. 134-135; *In re Hawaiian Elec. Co., Inc., Haw. Pub. Util Comm'n, Docket No. 6531, Order No. 11317 (Oct. 17, 1991)* pp. 57-59; *In re Kansas City Power & Light Co.*, Kan. Corp. Comm'n, Docket No. 12-KCPE-764-RTS, Order (Dec. 13, 2012) pp. 48-51; *In re Minnegasco, a Division of NorAm Energy Corp.*, Minn. Pub. Util. Comm'n, Docket No. G-008/GR-95-700 (Jun.10, 1996) p. 27; *In re Aquila, Inc.*, Neb. Pub. Serv. Comm'n, Application NO. NG-0041, Order (Jul. 24, 2007) p. 13; *In re Nevada Power Co.*, Nev. Pub. Util. Comm'n, Docket No. 08-12002, Final Order, (Jun. 24, 2009) p. 139, ¶549; *In re Okla. Gas & Elec. Co.*, Okla. Corp. Comm'n, Cause No. PUD 200500151, Order No. 516261 (Dec. 12, 2005) p. 54; *In re Southwestern Electric Power Co.*, Pub. Util Comm'n of Tex., Docket No. 46449 Order (Jan. 11, 2018) pp. 34-35.

Q: WHEN UTILITIES SEEK TO RECOVER LONG-TERM INCENTIVE COMPENSATION IN RATES, WHAT RATIONALE IS GENERALLY PROVIDED?

A: Generally, utilities argue that long-term incentives are part of an overall compensation package that is designed to attract and retain qualified personnel. Since other utilities offer incentive plans to their executives, a company would run the risk of not being able to compete for key personnel if it did not offer a comparable plan.

Q: IS THIS ARGUMENT PLAUSIBLE?

A: No. The problem with the Company's argument is that when utilities, such as NIPSCO, compete with other utilities for qualified executives, and the long-term incentive compensation plans of those other utilities are not being recovered through rates, NIPSCO is not placed at a competitive disadvantage when its long-term incentive compensation is excluded as well. The fact that other utilities offer long-term incentive plans is not relevant; what is relevant is the fact that other utilities are not recovering the costs of those plans in rates. In an order disallowing Nevada Power's long-term incentive plan, the Nevada Commission articulated this important ratemaking concept as follows:

> Therefore, the Commission accepts BCP's and SNHG's recommendations to disallow recovery of expenses associated with LTIP. Both parties provide a valid argument that this type of incentive plan is mainly for the benefit of shareholders. Further, both BCP and SNHG provide examples of numerous other jurisdictions that do not allow the recovery of these costs

and, *therefore, disallowance in this instance would not place NPC in a competitive disadvantage*.[40]

Further, the problem with the "total compensation package" argument is that when an incentive payment is paid based on the achievement of financial performance goals, there should be sufficient financial benefit to the company as the result of achieving these goals. This financial benefit should provide ample additional funds from which to make the incentive payments. If not, the plan was poorly conceived. Thus, a utility is not placed at a competitive disadvantage when incentive payments tied to financial performance are not collected through rates, because the funding for these payments should come out of the additional earnings the incentive plans help achieve.

Q: WHAT OTHER RATIONALE DO UTILITIES TYPICALLY PROVIDE FOR INCLUDING LONG-TERM STOCK-BASED INCENTIVES IN RATES?

A: Companies claim that long-term incentives are *necessary* costs, and, as such, they should be included in rates. But, as discussed previously in my testimony, when tested, this assertion does not prove to be true. Much of the electricity in this country is provided by *municipal electric providers* virtually none of which pay long-term stock-based incentives, yet they are able to attract talent sufficient to deliver safe and reliable electric service.[41] *Electric cooperatives* also provide a substantial amount of the electricity used

[40] *See In re Nevada Power Co.*, Docket No. 08-12002, Final Order, p. 139, ¶549, (Nev. Pub. Util. Comm'n Jun. 24, 2009) (emphasis added).

[41] See *e.g.*, *In re Oklahoma Gas & Elec.* ("OG&E"), Cause No. PUD 201800140 (Okla. Pub. Util. Comm'n), OG&E response to OIEC 9-8 by Michael Halloran, Senior Partner at Mercer (US) Inc., a firm specializing in employee compensation issues.

in this country but do so without the use of long-term stock-based incentives.[42] Likewise, *state-run electric systems* provide electric service without the use of long-term incentives,[43] as do *federally-owned utilities*.[44] So, if municipalities, cooperatives, state and federally-run electric systems can provide electric service without the use of long-term incentive compensation, I believe it is inaccurate to say that long-term incentives are *necessary* for the provision of electric service. Financial-based long term incentives may be helpful for keeping earnings up and the stock price high, but they are not necessary for the provision of service.

Q: DID THE COMPANY INCLUDE INCENTIVE PLAN EXPENSES ALLOCATED FROM THE CORPORATE LEVEL TO NIPSCO?

A: Yes. The Company included allocated LTI expenses totaling $4,686,294 in the 2023 O&M expenses for NIPSCO. These amounts are based on the same incentive plans utilized by NIPSCO and should be excluded from rate recovery in a similar manner as the NIPSCO direct amounts.

Q: WHAT ARE YOUR ADJUSTMENTS TO EXCLUDE THE COMPANY'S LONG-TERM STOCK INCENTIVE PLAN COSTS?

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[42] *Id.*

[43] *Id.*

[44] *Id.*

A: The adjustments to remove 100% of the long-term incentive plan costs included in pro forma operating expense are as follows:

<u>Adjustments to Remove Long Term Incentive Costs</u>

Adjustment to Remove LTI expense-NIPSCO	$851,858
Adjustment to Remove LTI expense—NCSC	$4,686,294
Total Adjustment	$5,538,152

The calculations supporting these adjustments are set forth at Schedule MEG-5.6(S2).

II. F. PENSION AND OPEB EXPENSES

Q: PLEASE DISCUSS THE PENSION AND OPEB EXPENSES REQUESTED BY NIPSCO.

A: The Company adjusted its pension expenses in adjustment OM 12. Adjustment OM 12 increases 2021 expense from $(16,072,388) to $4,202,213 for 2023, an increase of $20,274,601.[45] The increase is based on a July 2022 actuarial update that included changes to include higher interest rates and lower asset returns.[46] The pro forma 2023 expense includes $6,960 of non-qualified pension costs.[47] The Company adjusted its OPEB expenses in a similar manner in adjustment OM 13. Adjustment OM 13 increases expense from $4,524,806 in 2021 to $6,294,368 for 2023, an increase of $1,769,562.[48]

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[45] Workpaper OM 12, p. 1.

[46] See Direct Testimony of Jennifer L. Shikany, p. 52, lines 5-15.

[47] See Workpaper OM 12, p. 6 non-qualified pension costs, and allocations on OM 12, p. 3. ($1,000 * 62.83% + $9,000 * 70.35% = $6,960).

[48] Workpaper OM 13, p. 1.

The increase is based on a July 2022 actuarial update that included changes to include higher interest rates and lower asset returns.[49]

Q: DO YOU AGREE WITH THE ADJUSTMENTS TO THE PENSION AND OPEB EXPENSES?

A: No. I disagree with the Company's proposed changes to the actuary reports. There is no certainty that the economic challenges experienced during the Covid-19 shutdown will continue. It is premature to increase pension costs currently. I recommend that the original projected pension and OPEB costs for 2023 be used in this rate case.

Q: WHAT IS THE AMOUNT OF THE ADJUSTMENT TO REVERSE THE ACTUARIAL ASSUMPTIONS FOR THE 2023 PENSION AND OPEB EXPENSES?

A: The adjustment to return to the original projected pension and OPEB expenses reduces pension expense by $12,760,465 and OPEB expenses by $2,390,503. These adjustments are found on Schedule MEG-5.7(S2) and Schedule MEG-5.8(S2).

[49] See Direct Testimony of Jennifer L. Shikany, p. 53, lines 1-11.

II. G. INVESTOR RELATIONS

Q: DO YOU RECOMMEND AN ADJUSTMENT RELATED TO THE COMPANY'S INVESTOR RELATED EXPENSE?

A: Yes. An adjustment is needed to remove a portion of the costs allocated to NIPSCO from its parent company for investor relations, as these costs provide clear benefits for shareholders and therefore, are appropriately shared between shareholders and ratepayers.

Q: PLEASE DESCRIBE NIPSCO'S PARENT COMPANY.

A: NIPSCO is a subsidiary of NiSource. Headquartered in Merrillville, Indiana, NiSource is a publicly traded company comprised primarily of five natural gas utilities in Kentucky, Maryland, Ohio, Pennsylvania, and Virginia under the Columbia Gas brand and an electric and natural gas utility in Indiana under the NIPSCO brand. NiSource has approximately 17,300 shareholders and 405 million shares outstanding as of February 2022.[50] NiSource's top four shareholders own more than 30 percent of the shares outstanding.[51]

Q: HOW DOES NISOURCE DISTRIBUTE INFORMATION TO ITS SHAREHOLDERS?

A: NiSource competes in global capital markets with companies within and outside the utility industry. NiSource maintains an investor relations unit to provide publicly available information in various formats to existing and potential shareholders in the investing

[50] NiSource Form 10-K. 2022, p. 33.

[51] NiSource Proxy Statement. 2022, p. 29.

community. For example, NiSource's website[52] contains information which provides news releases, investor presentations and regulatory filings with the U.S. Securities and Exchange Commission. An existing or potential shareholder can also download documents related to its Environmental, Social, and Governance ("ESG") reports. Finally, an individual may also access information of unique relevance to a shareholder, such as historical share prices and dividend dates.

Q: ARE THERE OTHER MEANS IN WHICH NISOURCE COMMUNICATES WITH THE INVESTMENT COMMUNITY?

A: Yes. After NiSource publishes its earnings results from the prior quarter, it will host a conference call with equity analysts to provide a summary of the prior quarter's earnings results as well as respond to questions regarding how specific actions or decisions may impact its market value. In addition, NiSource often participates in investor conferences which allow for further communication with the investment community.

Q: WHAT COSTS DID NISOURCE ALLOCATE TO THE COMPANY FOR INVESTOR RELATIONS EXPENSES?

A: NiSource allocated $1,006,107 to the Company for the test year ending December 31, 2023 to maintain these communication channels with its existing and potential shareholders.[53]

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[52] https://investors.nisource.com/investor-home/default.aspx

[53] Response to OUCC Data Request 11-22.

Q: HOW DO SHAREHOLDERS BENEFIT FROM INVESTOR RELATIONS EXPENSES?

A: Shareholders benefit through higher market capitalization values when relevant information about NiSource's current and future earnings and investments are disseminated to the larger investment community in a timely manner.

Q: ARE YOU CURRENTLY INVOLVED IN ANY OTHER CASES WHERE THIS RECOMMENDATION HAS BEEN MADE AND ACCEPTED?

A: **YES.** In the pending Texas Gas Services ("TGS") rate case, Docket No. 9896, the Administrative Law Judge's (ALJ"), in his Proposal for Decision, recommends an even sharing of the Investor Relations costs between ratepayers and shareholders.

> Considering the evidence, the Examiners find the investor relations expenses are necessary for TGS to access a sufficiently large pool of investors which benefits both shareholders and ratepayers. Accordingly, the Examiners recommend equal cost sharing between TGS's investors and shareholders such that the amount to be included in TGS's revenue requirement is $28,131. This amount is reasonable and necessary and supported by the evidence.[54]

Q: WHAT ADJUSTMENT DO YOU RECOMMEND FOR THE COMPANY'S ALLOCATED INVESTOR RELATIONS EXPENSES?

A: Shareholders and customers both benefit when the Company incurs expenses to disseminate information about NiSource's current and future earnings and investments to

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[54] *In re Texas Gas Services*, Tex. Railroad Commission, Docket No. 9896, Proposal for Decision OS-22-00009896, (Dec. 14, 2022) p. 42.

the larger investment community in a timely manner. I recommend that the Commission allocate these investor relations expenses on 50-50 basis between shareholders and customers. I am proposing an adjustment to decrease investor relations expense by $503,054. This adjustment is set forth in Schedule MEG-5.10(S2).

II. H. <u>DIRECTORS' AND OFFICERS' LIABILITY INSURANCE</u>

Q: WHAT AMOUNT IS THE COMPANY REQUESTING IN RATES FOR DIRECTORS AND OFFICERS LIABILITY INSURANCE IN THIS PROCEEDING?

A: During the test year, NiSource allocated $1,153,817 to NIPSCO for Directors and Officers ("D&O") liability insurance.[55] The Company is seeking full recovery of these expenses.

Q: WHAT IS D&O INSURANCE?

A: D&O liability insurance generally protects the assets of a company's directors and officers from the financial impact of litigation that results from their actions and decisions taken on the corporation's behalf. D&O liability insurance also neutralizes the impact of the NiSource board and senior leadership's decisions and actions on shareholders.[56]

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[55] See Response to Data Request OUCC 11-028.

[56] Martin M. Boyer, *Directors' and Officers' Insurance and Shareholder Protection*, (Mar. 2005), http://papers.ssrn.com/sol3/papers.cfm?abstract_id=886504.

Q: IF AN OFFICER OF NISOURCE WAS FOUND NEGLIGENT IN THE INJURY OF ANOTHER PARTY, WOULD IT BE APPROPRIATE TO RECOVER THOSE COSTS FROM RATEPAYERS?

A: No. The costs of a director's or officer's negligent acts is not a necessary cost of providing utility service. Moreover, since directors and officers have a fiduciary duty to put the interests of shareholders first, some of the costs of their compensation and benefits should be paid by shareholders. This would include the cost of D&O liability insurance.

Q: PLEASE DISCUSS THE RATEMAKING POLICY REASONS FOR RECOMMENDING THE SHARING OF D&O INSURANCE COSTS.

A: The D&O insurance is in place to protect not only the directors and officers of the Company, but ultimately, the shareholders. Ratepayers should not be expected to bear the full amount of BOD compensation and expenses, including D&O insurance, because officers and directors have legal, fiduciary duties of loyalty and care to the corporation itself and not to its customers. These individuals are required by law to put the interests of the Company first. Undoubtedly, the interests of the Company and the interests of customers are not always the same, and at times, can be quite divergent. This natural divergence of interests creates a situation where not every compensation cost is presumed to be a necessary cost of providing utility service. Sharing of D&O liability insurance is appropriate because it provides benefits to shareholders and ratepayers alike.

Q: ARE YOU AWARE OF REGULATORY COMMISSIONS IN OTHER JURISDICTIONS THAT REQUIRE SHARING OF D&O LIABILITY INSURANCE COSTS?

A: Yes. I am aware that regulatory commissions in Arkansas, California, Connecticut, Nevada, New Mexico, Florida, and New York have required the sharing of these costs, as discussed below:

Arkansas The Arkansas Public Service Commission ("APSC") has for many years required a 50/50 sharing of these costs between shareholders and ratepayers. In the 2004 rate case of CenterPoint Energy/Arkla, the APSC found that because shareholders receive the benefit of D&O insurance payouts, they should bear a portion of the cost of buying the insurance.[57] Similarly, the in the 2006 Entergy rate case, the APSC stated:

> The Commission agrees that ratepayers, as well as shareholders, benefit from good utility management, which D&O Insurance helps secure. However, as found in prior dockets, the direct monetary benefits of D&O Insurance flow to shareholders as recipients of any payment made under these policies. That monetary protection is not enjoyed by ratepayers. The Commission therefore finds that, *because shareholders materially benefit from this insurance, the costs of D&O Insurance should be equally shared between shareholder and ratepayer*.[58]

California The California Public Utilities Commission ("CPUC") similarly ordered a 50/50 sharing of D&O insurance costs in a case involving Pacific Gas and Electric Company. The CPUC explained:

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[57] *See Application for a General Change or Modification in CenterPoint Energy Arkla, a Division of CenterPoint Energy Resources Corp. Rates, Charges and Tariffs*, Ark. Pub. Svc. Comm'n, Docket No. 04-121-U, Order No. 16, Sept. 19, 2005, pp. 39-40.

[58] *Application of Entergy Arkansas, Inc. for Approval of Changes in rates for Retail Electric Service*, Ark. Pub. Svc. Comm'n, Docket No. 06-101-U, Order No. 10, June 15, 2007, p. 70. (Emphasis added).

> We reduce PG&E's D&O insurance forecast by 50%, resulting in a $1.423 million reduction. Past Commission policy of equal sharing of cost responsibility for D&O insurance should continue for this GRC [base rate case]. In situations such as this, where a corporate service or product offers separate benefits both to ratepayers and shareholders, imposing cost sharing does not conflict with cost-of service ratemaking principles. By allowing 50% of such costs for ratepayer funding, we provide reimbursement for a reasonable level of costs attributable to D&O insurance to the extent that ratepayers benefit. It is not reasonable for ratepayers to bear all of the costs related to D&O insurance when a share of those insurance benefits flow to shareholders.[59]

Connecticut In a 2014 Connecticut Light & Power rate case, the Connecticut Public Utilities Regulatory Authority ("CPURA") allowed recovery of only 25% of D&O insurance costs in rates. The CPURA stated:

> The OCC agreed that DOL protects the officers of the Company from lawsuits brought against them by shareholders that arise as a result of decisions that they make while performing their duties. Therefore, *the shareholders, who receive the payout, are the primary beneficiaries of this insurance. Ratepayers receive very little of the benefit and should not be responsible for all of the costs*. . . The OCC noted that the Company failed to recognize that many legitimate expenses (e.g., image building advertisements, lobbying expenses) are not recoverable. . . The Authority finds no convincing reason to deviate from its previous treatment of DOL insurance. *Consistent with the determinations in previous Decisions regarding BOD expense and DOL expense, the Authority will allow only 25% of DOL costs in rates*.[60]

Nevada The Nevada Public Utility Commission ("PUCN") has issued several orders requiring a 50/50 sharing of D&O insurance costs between shareholders and ratepayers. One such order was issued in a recent Southwest Gas rate case. The PUCN stated:

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[59] *Application of Pacific Gas & Elec.*, Application 12-11-009, 2014 Cal. PUC LEXIS 395 (Cal. P.U.C. Aug. 14, 2014).

[60] *Application of the Connecticut Light and Power Co., to Amend its Rate Schedules*, Conn. Pub. Util. Reg. Authority, Docket No. 14-05-06, Order issued Dec. 17, 2014, pp. 76-77 (Emphasis added).

> The Commission agrees with Staff that D&O insurance benefits both shareholders and ratepayers, and consequently, those costs should be shared. Based on the foregoing analysis, the Commission finds that a 50/50 apportionment of the cost of D&O Liability Insurance between ratepayers and SWG is just and reasonable.[61]

New Mexico The New Mexico Public Regulation Commission ("NMPRC") addressed the issue of D&O cost sharing in a recent El Paso Electric rate case. The ALJ's Recommended Decision (RD) discussed why allocation of D&O insurance cost is consistent with balancing the interests of ratepayers and shareholders. The ALJ stated:

> What is unique about D&O insurance is that it is a cost specifically incurred for directors and officers, who have a fiduciary duty to put the interests of shareholders first. Therefore, the responsibility for the cost of D&O insurance goes to the heart of the Commission's obligation to balance the interests of shareholders and ratepayers.[62]

Florida The Florida Public Service Commission exclude 50% of Gulf Power's D&O insurance expense in Docket No. 110138-EI based on a finding that customers and shareholders both benefit from D&O Liability Insurance.

> Based on the above, we find that both the shareholders and the customers receive benefits from D&O Liability Insurance and that the associated cost shall reflect this fact. As such, we find that 0&0 Liability Insurance expense

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[61] See *Application of Southwest Gas Corporation for Authority to Increase Rates*, Pub. Util. Comm'n of Nev., Docket No. 18-05031, Modified Order, May 15, 2019, p. 152. The PUCN has followed this ruling in later cases involving SWG. *See Application of Southwest Gas Corp. for Authority to Increase Its Retail Natural Gas Util. Serv. Rates et al*., Docket No. 20-02023, 2020 WL 6119350, at *86 (Nev. P.U.C. Sept. 20, 2020).

[62] *Application of El Paso Electric Co. for Revision of its Retail Electric Rates;* New Mex. Pub. Reg. Comm'n, Case No. 20-00104-UT, Recommended Decision (RD) issued April 6, 2021, p. 167. The treatment of D&O insurance was not raised as an exception, and the NMPRC adopted, approved and accepted the ALJ's RD in its Order Adopting Recommended Decision with Modifications, issued June 23, 2021, pp. 33-34.

> shall be reduced by $58,133 ($59,384 system) to share the cost equally between the shareholders and the customers.[63]

It is also my understanding that the regulatory commission in New York[64] has also allocated these expenses on a 50-50 basis on the determination that shareholders and customers both benefit from D&O liability insurance. In the pending Texas Gas Services ("TGS") rate case, Docket No. 9896, the Texas Railroad Commission's Administrative Law Judge's (ALJ"), in his Proposal for Decision, recommends an even split of the D&O Liability Insurance costs between ratepayers and shareholders.

> The Examiner's find that ratepayers, as well as shareholders, benefit from good utility management and it is not reasonable for ratepayers to bear all of the costs related to D&O insurance. The Examiners recommend that shareholders and ratepayers split this cost evenly which reduces this expense by $46,652.[65]

Q: WHAT DO YOU RECOMMEND FOR THE RECOVERY OF D&O LIABILITY INSURANCE?

A: I recommend that the Commission allocate the cost of NIPSCO's portion of NiSource's D&O liability insurance expense on a 50/50 basis between the Company's customers and NIPSCO's shareholders. The adjustment to remove 50% of the D&O liability insurance costs reduces operating expense by $576,909. These adjustments are found on Schedule MEG-5.9(S2).

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[63] *In re Gulf Power Co., Florida Pub. Serv. Comm'n*, Florida Pub. Serv. Comm'n, Docket No. 110138-EI, Order No. PSC-12-0179-FOF-EI, (Apr. 3, 2012) pp. 100-101.

[64] Order Setting Electric Rates. State of New York Pub. Serv. Comm'n. Cases 08-E-0539 and 08-M-0618. (April 24, 2009), pp. 90-91.

[65] *In re Texas Gas Services*, Tex. Railroad Commission, Docket No. 9896, Proposal for Decision OS-22-00009896, (Dec. 14, 2022) p. 41.

II. I. <u>A&G EXPENSES</u>

Q: WHAT ARE ADMINISTRATIVE AND GENERAL EXPENSES?

A: Administrative and General ("A&G") expenses include corporate salaries, office supplies, outside services, rents, employee pensions and benefits, property insurance, injuries and damages, and other miscellaneous expenses. Some A&G expenses are somewhat fixed in nature; and therefore, these expenses do not change significantly in the short run as the number of customers and retail energy sales change from year to year. However, it is reasonable to expect the Company to alter its cost structure over a period of years as market conditions warrant. Finally, due to factors beyond the control of a utility, employee pensions and benefits are often excluded from comparisons of A&G expenses made within a peer group or over a period of years.[66]

Q: IS THIS THE FIRST INSTANCE OF OUCC TESTIFYING ON THE REASONABLENESS OF NIPSCO'S A&G EXPENSES?

A: No. In Cause No. 44688, OUCC evaluated the Company's A&G expenses for reasonableness through a series of benchmarking studies. OUCC presented evidence that demonstrated NIPSCO's adjusted A&G expenses which had increased at three percent annually between 2008 and 2010 increased at 16 percent annually from 2010 to 2014.[67] OUCC also provided testimony that showed the results from a comprehensive

[66] My testimony will distinguish between A&G expenses with and without employee pensions and benefits as A&G expenses and adjusted A&G expenses (i.e., excluding employee pensions and benefits).
[67] Redacted Testimony of Dwight D. Etheridge, Cause No. 44688, p.10, lines 1-5.

benchmarking study indicating NIPSCO compared unfavorably with other Indiana, regional, and U.S. electric investor-owned utilities.[68]

Q: WHAT WAS NIPSCO'S RESPONSE TO OUCC'S BENCHMARKING STUDY?

A: In rebuttal testimony, NIPSCO did not address this specific analysis and findings, but indicated that the Commission should focus on the Company's overall revenue requirements.[69]

Q: HOW DID THE COMMISSION RESPOND TO THE BENCHMARKING STUDY?

A: The Commission found that NIPSCO should collaborate with Commission staff and interested stakeholders on a series of metrics to evaluate NIPSCO's performance over time and with comparably situated utilities. The Commission also directed NIPSCO to file quarterly reports for the first year and annually thereafter to keep Commission and interested stakeholders informed of the Company's progress on the performance metrics developed through this collaborative process.[70]

Q: HAS NIPSCO'S PERFORMANCE REGARDING ITS ADJUSTED A&G EXPENSE IMPROVED SINCE THE BENCHMARKING STUDY?

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[68] Redacted Testimony of Dwight D. Etheridge, Cause No. 44688, p. 9, line 3 – p. 43, line 9.

[69] Order. Cause No. 44688. July 18, 2016, p. 93.

[70] Order. Cause No. 44688. July 18, 2016. P. 94.

A: No. The benchmarking study compared the Company's adjusted A&G expense with other Indiana, regional, and U.S. electric investor-owned utilities from 2008 to 2014. On July 1, 2022, NIPSCO presented data through 2021 in compliance with the Commission's directive to update the Commission and interested stakeholders on specific performance metrics, including adjusted A&G expense.[71] Based on this 2022 filing, NIPSCO's performance regarding adjusted A&G expense has not substantially improved since 2014 compared with its Indiana, regional, and national counterparts.[72]

Q: PLEASE ELABORATE ON HOW NIPSCO'S PERFORMANCE REGARDING ADJUSTED A&G EXPENSE HAS NOT SUBSTANTIALLY IMPROVED SINCE 2014.

A: The Company's adjusted A&G expense per retail MWh has increased from $9.47 to $11.04, or 2.2 percent annually, since 2014.[73] As shown in Schedule MEG-5.12(S2), this rate of increase matches the increase in consumer prices during this same period,[74] suggesting that NIPSCO's A&G increases over this time period are not out of line. However, NIPSCO has remained in the highest cost quintile for adjusted A&G expense

[71] NIPSCO Compliance Filing for Performance Metric Collaborative Update, Cause No. 44688, July 1, 2022.

[72] NIPSCO Compliance Filing for Performance Metric Collaborative Update, Cause No. 44688, July 1, 2022, p. 26, Data Appendix 2,4.

[73] NIPSCO Compliance Filing for Performance Metric Collaborative Update, Cause No. 44688, July 1, 2022. p. 26, Data Appendix 2,4.

[74] As measured by the "Consumer Price Index for All Urban Consumers: All Items Less Food and Energy." Source: Federal Reserve Bank of St. Louis.

per retail MWh during this period and has made little progress in closing the gap between itself and the median value for Indiana electric investor-owned utilities.

Q: GIVEN NIPSCO'S RETAIL ENERGY SALES, IF THE COMPANY HAD ADJUSTED A&G EXPENSE EQUAL TO THE MEDIAN VALUE FOR INDIANA ELECTRIC INVESTOR-OWNED UTILITIES, WHAT WOULD BE THE COST SAVINGS COMPARED WITH NIPSCO'S ACTUAL RESULTS?

A: Schedule MEG-5.12(S2) illustrates the savings that NIPSCO's customers would experience if the Company's adjusted A&G expense matched its Indiana and national peers. For example, if the Company's performance moved to the Indiana Median for electric utilities, customers would save $81.8 million annually; if the Company moved to the U.S. Lowest Quintile, customers would save $119.2 million annually; if the Company moved to the U.S. 2nd Lowest Quintile, customers would save $102.4 million annually; moving to the U.S. Middle Quintile would save customers $67.9 million annually. Even if the Company's performance could move from its status quo to the top of the U.S. 2nd Highest Quintile,[75] customers would save $17.3 million annually. This calculation was made by taking the difference between NIPSCO's adjusted A&G expense per MWh and the maximum value within the U.S. 2nd Highest Quintile (*i.e.*, $11.04 - $9.93 = $1.11),

[75] A data series can be divided into quintiles by sorting the data observations from lowest to highest and segregating the data into fifths. The second highest quintile would represent those data observations from the 60th to 80th percentile.

then multiplying that difference by the Company's 2021 retail energy sales (*i.e.*, 15.61 million MWh).[76]

Q: WHAT ACTION DO YOU RECOMMEND THE COMMISSION TAKE REGARDING THE REASONABLENESS OF NIPSCO'S ADJUSTED A&G EXPENSE?

A: I recommend that, as a first step, the Commission approve an adjustment to reduce the Company's operating expense by $17.3 million as an appropriate regulatory response to NIPSCO's poor performance with its A&G expenses, and to bring expense levels to a more reasonable level. An adjustment to reach the top of the 2nd Highest Quintile still leaves NIPSCO $64.4 million above the Indiana Median for electric utilities.[77] Since the issue of NIPSCO's excessive A&G expenses has been brought to the Commission's attention, the Company has had ample opportunity to address its cost structure. It is reasonable for customers to expect NIPSCO's A&G expenses to at least move toward the Indiana median level for electric utilities.

Q: DOES IT MATTER THAT NIPSCO'S OPERATING AND MAINTENANCE COSTS ARE NOT EXCESSIVE?

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[76] Compliance Filing for Performance Metric Collaborative Update. Cause No. 44688. NIPSCO. July 1, 2022. 26, Data Appendix 2,4.

[77] $81,796,400 - $17,327,100 = $64,469,300.

A: Yes. The Company's overall operating and maintenance ("O&M") expenses are consistent with the Indiana median expense.[78] This suggests that NIPSCO does know how to control costs. The fact that the A&G expense levels are so far above the Indiana benchmark could be attributable to the fact that most A&G expense are allocated to the utility from its parent NiSource. This suggests an over-allocation of A&G to NIPSCO. Regardless of the cause, Indiana ratepayers should pay no more than market level for A&G costs, which would be the represented by the Indian Median price. A move toward that level, as recommended here, is a step in the right direction.

Q: PLEASE SUMMARIZE THE A&G ADJUSTMENT.

A: I propose an adjustment to reduce the Company's excessive A&G costs to a more reasonable level. Even after my proposed adjustment, NIPSCO's A&G costs are at the top of the 2nd Highest Quintile which is $64.4 million above the Indiana Median for electric utilities. The A&G adjustment of $17,327,100 is set forth in Schedule MEG-5.12(S2).

II. J. <u>CORPORATE OFFICE CAPACITY</u>

Q: DID NISOURCE HAVE A REMOTE WORK POLICY PRIOR TO MARCH 2020?

A: No. Prior to March 2020, all employees reported on-site to their respective work locations.[79] However, NiSource advised employees who can work remotely to do so,

[78] Compliance Filing for Performance Metric Collaborative Update. Cause No. 44688. NIPSCO. July 1, 2022. Figure 26 at p. 26.

[79] Company response to OUCC Request 11-008.

while avoiding critical business disruption, as a response to the COVID-19 pandemic on March 21, 2020.[80]

Q: DOES NISOURCE CURRENTLY HAVE A REMOTE WORK POLICY?

A: Yes. The Company developed its remote work policy in January 2021.[81] At its sole discretion, NiSource allows its full-time and part-time employees which are not represented by a collective bargaining agreement remote work as a flexible work option. The Company stresses that remote work is not an entitlement nor a company-wide benefit. Whether an individual may work remotely is decided on a case-by-case basis between the individual and his or her leader based on the specific job requirements and the individual's capability to work remotely.[82] An individual may work remotely up to five days per week.[83]

Q: DO YOU BELIEVE THAT THE ABILITY FOR INDIVIDUALS TO WORK REMOTELY WILL CONTINUE NOW THAT THE PUBLIC HEALTH EMERGENCY REGARDING COVID-19 HAS BEEN RESCINDED?

A: Yes. Although the public health emergency regarding COVID-19 is now over,[84] I

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[80] News Release "COVID-19 Update." March 21, 2020. https://investors.nisource.com/financial-news/news-details/2020/COVID-19-Update/default.aspx.

[81] Company response to OUCC Request 11-008.

[82] Company response to OUCC Request 11-008. Attachment A.

[83] Company response to OUCC Request 11-008. Attachment B.

[84] Recission of COVID-19 Public Health Emergency Declaration & Remaining Provisions Pertaining to the Emergency. Executive Order 22-09. Eric J. Holcomb, Governor of Indiana. March 3, 2022.

anticipate that many businesses will generally continue to provide the option to work remotely on a case-by-case basis. The technology exists to support remote work for many jobs. Moreover, during the pandemic, many businesses and their employees experienced cost savings as the demand for office space diminished for employers and employees incurred lower commuting, professional attire, and dining out costs. Finally, business may keep remote work policies in place as a means to attract and retain employees.

Q: DOES NIPSCO KNOW HOW MANY DAYS PER WEEK ITS EMPLOYEES REPORT TO THEIR ASSIGNED WORK LOCATION?

A: No. Although the Company knows the office location to which each employee is assigned, NIPSCO does not track how many days and at which locations an employee actually reports.[85]

Q: HAS THE HEADCOUNT AT NIPSCO'S CORPORATE AND FIELD OFFICES CHANGED SINCE MARCH 2020?

A: Yes. The headcount at the Company's office in Merrillville and 14 field offices[86] across its service area fell from 1,568 in February 2020 to 1,449 in October 2022.[87] These values exclude individuals at those locations assigned to NiSource Corporate Services.

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[85] Company response to OUCC Request 11-008.

[86] These field offices had from 5 to 163 employees assigned to a given location in October 2022 with the largest headcounts in Gary, Ft. Wayne, Hammond, and LaPorte.

[87] See response to OUCC Request 11-007, Attachment A.

Q: DUE TO ITS REMOTE WORK POLICY AND LOWER HEADCOUNT, HAS NIPSCO ATTEMPTED TO REDUCE ITS COSTS BY REDUCING ITS UNDER-UTILIZED LEASED OFFICE SPACE?

A: No. NIPSCO has indicated that the Company does not lease or sub-lease its properties[88] nor has NIPSCO reduced or attempted to reduce any active leased properties.[89]

Q: HAS NIPSCO ATTEMPTED TO REDUCE ITS COSTS BY SELLING ITS UNDER-UTILIZED OWNED OFFICE SPACE?

A: No. NIPSCO indicated in response to a discovery request that NIPSCO has not sold or has not attempted to sell any of its office properties to reduce its under-utilized office space.[90] I understand, though, that NiSource may have recently attempted to sell office property.

Q: IF THE COMPANY SHOULD SELL ITS CORPORATE OR ANY OF ITS FIELD OFFICES PRIOR TO NIPSCO'S NEXT RATE CASE, WHAT ACTION DO YOU RECOMMEND THE COMMISSION SHOULD TAKE?

A: If NiSource should sell its corporate offices or any of its field offices prior to its next rate case, the Commission should authorize NIPSCO to create a regulatory liability to account

[88] See response to OUCC Request 11-006.

[89] See response to OUCC Request 11-009.

[90] See response to OUCC Request 11-009.

for any gain on the sale of each property. During the next rate case, the Commission would determine what portion of the gain on sale should be allocated to ratepayers.

Q: WHAT IS THE TRADITIONAL PRACTICE WHEN A UTILITY SELLS ASSETS AT PRICES ABOVE THE DEPRECIATED BOOK VALUE?

A: In the normal course of business, it is not uncommon for utilities to dispose of assets. However, on those occasions when the selling price of the assets exceeds depreciated book value, a gain results, and if the gain is substantial, debates may ensue from time to time as to the appropriate regulatory disposition of the gain. However, the proper regulatory treatment of gains on sales of regulatory assets is fairly well settled. In fact, in the case of normal retirements, there is virtually no debate since any gain or loss that may result is routinely passed on to ratepayers through the normal accounting entries to the accumulated depreciation reserve. The disagreements generally arise only in those instances when the gain is sizable.

In these situations, the utility may lay claim to the gain, or some portion of it, based on notions that ownership of the underlying asset entitles the utility to any gain that may result from its sale. These same notions, however, are noticeably absent when regulated assets are sold at a loss, (recall, for example, the discussions of who was to pay for the stranded costs that resulted from restructuring). It is my understanding of the general rule that ratepayers should receive any gain that results from the sale of utility assets. At a minimum, such gains should be split 50/50 between ratepayers and shareholders.

Q: PLEASE DESCRIBE YOUR SUPPORT FOR THIS POSITION.

A: My position regarding the regulatory treatment of gains in utility rate cases is supported by a comprehensive survey of the treatment of gains in commissions across the country. The National Regulatory Research Institute (NRRl) conducted a comprehensive study in 1994 to determine how state commissions treated gains on sale of regulated assets. A total of forty-nine commissions responded to at least parts of the survey and reported that their state commissions had considered nearly 600 gain-on-sale issues in the past ten years. The results of the study showed that most states allocated the gain entirely to ratepayers. In fact, of states with a generic policy toward dispositions of gains, only one state allocated the gain to shareholders, and then only if the gain related to an operating unit. In the NRRI survey, the most frequently cited rationale (thirty (30) responses) was that gains should accrue to ratepayers for property included in rate base. As examples, I have included language from several commissions addressing the dispositions of gains.

> **Florida**
> The Florida PSC's Digest of Regulatory Philosophies states that Gains or losses on the sale of utility property or property that was formerly utility property should be amortized above-the-line over five years and should be considered in determining rates."
>
> **Michigan**
> The Michigan PSC stated that if assets were ever included in rate base, the gain accrues to the ratepayers.
>
> **Massachusetts**
> The Massachusetts Department of Public Utilities stated in one rate case that: "The Company and its shareholders have received a return on the use of these parcels while they have been included in rate base and are not entitled to any additional return as a result of their sale. To hold otherwise would be to find that a regulated utility company may speculate in . . . utility property and, despite earning a reasonable rate of return from its customers on that property, may also accumulate a windfall through its sale."

> **California**
> Ratepayers rightfully benefit because they bore most of the risk associated with the Flower Street headquarters. As the decision notes, ratepayers paid all operations and maintenance expenses, depreciation, and taxes associated with the headquarters property while it was in rate base, provided a fair return on the capital invested in the headquarters, and bore the risk the headquarters would be prematurely retired and that they would nonetheless have to pay depreciation and a return on the buildings until they were fully depreciated.[91]
>
> **Colorado**
> The Commission remains unconvinced that the Company has carried all of the risk of its investments . . ."[92]
>
> **Delaware**
> ...Thus, the ratepayers bear the risk both in terms of the return they pay the investors for the use of their capital and in the reimbursement of the investors for the decline in value (depreciation) of the assets used to provide service...Thus when such a piece of property is retired and disposed of and a gain results, the equities of the situation would suggest that the ratepayer should receive the benefit of that gain.[93]

Q: CAN YOU PROVIDE A SUMMARY OF THE NRRI SURVEY RESULTS?

A: Yes. The results from the jurisdictions responding to the survey are set forth in the table below. It is important to note that of the states that allocate the gain to shareholders most of these are based on case-specific decisions rather than on a generic policy to do so.

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[91] Commissioner Frederick Duda of the California PUC in a 1990 concurring opinion (A.87-07-041, D.90-11-031).

[92] Colorado PUC decision (No. C94-206).

[93] In response to the NRRI survey, Delaware cited a Federal Communications Commission order (Docket No. 20188,11-6-1980). See NRRI 1994 survey on Dispositions of Gain on Sale of Utility Assets, at p.13.

ALLOCATION OF GAIN BY STATES RESPONDING TO SURVEY (38)	
Allocate the Gain to Ratepayers (19)	CT, ME, MA, TN, OH,[94] FL[95](Generic Policy) AK, DC, HI, ID, LA, MD, MI, MS, NY, OH, OR, RI, VT (Case-specific Decisions)
Allocate the Gain to Shareholders (6)	IA (Generic Policy) KY, MO,[96] NH, PA,[97] SC (Case-Specific Decisions)
Split or Share the Gain (13)	IL,[98] WI,[99] VA, WA (Generic Policy) AZ, CO, KS, NM(PSC), NC, ND, OK, SD, TX (Case-specific Decisions)

The survey results summarized above do not indicate what the specific facts resulted in the commission's decisions to allocate all or some portion of the gains to shareholders. However, the primary rationale for allocating gains from the sale of utility property to ratepayers (30 respondents) is that gains should accrue to ratepayers for property that has

[94] Though the Ohio PUC did not report having a generic policy, it did indicate that it follows the requirements of the applicable Uniform Systems of Accounts (USOAs). (This treatment would credit the gain on depreciable property to accumulated depreciation which would effectively allow ratepayers to earn a return on it).

[95] In the NRRI survey, Florida is listed as a state that allocates the gain to shareholders. (See Table 6 in the survey). However, the survey also reports that: The Florida PSC's Digest of Regulatory Philosophies states that "Gains or losses on the sale of utility property or property that was formerly utility property should be amortized *above the line* over five years and should be considered in determining net operating income." This above-the-line treatment would allocate the gain to ratepayers, not shareholders.

[96] As was stated by the Missouri PSC (Case Nos. EO-85-185 and EO-85-224), "The argument for passing through the profit to the ratepayer is less persuasive in the case of non-depreciable property, since the shareholder has not received a multiple recovery of the investment through depreciation and again through the sale of the property."

[97] The rationale most frequently cited (thirty respondents) was "a," that gains should accrue to ratepayers for property included in the rate base, though in at least one case (<u>Pennsylvania</u>), it was noted that the issue is still unresolved.

[98] The Illinois policy is to allocate the gain on the sale of a depreciable asset to ratepayers by increasing the reserve for accumulated depreciation, which, in turn, reduces the rate base and rates. The gain on non-depreciable assets is allocated to shareholders by recording the gain as non-utility income.

[99] The Wisconsin Public Service Commission's (PSC) generic policy allocates the gain to shareholders if the gain was related to an operating unit and to ratepayers if it was related to a non-operating unit.

been included in rate base.[100] However, judging from responses provided from some states (30), another important consideration is the fact that ratepayers assume much of the risk associated with utility assets and should be allocated a share of the gain from the sale of these assets.[101] Some states make a distinction between depreciable and non-depreciable property, with gains on sales of depreciable property going to ratepayers because they have been paying a return *on* and a return *of* this property.[102] The NRRI study summarizes its findings as follows:

> It is obvious from a review of the responses to the *NRRl* survey that gains on sale of utility property are treated in a wide variety of ways. Overall, however, it can be inferred from the survey responses that:
>
> - gain-on-sale issues arise with some frequency at state regulatory commissions;
> - the majority of states deal with those issues on a case-by-case basis;
> - the gain is more often than not allocated to ratepayers, though shareholders are allocated some portion of the gain in about half of the commission responses;
> - for allocating a gain to ratepayers, offsetting revenue requirements was the method employed slightly more frequently than reducing the rate base;
> - and that the prior rate base treatment of the asset is the most important consideration used by state commissions to allocate the gain, although other rationales are also employed.[103]

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[100] NRRI 1994 Survey on Dispositions of Gain on Sale of Utility Assets, at p. 11.

[101] *Id.*, at pp. 11-13.

[102] *Id.*, at p. 14.

[103] NRRI 1994 survey on Dispositions of Gain on Sale of Utility Assets, at p. 15. (Emphasis added).

The NRRI survey shows that the vast majority of states (32 of 38 respondents) allocate either the entire gain or a share of the gain to ratepayers. Only a few states (5), on a case-by-case basis, have allocated gains to shareholders in recent decisions, but no facts were provided about these occasions. Only one state, Iowa, has a policy of allocating the entire gain to shareholders.[104]

Q: WHAT DO YOU CONCLUDE FROM THE DATA PRESENTED IN THE NRRI SURVEY ON THE REGULATORY TREATMENT OF THE GAINS ON SALES OF UTILITY ASSETS?

A: From the data presented in the NRRI survey, I conclude that the general regulatory treatment for allocation of gains on sale of utility property is that ratepayers are typically allocated between 50% to 100% of any gain realized.

Q: WHAT IS THE ACCOUNTING TREATMENT OF GAINS WHEN UTILITY PROPERTY IS SOLD IN THE NORMAL COURSE OF BUSINESS?

A: The gain on depreciable property is recorded as a *credit* to accumulated depreciation, and ratepayers receive the benefit of the gain.[105] In other words, when assets are sold in the normal course of business, any gain on the sale, the amount over net book value, is credited

[104] The Iowa Utilities Board's generic policy allocates the gain to shareholders by placing the gain in an account that falls "below the line" unless the Board finds good cause for allocating the gain differently. The Iowa survey response also indicated that it responds on a case-by-case basis because the accounting treatment does not necessarily dictate the ratemaking treatment. (See NRRI 1994 survey on Dispositions of Gain on Sale of Utility Assets, at p. 6).

[105] *See e.g.*, 1994 survey on Dispositions of Gain on Sale of Utility Assets, at p. 14.

to accumulated depreciation where it resides as an offset (decrease) to rate base, so that ratepayers receive the equivalent of a rate base return on the gain. This treatment mirrors the treatment when a regulated asset is sold at a loss and the loss is debited to accumulated depreciation.

Q: IN YOUR EXPERIENCE, HAVE COMMISSIONS TREATED GAINS ON SALES OF UTILITY PROPERTIES IN A MANNER CONSISTENT WITH THE RESULTS OF THE NRRI SURVEY?

A: Yes. In the proceedings in which gains on sales of utility properties are at issue, commissions have typically allocated the gains to *ratepayers* rather than shareholders. Where questions arise concerning the regulatory treatment of a particular sale of utility property, the debate does not center on whether the gain should be allocated solely to shareholders. Instead, other issues such as the timing of the flow of the gain to ratepayers and whether the transaction occurred within the test year are addressed by the commissions.

One such example occurred in a regulatory proceeding in which Nevada Power sold a valuable piece of property on the Vegas strip, the Flamingo Corridor property, at a substantial gain. There was no disagreement that the proper regulatory treatment would be to allocate the gain to ratepayers rather than shareholders, however, the utility sought to avoid the issue by claiming that because the sale occurred shortly after the test year the gain should not be included in the revenue requirement. The Nevada commission disagreed and ordered that the entire gain on the Flamingo Corridor property must flow back to ratepayers through a revenue requirement adjustment.[106]

Q: WHAT IS THE MOST COMMON RATIONALE IN FAVOR OF ALLOCATING SUCH GAINS TO RATEPAYERS?

A: Once utility assets are dedicated to public service, ratepayers are responsible for paying all of the costs of these assets, including a return on the investment, depreciation, operating costs, taxes and maintenance. Moreover, ratepayers also assume the risk that the assets will under-perform, become obsolete or be retired before the end of their useful lives. In other words, since ratepayers are responsible for paying all of the costs of the assets while they are in service and assume the downside risk of the asset being disposed of at a loss, they must be awarded any gain or an equal share of any gain that results from disposition.

Q: IS THE REGULATORY TREATMENT OF GAINS ON UTILITY PROPERTY LIMITED TO DEPRECIABLE ASSETS?

A: No. Ratepayers pay a return on both depreciable assets and non-depreciable assets in rate base. Moreover, if non-depreciable assets are sold at a loss, ratepayers generally bear the loss. As a result, it follows that ratepayers receive the benefits of any gain realized. I would point out that in the example above of the Nevada Power sale of the Flamingo Corridor property, the transaction involved the sale of a tract of land rather than depreciable property, yet the gain on the sale was allocated to ratepayers.

[106] See Final Order in Docket No. 03-10001 at pp. 46-56.

Q: DOES IT MATTER THAT NIPSCO OFFICE BUILDINGS ARE OWNED BY NISOURCE AND LEASED TO NIPSCO?

A: No. That relationship would be taken into consideration when the Commission addresses the disposition of the gain on sale – which has been recorded and deferred in the regulatory liability account – in the utility's next general rate case.

Q: WHAT WOULD THE COMMISSION LOOK AT WHEN DECIDING THE DISPOSITION OF THE GAIN?

A: Among other things, the Commission would look at how long the building had been leased by the utility and how much of the original cost of the building had been paid for through the utility lease payments. The Commission would then, based on this and other relevant information decide an appropriate sharing of the excess proceeds above depreciated book value of the property between ratepayers and shareholders.

Q: WHAT DO YOU RECOMMEND?

A: I make two recommendations, one regarding a potential sale of office space and one regarding the issue of underutilized space.

First, with respect to the issue of a potential sale of office space property between rate cases, I recommend that any gain on the sale be allocated back to NIPSCO and recorded in a regulatory liability account for disposition by the Commission in the utility's next general rate case. Second, with respect to the issue of potential underutilized office space, the Commission should direct NIPSCO to contract a study with an independent consultant to determine the appropriate amount of office space to lease based on current NIPSCO headcount[107] and remote work policies in buildings the Company currently leases. The Company should file the independent consultant's findings with the Commission within a reasonable period of time after a final order is issued in this case as required by the Commission.

III. PREPAID PENSION ASSET ADJUSTMENT

Q: PLEASE DESCRIBE NIPSCO'S REQUEST TO INCLUDE A PREPAID PENSION ASSET IN THE CAPITAL STRUCTURE.

A: As discussed in the testimony of NIPSCO witness Jennifer L. Shikany, NIPSCO has included an asset in the capital structure as a negative source of cost-free capital at the December 31, 2023 projected level of $(424,946,780). Ms. Shikany explains that the requested pension asset is the difference between shareholder contributions to the pension fund and the amounts recorded by the Company as pension costs. She describes the pension asset balance as shareholder provided funds.[108]

Q: DOES THE PENSION ASSET REPRESENT ADDITIONAL SHAREHOLDER PROVIDED CAPITAL?

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[107] In this context, the phrase "NIPSCO employees" shall refer to those individuals who are employed by NIPSCO, an affiliate, or a third party in which those individuals' payroll and associated costs are allocated to the NIPSCO electric jurisdiction.

[108] See Direct Testimony of Jennifer L. Shikany, p. 91, line 15--p. 93, line 2; *and* Attachment 3-A-S2, p. 5, line 6.

A: No. Only the amount above the minimum funding requirements should be considered additional shareholder contributed capital. The minimum funding requirement represents an existing obligation of the utility and only amounts contributed *in excess* of the minimum required obligation represent discretionary contributions upon which the utility could be entitled to earn a return. As proposed by the Company, the pension asset balance submitted by the utility includes both the required minimum contributions and the Company's discretionary contributions in excess of the minimum requirements. I propose an adjustment to the pension asset so that the amount eligible for inclusion in the capital structure is only the amount *above* the Company's minimum funding requirements.

Q: IS THERE PRECEDENT IN INDIAN FOR THE TREATMENT YOU PROPOSE?

A: Yes. In Cause No. 44576, in the 2016 Indianapolis Power and Light (:IPL") rate case, the Commission found that only the amount of the prepaid pension asset above the minimum filing requirement should be allowed to earn a return. The Commission stated:

> As for the amount to be recognized, while we agree with IPL that the prepaid pension asset represents a component of working capital, we disagree that the entire $138.5 million should be recognized as investor-supplied capital and included in rate base. As noted above, working capital represents an amount of investor-supplied capital. However, funds held by the utility are only available to investors to the extent that the utility has already met its existing obligations. **<u>The evidence establishes that ERISA minimum funding is not discretionary, and we view nondiscretionary funding as an obligation of IPL in its role as an electric service provider</u>**. Further, to the extent revenues collected from customers are used for the provision of electric service to fund IPL's obligations, those funds are not available to be used at IPL's discretion. In this case, Mr. Felsenthal testified that $73.6 million would represent the pension asset if IPL only contributed the ERISA minimum contributions from 2000-2014. Because ERISA requirements mandated a level of minimum funding of its pension asset, the $73.6 million was not available to shareholders to use for other

> purposes. We find that customers have effectively supplied this minimum amount of the prepaid pension asset and therefore do not owe IPL a return on this portion of the asset, or the accompanying impact on deferred taxes. However, the remaining $64.9 million of the net prepaid pension asset was a discretionary choice to provide additional funding to the pension asset.[109]

The Commission's discussion above makes it clear that only those contributions in excess of the minimum required contributions should be allowed to earn a return.

Q: ARE THERE OTHER REASONS THIS TREATMENT MAKES SENSE?

A: Yes. Only the contributions in excess of the minimum funding requirements can be considered <u>pre</u>-paid pension contributions. Contributions up to the required level are paid contributions, but they are not <u>pre</u>-paid. Only the discretionary payments above the required level are <u>pre</u>-paid contributions.

Q: DID THE COMPANY PROVIDE THE INFORMATION NECESSARY TO REMOVE THE MINIMUM REQUIRED CONTRIBUTION AMOUNTS FROM THE PREPAID PENSION ASSET?

A: Yes. In response to IG Request 7-007, the Company provided two attachments which set forth the Company's total pension contributions from 2008 through 2021, and the annual minimum required pension contributions during those years. In IG 7-007 Attachment A, the Company shows total cumulative pension plan contributions of $487,076,866.[110] In IG 7-007, Attachment B, the Company shows that the cumulative required minimum

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[109] *In re Indianapolis Power & Light Co., Ind. Util. Reg. Comm'n*, Cause No. 44576, Order (Mar. 16, 2016), p. 24.

[110] See Company response to IG 7-007, Attachment A, sum of line 2.

pension contribution from 2008 through 2021 is $301,794,248.[111] Based upon the language from the Commission's order in 44576 set forth above, an adjustment is required to remove this required (nondiscretionary) funding obligation of $301,794,249 from the prepaid pension asset balance.

Q: ARE THERE OTHER PROBLEMS WITH THE COMPANY'S PREPAID PENSION ASSET BALANCE?

A: Yes. The Company presented information in support of its requested balance of $424M was provided in Attachment A of its response to IG Request 7-007. However, the Company's analysis covers the period 2008 through 2021, and the Company's calculation starts in 2008 with an unexplained, unsupported balance of $157,132,253. The Company has provided no explanation or support for this beginning balance amount. As such, it is not clear from the information provided whether this balance is comprised of minimum required contributions, excess contributions, or some combination of both. Unless the Company provides support to demonstrate that the beginning asset balance represents allowable *excess* contributions, rather than required minimum contributions, it is inappropriate to assume that the beginning balance of $157,132,253 should be included in the capital structure. I recommend an adjustment to remove the unsupported beginning balance from the prepaid pension asset in the capital structure.

Q: PLEASE SUMMARIZE THE ADJUSTMENTS YOU ARE PROPOSING.

[111] See Company response to IG-07-007, Attachment B, sum of Minimum Required Contribution amounts.

A: The two adjustments described above, in combination, reduce the Company's prepaid pension asset balance to a negative balance. Rather than include a negative prepaid pension asset balance, I recommend that the prepaid asset included in the capital structure be reduced zero, as set forth in Schedule MEG-7.2(S2) and shown in the calculation below:

Prepaid Pension Asset Requested	$ 424,946,780
Less: Minimum Required Contributions 2008-2021	$ (301,794,248)
Amount above Minimum Required Funding Amount	$ 123,152,132
Less: Unsupported Beginning Balance	$ (157,132,253)
Remaining Prepaid Pension Asset Actually Supported	$ (33,979,721)
Amount recommended for inclusion in Capital Structure	$ 0
OUCC Adjustment to Remove Prepaid Pension Asset	$ (424,946,780)

IV. DEPRECIATION EXPENSE

Q: DOES OUCC PROPOSE DEPRECIATION EXPENSE ADJUSTMENTS?

A: Yes. Mr. David Garrett proposes changes to the Company's depreciation study on behalf of OUCC. His recommendations result in new proposed depreciation rates for several of the Company's accounts, which are set forth in Schedule MEG-5.11(S2).

V. COST OF CAPITAL

Q: DOES OUCC PROPOSE COST OF CAPITAL RECOMMENDATIONS?

A: Mr. David Garrett provides testimony on behalf of OUCC regarding cost of capital issues. The impacts of his cost of capital recommendations on the revenue requirement are set forth in Schedule MEG-7(S2).

VI. SUMMARY OF OUCC ADJUSTMENTS

Q: DO YOUR SCHEDULES INCLUDE ADJUSTMENTS SPONSORED BY OTHER OUCC WITNESSES?

A: Yes. Accounting Schedules MEG-1(S2) through MEG-8(S2) include proposed adjustments from all OUCC witnesses, as summarized below:

Figure MEG-2 – Summary of OUCC Adjustments

Issue	OUCC Witness	Proposed Adjustment
Rate Base		
Schahfer Units 14 & 15 Asset Balance	Eckert	$(7,058,649)
FMCA, Cause No. 45700	Lantrip	$(398,949)
Michigan City & Schahfer Accumulated Depr.	Armstrong	$40,524,072
O&M Adjustments		
Payroll Adjustment – Unfilled Positions	M. Garrett	$(4,397,870)
Related Employee Benefits – Medical	M. Garrett	(389,183)
Related Employee Benefits – Other	M. Garrett	(300,201)
Short Term Incentives – 50%	M. Garrett	(7,613,804)
Payroll Taxes	M. Garrett	$(905,720)
Long Term Incentives	M. Garrett	$(5,538,152)
Pension Expense	M. Garrett	$(12,760,465)
OPEB Expense	M. Garrett	$(2,390,503)
Directors' and Officers' Liability Insurance	M. Garrett	$(576,909)
Investor Relations Expense	M. Garrett	(503,054)
Administrative and General Costs	M. Garrett	$(17,327,100)
Depreciation Expense	D. Garrett	$(7,783,753)
Line Locations	Lantrip	(491,604)
Vegetation Management	Eckert	$(6,978,605)
COVID-19 Amortization	Blakley	(1,089,728)
Coal Plant O&M – Reject VCT	Armstrong	$(9,600,000)

VII. CONCLUSION

Q: DOES THIS CONCLUDE YOUR TESTIMONY AT THIS TIME?

A: Yes, it does.

Attachment MEG-1

MARK E. GARRETT

CONTACT INFORMATION:

4028 Oakdale Farm Circle
Edmond, OK 73013
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EDUCATION:

Juris Doctor Degree, With Honors, Oklahoma City University Law School, 1997
Post Graduate Hours in Accounting, Finance and Economics, 1984-85:
University of Texas at Arlington; University of Texas at Pan American;
Stephen F. Austin State University
Bachelor of Arts Degree, University of Oklahoma, 1978

CREDENTIALS:

Member Oklahoma Bar Association, 1997, License No. 017629
Certified Public Accountant in Oklahoma, 1992, Certificate No. 11707-R
Certified Public Accountant in Texas, 1986, Certificate No. 48514

WORK HISTORY:

GARRETT GROUP CONSULTING, INC. – Regulatory Consulting Practice (1996 - Present) Participates as a consultant and expert witness in gas and electric regulatory proceedings and other matters before regulatory agencies in rate case proceedings to determine just and reasonable rates. Reviews management decisions of regulated utilities regarding the reasonableness of prices paid for electric plant, gas plant, purchased power, renewable energy projects, natural gas supplies and transportation, and coal supplies and transportation. Participates in legislative advisory role regarding regulated utilities. Participates as an Instructor at NMSU Center for Public Utilities and as a Speaker at NARUC Staff Subcommittee on Accounting and Finance.

OKLAHOMA CORPORATION COMMISSION - Coordinator of Accounting and Financial Analysis (1991 - 1994) Planned and supervised the audits of major public utility companies doing business Oklahoma for the purpose of determining revenue requirements. Presented both oral and written testimony as an expert witness for Staff in defense of numerous accounting and financial recommendations related to cost-of-service based rates. Audit work and testimony covered all areas of rate base and operating expense. Supervised, trained and reviewed the audit work of numerous Staff CPAs and auditors. Promoted from Supervisor of Audits to Coordinator in 1992.

FREEDOM FINANCIAL CORPORATION - Controller (1987 - 1990) Responsible for all financial reporting including monthly and annual financial statements, cash flow statements, budget reports, long-term financial planning, tax planning and personnel development. Managed the General Ledger and Accounts Payable departments and supervised a staff of seven CPAs and accountants. Reviewed all subsidiary state and federal tax returns and facilitated the annual independent financial audit and all state or federal tax audits. Received promotion from Assistant Controller in September 1988.

SHELBY, RUCKSDASHEL & JONES, CPAs - Auditor (1986 - 1987) Audited the financial statements of businesses in the state of Texas, with an emphasis in financial institutions.

Previous Experience Related to Cost-of-Service, Rate Design, Pricing and Energy-Related Issues

1. **NV Energy, 2023 (Nevada), (Docket No. 22-09006)** – Participating as an expert witness on behalf of the Southern Nevada Gaming Group ("SNGG") before the Nevada PUC. Sponsoring written and oral testimony in the 2021 Nevada Power and Sierra Pacific Joint Integrated Resource Plan ("IRP") Third Amendment to provide analysis of the proposed Transportation Electrification Plan to accelerate the roll out of electric vehicle charging facilities.

2. **Atmos MidTex, 2023 (Texas), (Dallas Annual Rate Review) –** Participating as an expert witness on behalf of the City of Dallas before the Texas Railroad Commission in Atmos's Dallas Annual Rate Review ("DARR") proceeding. Sponsoring recommendations on various revenue requirement issues.

3. **Public Service Company of Oklahoma, 2023 (Oklahoma) (Cause No. PUD 202200093)** – Participating as an expert witness on behalf of OIEC before the OCC in AEP/PSO's general rate case application to provide testimony on various revenue requirement, cost of service and rate design issues.

4. **Montana-Dakota Utilities Co., 2023 (Montana), Docket No. 2022.11.099)** – Participating as an expert witness on behalf of the Montana Office of Consumer Council in MDU's general rate case application to provide testimony on various revenue requirement issues.

5. **Public Service Company of Oklahoma, 2023 (Oklahoma) (Cause No. PUD 202200021)** – Participating as an expert witness on behalf of OIEC before the OCC in AEP/PSO's application for pre-approval of renewable generation additions and the ratemaking treatment of the costs of those additions.

6. **Public Service Company of New Mexico, 2023 (New Mexico), (Case No. 22-00270-UT)** – Participating as an expert witness for the Albuquerque Bernalillo County Water Utility Authority ("ABCWUA") before the New Mexico Public Regulation Commission to address various ratemaking issues in PNM's rate case application.

7. **Entergy Texas Inc., 2022 (Texas) (PUC Docket No. 53719) –** Participated as an expert witness on behalf of the Cities in ETI's general rate case to provide testimony on various cost of service issues and on the utility's overall revenue requirement.

8. **Oklahoma Gas and Electric Company, 2022 (Oklahoma), (Cause No. PUD 202200097) –** Participating as an expert witness on behalf of Oklahoma Industrial Energy Consumers ("OIEC") before the Oklahoma Corporation Commission in PUD's show cause investigation into OG&E's fuel and purchased power under-recovered balance

9. **Northern Indiana Public Service Company, 2022 (Indiana), (Docket No. 45772) –** Participating as an expert witness on behalf of the Office of Utility Consumer Counselor in NIPSCOs rate case application, sponsoring testimony to address various revenue requirement and tax issues.

10. **Oncor Electric Delivery Company (Texas), 2022 (PUC Docket No. 53601)** – Participating as an expert witness on behalf of the Steering Committee of Cities before the Texas Public Utility Commission in Oncor's General Rate Case proceeding to provide testimony on various revenue requirement issues.

11. **York Waterworks (2022) (Pennsylvania), (Docket No. 061522) –** Participating as an expert witness on behalf of Office of Consumer Advocate ("OCA") before the Pennsylvania Public Utility

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Commission to address various revenue requirement issues in York rate case.

12. **Sierra Pacific Power Company, 2022 (Nevada), (Docket No. 22-06)** – Participated as an expert witness on behalf of Bureau of Consumer Protection ("BCP") before the Nevada Public Utility Commission to address various revenue requirement issues.

13. **NV Energy, 2022 (Nevada), (Docket No. 22-003028)** – Participating as an expert witness on behalf of Bureau of Consumer Protection ("BCP") before the Nevada Public Utility Commission to address various issues in the merger application of Sierra Pacific Power Company and Nevada Power Company.

14. **Atmos MidTex (Texas), 2022 (Texas), (Dallas Annual Rate Review) –** Participating as an expert witness on behalf of the City of Dallas before the Texas Railroad Commission in Atmos's Dallas Annual Rate Review ("DARR") proceeding. Sponsoring recommendations on various revenue requirement issues.

15. **CenterPoint Energy Resources Corp., 2022 (Texas) (Docket No. 53442)** – Participating as an expert witness for the City of Houston before the Texas Public Utility Commission the Company's Distribution Cost Recovery Factor sponsoring testimony on various cost recovery issues.

16. **Cascade Natural Gas, 2021 (Washington)** – Participating as an expert witness on behalf of Public Counsel in Cascade's limited issue rate case application, sponsoring Public Counsel's revenue requirement schedules and testimony to address various revenue requirement and tax issues.

17. **Oklahoma Gas and Electric Company, 2021 (Oklahoma), (Cause No. PUD 202100164) –** Participating as an expert witness on behalf of Oklahoma Industrial Energy Consumers ("OIEC") before the Oklahoma Corporation Commission in OG&E's general rate case application addressing various revenue requirement and rate design issues.

18. **Southwestern Electric Power Company, 2021 (Texas), (PUC Docket No. 52397) –** Participating as an expert witness on behalf of Cities Advocating Reasonable Deregulation ("CARD Cities") before the Texas Public Utility Commission in SWEPCO's application to recover Uri storm costs.

19. **Southwestern Public Service Co., 2021 (Texas) (Docket No. 52210) –** Participating as an expert witness on behalf of the Alliance of Xcel Municipalities ("AXM") before the Texas Public Utility Commission in SWEPCO's application to recover Uri storm costs.

20. **CenterPoint Energy Resources Corp., 2021 (Texas) (Docket No. OS—00007061)** – Participating as an expert witness for the City of Houston before the Texas Rail Road Commission in a consolidated application from the large natural gas distribution utilities in Texas to securitize and recover URI storm costs from February 2021.

21. **Indiana Michigan Power, 2021 (Indiana), (Docket No. 45576) –** Participating as an expert witness on behalf of the Office of Utility Consumer Counselor in I&M's rate case application, sponsoring testimony to address various revenue requirement and tax issues.

22. **Chugach Electric Association, 2021 (Alaska), (Docket No. U-21-059)** – Participating as an expert witness on behalf of Providence Health and Services before the Alaska Regulatory Commission. Sponsoring testimony to address Chugach's application to address a shortfall in revenues after its acquisition of Municipal Light and Power.

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23. **Southwestern Public Service Co., 2021 (Texas) (Docket No. 51802) –** Participating as an expert witness on behalf of the Alliance of Xcel Municipalities ("AXM") in the SPS general rate case application to provide testimony before the Texas Public Utility Commission regarding rate base and operating expense issues.

24. **El Paso Electric Company, 2021 (Texas), (Docket No. 52195)** – Participating as an expert witness on behalf of the City of El Paso in the El Paso Electric Company general rate case to provide recommendations to the Texas Public Utility Commission regarding rate base and operating expense issues.

25. **NV Energy, 2021 (Nevada), (Docket No. 21-06001)** – Participating as an expert witness on behalf of the Southern Nevada Gaming Group ("SNGG") before the Nevada PUC. Sponsoring written and oral testimony in the Nevada Power and Sierra Pacific Joint Integrated Resource Plan ("IRP") to provide analysis of the proposed generation additions and cost allocations.

26. **Summit Utilities Arkansas (Arkansas), (Docket No. 21-060-U) –** Participating as an expert witness on behalf of Arkansas Gas Consumers and the Hospitals and Higher Education Group before the Arkansas Public Service Commission in Summit's proposed acquisition of CenterPoint Energy's Arkansas assets. Sponsoring testimony regarding the acquisition premium, ratepayer benefits and affiliate transactions.

27. **Doyon Utilities, 2021 Alaska (Regulatory Commission of Alaska) –** Participating as an expert witness on behalf of the Department of Defense to provide expert testimony in twelve rate case reviews for the utility systems of Fort Wainwright, Fort Greely and Joint Base Elmendorf-Richardson before the Regulatory Commission of Alaska.

28. **NV Energy, 2021 (Nevada), (Docket No. 21-03040) –** Participating as an expert witness on behalf of the Southern Nevada Gaming Group ("SNGG") before the Nevada PUC to provide written and oral testimony in the Nevada Power and Sierra Pacific Joint Natural Disaster Protection Plan ("NDPP").

29. **Public Service Company of Oklahoma, 2021 (Oklahoma) (Cause No. PUD 202100022)** – Participating as an expert witness on behalf of OIEC before the OCC in AEP/PSO's general rate case application to provide testimony on various revenue requirement, cost of service and rate design issues.

30. **Oklahoma Gas and Electric Company, 2021 (Oklahoma), (Cause No. PUD 202100072) –** Participating as an expert witness on behalf of Oklahoma Industrial Energy Consumers ("OIEC") before the Oklahoma Corporation Commission in OG&E's application for securitization of its winter storm costs.

31. **Southwestern Electric Power Company, 2021 (Arkansas), (Docket No. 19-008-U)** – Participating as an expert witness on behalf of Western Arkansas Large Energy Consumers ("WALEC") before the Arkansas Public Service Commission in SWEPCO's Formula Rate Plan review and extraordinary winter storm cost recovery plan.

32. **Atmos MidTex (Texas), 2021 (Texas), (Dallas Annual Rate Review) –** Participating as an expert witness on behalf of the City of Dallas before the Texas Railroad Commission in Atmos's Dallas Annual Rate Review ("DARR") proceeding. Sponsoring recommendations on various revenue requirement issues.

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33. **PNM Resources / Avangrid Merger, 2021 (New Mexico), (Case No. 20-00222-UT)** – Participating as an expert witness for the Albuquerque Bernalillo County Water Utility Authority ("ABCWUA") before the New Mexico Public Regulation Commission to address various merger-related issues.

34. **Oklahoma Gas & Electric Co., 2020 (Arkansas) (Docket No. 18-046-FR) –** Participating as an expert witness on behalf of the Arkansas River Valley Energy Consumers ("ARVEC") before the Arkansas Public Service Commission in OG&E's Formula Rate Plan application to provide testimony on cost of service issues.

35. **Public Service Company of Oklahoma, 2020 (Oklahoma) (Cause No. PUD 202000097)** – Participating as an expert witness on behalf of OIEC before the OCC in AEP/PSO's application for approval of facilities proposed for Fort Sill to address cost recovery and rate design issues.

36. **El Paso Electric Company, 2020 (Texas), (Docket No. 51348)** – Participating as an expert witness on behalf of the City of El Paso in the El Paso Electric Company annual Distribution Cost Recovery Factor ("DCRF") application to provide recommendations to the Texas Public Utility Commission regarding the Company's requested DCRF increase.

37. **NV Energy, 2020 (Nevada), (Docket No. 20-07023)** – Participating as an expert witness on behalf of the Southern Nevada Gaming Group ("SNGG") before the Nevada PUC. Sponsoring written and oral testimony in the Nevada Power and Sierra Pacific Joint Integrated Resource Plan ("IRP") to provide analysis of the proposed transmission additions and cost allocations.

38. **Southwestern Electric Power Company, 2020 (Texas), (PUC Docket No. 51415)** – Participating as an expert witness on behalf of Cities Advocating Reasonable Deregulation ("CARD Cities") before the Texas Public Utility Commission in SWEPCO's general rate case application to provide testimony on various revenue requirement issues.

39. **Dominion Energy South Carolina, 2020 (South Carolina), (Docket No. 2020-125-E) –** Participating as an expert witness on behalf of DOD/FEA in DESC's rate case application, sponsoring testimony to address various revenue requirement, rate design and tax issues.

40. **Cascade Natural Gas, 2020 (Washington), (NG-UG-200568)** – Participating as an expert witness on behalf of Public Counsel in Cascade's rate case application, sponsoring testimony to address various revenue requirement and tax issues.

41. **Nevada Power Company, 2020 (Nevada) (Docket No. 20-06003) –** Participating as an expert witness on behalf of Bureau of Consumer Protection ("BCP") before the Nevada Public Utility Commission to address various revenue requirement issues in the case.

42. **El Paso Electric Company, 2020 (New Mexico), (Docket RC-20-00104-UT) –** Participating as an expert witness on behalf of the City of Las Cruces and Dona Ana county in EPE's rate case application, sponsoring testimony to address various revenue requirement and tax issues.

43. **Oklahoma Gas and Electric Company, 2020 (Oklahoma), (Cause No. PUD 202000021) –** Participating as an expert witness on behalf of Oklahoma Industrial Energy Consumers ("OIEC") before the Oklahoma Corporation Commission in OG&E's Grid Enhancement Plan application. Sponsoring testimony to address the utility's proposed cost recovery mechanism and cost of service allocations.

44. **Philadelphia Gas Works, 2020 (Pennsylvania), (Docket No. R-2020-3017206)** – Participating

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expert witness on behalf of Office of Consumer Advocate ("OCA") before the Pennsylvania Public Utility Commission to address various revenue requirement issues in PGW's rate case.

45. **Atmos MidTex (Texas), 2020 (Texas), (Dallas Annual Rate Review) –** Participating as an expert witness on behalf of the City of Dallas before the Texas Railroad Commission in Atmos's Dallas Annual Rate Review ("DARR") proceeding. Sponsoring recommendations on various revenue requirement issues.

46. **Southwest Gas Corporation, 2020 (Nevada) (Docket No. 20-02023)** – Participated as an expert witness on behalf of Bureau of Consumer Protection ("BCP") before the Nevada Public Utility Commission to address various revenue requirement issues.

47. **El Paso Electric Company, 2019 (Texas), (Docket No. 49849)** – Participating as an expert witness on behalf of the City of El Paso in the merger of El Paso Electric Company with Sun Jupiter Holdings LLC and IIF US Holdings 2 LLP to provide recommendations to the Texas Public Utility Commission regarding the treatment of tax issues in the proposed merger agreement.

48. **Nevada Senate Bill 300 Rulemaking, 2019 (Nevada), (Docket No. 19-069008)** – Participating as an expert witness on behalf of the Southern Nevada Gaming Group before the Nevada PUC to assist with the development of alternative ratemaking regulations under SB 300.

49. **Entergy Arkansas, 2019 (Arkansas), (Docket No**. 19-020-TF) **–** Participating as an expert witness on behalf of the Arkansas industrial consumer group to review EAI's application to allocate its perceived under-recovery of off-system sales margins to Arkansas customers.

50. **Public Service Company of Oklahoma, 2019 (Oklahoma) (Cause No. PUD 201900201) –** Participating as an expert witness on behalf of OIEC before the OCC in AEP/PSO's application for approval for the cost recovery of selected wind facilities.

51. **Oklahoma Gas & Electric Co., 2019 (Arkansas) (Docket No. 15-034-U) –** Participated as an expert witness on behalf of the Arkansas River Valley Energy Consumers ("ARVEC") before the Arkansas Public Service Commission in OG&E's Act 310 Environmental Compliance Plan ("ECP") Rider case to provide testimony on whether OG&E can apply for an ECP rider now that it has elected to utilize an annual Formula Rate Plan with a 4% annual cap.

52. **Oklahoma Gas & Electric Co., 2019 (Arkansas) (Docket No. 18-046-FR)** – Participating as an expert witness on behalf of the Arkansas River Valley Energy Consumers ("ARVEC") before the Arkansas Public Service Commission in OG&E's Formula Rate Plan application to provide testimony on various revenue requirement, cost of service and rate design issues.

53. **Southwestern Public Service Co., ("SPS") 2019 (Texas), (Docket No. 49831) –** Participating as an expert witness on behalf of the Alliance of Xcel Municipalities ("AXM") in the SPS general rate case application to provide testimony before the Texas Public Utility Commission regarding rate base and operating expense issues and sponsor the AXM Accounting Exhibits.

54. **Southwestern Electric Power Company, 2019 (Arkansas), (Docket No. 19-008-U)** – Participated as an expert witness on behalf of Western Arkansas Large Energy Consumers ("WALEC") before the Arkansas Public Service Commission in SWEPCO's rate case to address various revenue requirement and rate design issues.

55. **Anchorage Municipal Light and Power and Chugach Electric Association, 2019 (Alaska),**

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(Docket No. U-19-020) – Participating as an expert witness before the Regulatory Commission of Alaska on behalf of Providence Health and Services to provide testimony on pending acquisition of ML&P by Chugach to address the proposed acquisition premium and other issues associated with the public interest.

56. **Sierra Pacific Power Company, 2019 (Nevada), (Docket No. 19-06002)** – Participated as an expert witness on behalf of Bureau of Consumer Protection ("BCP") before the Nevada Public Utility Commission to address various revenue requirement issues.

57. **Air Liquide Hydrogen Energy U.S., 2019 (Nevada), (704B Exit Application, Docket No. 19-02002)** – Participated as an expert witness on behalf of Air Liquide before the Nevada PUC. Sponsoring written and oral testimony in Air Liquide's application to purchase energy and capacity from a provider other than NV Energy.

58. **Empire District Electric Company, 2019 (Oklahoma), (Cause No. PUD 201800133)** – Participated as an expert witness on behalf of Oklahoma Industrial Energy Consumers ("OIEC") before the Oklahoma Corporation Commission in Empire's general rate case to address various revenue requirement, rate design and tax issues.

59. **Indiana Michigan Power, 2019 (Indiana), (Docket No. 45235) –** Participating as an expert witness on behalf of the Office of Utility Consumer Counselor in I&M's rate case application, sponsoring testimony to address various revenue requirement and tax issues.

60. **Puget Sound Energy, 2019 (Washington), (Docket No. 190529-30)** – Participating as an expert witness on behalf of Public Counsel in PSE's rate case application, sponsoring testimony to address various revenue requirement and tax issues.

61. **Anchorage Municipal Light and Power, 2019 (Alaska), (Docket No. U-18-102) –** Participating as an expert witness before the Regulatory Commission of Alaska on behalf of Providence Health and Services to provide testimony on the ratemaking treatment of ML&P's acquired interest in the Beluga River Unit gas field with ratepayer funds.

62. **Oklahoma Gas and Electric Company, 2019 (Oklahoma), (Cause No. PUD 201800140) –** Participated as an expert witness on behalf of Oklahoma Industrial Energy Consumers ("OIEC") before the Oklahoma Corporation Commission in OG&E's General Rate Case application. Sponsoring testimony to address the utility's overall revenue requirement and rate design proposals.

63. **Cascade Natural Gas, 2019 (Washington) (Docket No. 190210)** – Participated as an expert witness on behalf of Public Counsel in Cascade's rate case application. Sponsoring testimony to address various revenue requirement and tax issues.

64. **CenterPoint Energy Houston Electric, 2019 (Texas) (Docket No. 49421)** – Participated as an expert witness on behalf of City of Houston before the Public Utility Commission of Texas in CenterPoint Energy's rate case application to provide testimony on various revenue requirement issues.

65. **Oklahoma Gas & Electric Co., 2018 (Arkansas) (Docket No. 18-046-FR** – Participated as an expert witness on behalf of the Arkansas River Valley Energy Consumers ("ARVEC") before the Arkansas Public Service Commission in OG&E's Formula Rate Plan application to provide testimony on various revenue requirement, cost of service and rate design issues.

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66. **Southwest Gas Corporation, 2018 (Nevada) (Docket No. 18-05031)** – Participated as an expert witness on behalf of Bureau of Consumer Protection ("BCP") before the Nevada Public Utility Commission to address various revenue requirement issues.

67. **Puget Sound Energy, 2018 (Washington) (Docket No. UE 18089) -** Participated as an expert witness on behalf of Public Counsel in PSE's Emergency Rate Relief proceeding. Sponsoring testimony to address the application itself and various revenue requirement and TCJA issues.

68. **Public Service Company of Oklahoma, 2018 (Oklahoma) (Cause No. PUD 201800097)** – Participated as an expert witness on behalf of OIEC before the OCC in AEP/PSO's general rate case application to provide testimony on various revenue requirement, cost of service and rate design issues.

69. **Entergy Texas Inc., 2018 (Texas) (PUC Docket No. 48371) –** Participated as an expert witness on behalf of the Cities in ETI's general rate case to provide testimony on various cost of service issues and on the utility's overall revenue requirement.

70. **Atmos Energy Corp., Mid-Tex Division, 2018 (Texas) (Docket No. GUD No. 10779)** – Participated as an expert witness on behalf of the Atmos Texas Municipalities to review the utility's requested revenue requirement including TCJA adjustments.

71. **CenterPoint Energy Houston Electric, LLC, 2018 (Texas) (Docket No. 48226) –** Participated as an expert witness on behalf of City of Houston before the Public Utility Commission of Texas in CenterPoint Energy's application for approval to amend its distribution cost recovery factor (DCRF) to address the utility's treatment of the Tax Cuts and Jobs Act of 2017 ("TCJA").

72. **NV Energy, 2018 (Nevada) (Docket No. 17-10001) –** Participated as an expert witness on behalf of the Energy Choice Initiative ("ECI") before the Governor's Committee on Energy Choice, in an investigatory docket of an Issue of Public Importance Regarding the Pending Energy Choice Initiative and the Possible Restructuring of Nevada's Energy Industry.

73. **Southwestern Electric Power Company, 2018 (Texas) (PUC Docket No. 48233) –** Participated as an expert witness on behalf of Cities Advocating Reasonable Deregulation ("CARD Cities") before the Texas Public Utility Commission in SWEPCO's application to implement bae rate reductions as result of the Tax Cuts and Jobs Act of 2017 ("TCJA").

74. **Oncor Electric Delivery Company (Texas), 2018 (PUC Docket No. 48325) –** Participated as an expert witness before the Texas Public Utility Commission in Oncor's application for authority to decrease rates based on the Tax Cuts and Jobs Act of 2017 ("TCJA").

75. **Public Service Company of Oklahoma ("PSO") (Oklahoma), 2018 (Cause No. PUD 201800019)** – Participated as an expert witness on behalf of OIEC before the OCC in AEP/PSO's application regarding ADIT under the Tax Cuts and Jobs Act of 2017 ("TCJA").

76. **Oklahoma Natural Gas Company, 2018 (Cause No. PUD 201800028)** – Participated as an expert witness on behalf of the OIEC before the Oklahoma Corporation Commission in ONG's Performance Based Rate Change Tariff, to address issues involving the impacts of the Tax Cuts and Jobs Act of 2017 ("TCJA").

77. **Oklahoma Gas & Electric Co. (Arkansas), 2018 (Docket No. 18-006-U** – Participated as an expert on behalf of the Arkansas River Valley Energy Consumers ("ARVEC") before the Arkansas Public

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Service Commission in the matter of an Investigation of the Effect on Revenue Requirements Resulting from Changes to Corporate Income Tax Rates under the Tax Cuts and Jobs Act of 2017 ("TCJA").

78. **Texas Gas Service, 2018 –** Participated as a consulting expert on behalf of the City of El Paso regarding implementation of rate changes related to the Tax Cuts and Jobs Act of 2017 ("TCJA").

79. **Sierra Pacific Power Company (Nevada), 2018 (Docket No. 18-02011 and 18-02015)** – Participated as an expert witness on behalf of the Northern Nevada Utility Customers[1] before the Nevada PUC in SPPC's application related to the Tax Cuts and Jobs Act of 2017 ("TCJA").

80. **Nevada Power Company (Nevada), 2018 (Docket No. 18-02010 and 18-02014)** – Participated as an expert witness on behalf of the Southern Nevada Gaming Group before the Nevada PUC in NPC's application related to the Tax Cuts and Jobs Act of 2017 ("TCJA").

81. **Public Service Company of Oklahoma ("PSO") (Oklahoma), 2017 (Cause No. PUD 201700572)** – Participated as an expert witness on behalf of OIEC before the OCC in AEP/PSO's application to examine the impacts of the Tax Cuts and Jobs Act of 2017 ("TCJA").

82. **Empire District Electric Company ("EPE") (Oklahoma), 2018 (Cause No. PUD 201700471)** – Participated as an expert witness on behalf of Oklahoma Industrial Energy Consumers ("OIEC") before the Oklahoma Corporation Commission in Empire's application to add 800MW of wind. Sponsoring testimony to address the various ratemaking and tax issues.

83. **Oklahoma Gas and Electric Company ("OG&E"), (Oklahoma), 2018 (Cause No. PUD 201700496) –** Participated as an expert witness on behalf of Oklahoma Industrial Energy Consumers ("OIEC") before the Oklahoma Corporation Commission in OG&E's General Rate Case application. Sponsoring testimony to address the utility's overall revenue requirement and rate design proposals.

84. **Public Service Company of Oklahoma ("PSO") (Oklahoma), 2017 (Cause No. PUD 201700276)** – Participated as an expert witness on behalf of OIEC before the OCC in AEP/PSO's Wind Catcher case to provide testimony on various ratemaking and tax issues.

85. **Southwestern Public Service Co. ("SPS") (Texas), 2017 (PUCT Docket No. 47527) –** Participating as an expert witness on behalf of the Alliance of Xcel Municipalities ("AXM") in the SPS general rate case application to provide testimony before the Texas Public Utility Commission regarding rate base and operating expense issues and sponsor the AXM Accounting Exhibits.

86. **Southwestern Electric Power Company, ("SWEPCO") (Texas), 2017 (PUC Docket No. 47461)** – Participated as an expert witness on behalf of Cities Advocating Reasonable Deregulation ("CARD Cities") before the Texas Public Utility Commission in SWEPCO's Wind Catcher case proceeding to provide testimony on various ratemaking and tax issues.

87. **Atmos MidTex (Texas), 2017 (Docket No. 10640) –** Participated as an expert witness on behalf of the City of Dallas before the Texas Railroad Commission in Atmos's Dallas Annual Rate Review ("DARR") proceeding. Sponsoring testimony on various revenue requirement issues.

88. **Avista Utilities (Washington), 2017 (Docket Nos. UE-170485/UG-170486)** – Participated as an

[1] The Northern Nevada Utility Consumers is a group of large commercial and industrial customers in the SPPC service territory.

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expert witness on behalf of Public Counsel in Avista's general rate case proceeding. Sponsoring testimony to address various revenue requirement issues and Avista's requested attrition adjustments.

89. **Nevada Power Company (Nevada), 2017 (Docket No. 17-06003)** – Participated as an expert witness on behalf of the Southern Nevada Hotel Group before the Nevada PUC in NPC's general rate case proceeding. Sponsoring testimony on various revenue requirement, depreciation, and rate design issues.

90. **Anchorage Municipal Light and Power (Alaska), 2017 (Docket No. U-17-008) –** Participating as an expert witness before the Regulatory Commission of Alaska on behalf of Providence Health and Services to provide testimony in ML&P's General Rate Case on various revenue requirement and rate design issues.

91. **Public Service Company of Oklahoma (Oklahoma), 2017 (Cause No. PUD 201700151)** – Participated as an expert witness on behalf of OIEC before the OCC in AEP/PSO's general rate case application to provide testimony on various revenue requirement and rate design issues.

92. **Oncor Electric Delivery Company (Texas), 2017 (PUC Docket No. 46957)** – Participated as an expert witness on behalf of the Steering Committee of Cities before the Texas Public Utility Commission in Oncor's General Rate Case proceeding to provide testimony on various revenue requirement issues.

93. **EverSource (Massachusetts), 2017 (DPU Docket No. 17-05) –** Participated as an expert witness before the Massachusetts Department of Public Utilities EverSource's General Rate Case application on behalf of Energy Freedom Coalition of America to provide testimony to address various revenue requirement issues.

94. **El Paso Electric Company (Texas), 2017 (PUC Docket No. 46831)** – Participated as an expert witness on behalf of the City of El Paso before the Texas Public Utility Commission in El Paso's General Rate Case proceeding to provide testimony on various revenue requirement issues.

95. **Atmos Pipeline Texas (Texas), 2017 (Docket No. 10580)** – Participated as an expert witness on behalf of the City of Dallas before the Texas Railroad Commission in APT's General Rate Case application, sponsoring testimony to address various revenue requirement proposals.

96. **Empire District Electric Company (Oklahoma), 2017 (Cause No. PUD 201600468) –** Participated as an expert witness on behalf of Oklahoma Industrial Energy Consumers ("OIEC") before the Oklahoma Corporation Commission in Empire's General Rate Case application. Sponsoring testimony to address the utility's overall revenue requirement and rate design proposals.

97. **Caesars Enterprise Service, LLC (Nevada), 2016 (704B Exit Application)** – Participated as an expert witness on behalf of Caesars before the Nevada PUC. Sponsoring written and oral testimony in Caesar's application to purchase energy and capacity from a provider other than Nevada Power.

98. **Southwestern Electric Power Company (Texas), 2016 (PUC Docket No. 46449) –** Participated as an expert witness on behalf of Cities Advocating Reasonable Deregulation ("CARD Cities") before the Texas Public Utility Commission in SWEPCO's general rate case proceeding to provide testimony on various revenue requirement issues.

99. **CenterPoint Texas, 2016 (Docket No. 10567)** – Participated as an expert witness on behalf of City of Houston before the Texas Railroad Commission in CenterPoint's general rate case application,

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sponsoring testimony to address the utility's overall revenue requirement and various rate design proposals.

100. **Entergy Texas, Inc., 2016 (Docket No. 46357) –** Participated as an expert witness on behalf Cities Served by Applicant before the Texas PUC in ETI's application to amend its Transmission Cost Recovery Factor.

101. **Anchorage Municipal Light and Power, 2016 (Docket No. U-16-060) –** Participated as an expert witness before the Regulatory Commission of Alaska on behalf of Providence Health and Services to provide testimony on the ratemaking treatment of ML&P's acquired interest in the Beluga River Unit gas field with ratepayer funds.

102. **Arizona Public Service Company, 2016 (Docket No. E-01345A-16-0036)** – Participated as an expert witness before the Arizona Corporation Commission in APS's General Rate Case application on behalf of Energy Freedom Coalition of America to provide written and oral testimony to address various revenue requirement issues.

103. **Oklahoma Gas & Electric Co. (Arkansas), 2016 (Docket No. 16-052-U** – Participated as an expert witness on behalf of the Arkansas River Valley Energy Consumers ("ARVEC") before the Arkansas Public Service Commission in OG&E's general rate case application to provide testimony on various revenue requirement, cost of service and rate design issues.

104. **Sierra Pacific Power Company (Nevada), 2016 (Docket No. 16-06006)** – Participated as an expert witness on behalf of the Northern Nevada Utility Customers before the Nevada PUC in SPPC's general rate case proceeding. Sponsored testimony on various revenue requirement, depreciation, and rate design issues.

105. **Tucson Electric Power, 2016 (Docket No. E-01933A-15-0322)** – Participated as an expert witness before the Arizona Corporation Commission in TEP's General Rate Case application, on behalf of Energy Freedom Coalition of America providing written and oral testimony to address the utility's cost of service study and rate design proposals.

106. **Texas Gas Service, 2016 (Docket No. 10506)** – Participated as an expert witness on behalf of El Paso before the Texas Railroad Commission in TGS's General Rate Case application, sponsoring testimony to address the utility's overall revenue requirement and various rate design proposals.

107. **Texas Gas Service, 2016 (Docket No. 10488)** – Participated as an expert witness on behalf of South Jefferson County Service Area ("SJCSA") before the Texas Railroad Commission in TGS's General Rate Case application, sponsoring testimony to address the utility's overall revenue requirement and various rate design proposals.

108. **Oklahoma Gas and Electric Company, 2016 (Cause No. PUD 201500273)** – Participated as an expert witness on behalf of Oklahoma Industrial Energy Consumers ("OIEC") before the Oklahoma Corporation Commission in OG&E's General Rate Case application. Sponsoring testimony to address the utility's overall revenue requirement and rate design proposals.

109. **Oklahoma Gas & Electric Company, 2016 (Cause No. PUD 201500273)** – Participated as an expert witness on behalf of The Alliance for Solar Choice ("TASC") before the Oklahoma Corporation Commission to address OG&E's proposed Distributed Generation ("DG") rates for solar DG customers.

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110. **Anchorage Municipal Light and Power, 2016 (Docket No. U-13-097) –** Participated as an expert witness before the Regulatory Commission of Alaska on behalf of Providence Health and Services to provide testimony on rates and tariffs proposed for customer-owned combined heat and power plant generation.

111. **Oklahoma Natural Gas Company, 2015 (Cause No. PUD 201500213)** – Participated as an expert witness on behalf of the OIEC before the Oklahoma Corporation Commission in ONG's General Rate Case application. Sponsored testimony to address the utility's overall revenue requirement and rate design proposals.

112. **Oklahoma Gas & Electric Company, 2015 (Cause No. PUD 201500274)** – Participated as an expert witness on behalf of The Alliance for Solar Choice ("TASC") before the Oklahoma Corporation Commission to address OG&E's proposed Distributed Generation ("DG") rates for solar DG customers.

113. **Nevada Power Company, 2015** (Docket No. 15-07004) – Participated as an expert witness on behalf of the Southern Nevada Hotel Group ("SNHG")[2] before the Nevada PUC. Sponsoring written and oral testimony in NPC's 2015 Integrated Resource Plan to provide analysis of the On Line transmission line allocation, the Siverhawk plant acquisition, and the Griffith contract termination.

114. **Oklahoma Gas & Electric Company, 2015 (Docket No. 15-034-U)** – Participated as an expert witness on behalf of the Arkansas River Valley Energy Consumers ("ARVEC") before the Arkansas Public Service Commission in OG&E's Act 310 application to implement a rider to recover environmental compliance costs.

115. **MGM Resorts, LLC, 2015** (Docket No. 15-05017) – Participated as an expert witness on behalf of the MGM Resorts, LLC before the Nevada PUC. Sponsoring written and oral testimony in MGM's application to purchase energy and capacity from a provider other than Nevada Power.

116. **Entergy Arkansas, 2015 (Docket No. 15-015-U) –** Participated as an expert witness on behalf of the Hospital and Higher Education Group ("HHEG") an intervener group that includes the University of Arkansas and several hospitals before the Arkansas PSC in Entergy's general rate case to provide testimony on various revenue requirement issues.

117. **Public Service Company of Oklahoma, 2015 (Cause No. PUD 201500208)** – Participated as an expert witness on behalf of OIEC before the OCC in AEP/PSO's general rate case application to provide testimony on various cost-of-service issues and on the utility's overall revenue requirement and rate design proposals.

118. **Nevada Power Company, 2014** (Docket No. 14-05003) – Participated as an expert witness on behalf of the Southern Nevada Hotel Group ("SNHG") before the Nevada PUC. Sponsored written and oral testimony in NPC environmental compliance case, called the Emissions Reduction and Capacity Replacement case. The main focus of our testimony was our recommendation to eliminate the $438M Moapa solar project from the compliance plan.

119. **Nevada Power Company, 2014** (Docket No. 14-05004) – Participated as an expert witness on behalf of the Southern Nevada Hotel Group before the Nevada PUC to sponsor written and oral testimony in both the revenue requirement phase and the rate design phase of the proceedings to establish

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[2] The Southern Nevada Hotel Group is comprised of Boyd Gaming, Caesars Entertainment, MGM Resorts, Station Casinos, Venetian Casino Resort, and Wynn Las Vegas.

prospective cost-of-service based rates for the power company.

120. **Oklahoma Gas and Electric Co., 2014 (Cause No. PUD 201400229)** – Participated as an expert witness on behalf of Oklahoma Industrial Energy Consumers ("OIEC") in OG&E's Environmental Compliance and Mustang Modernization Plan before the Oklahoma Corporation Commission to provide testimony addressing the economics and rate impacts of the plan.

121. **Sourcegas Arkansas, Inc., 2014 (Docket No. 13-079-U)** Participated as an expert witness on behalf of the Hospital and Higher Education Group ("HHEG"), an intervener group that includes the University of Arkansas and several hospitals before the Arkansas PSC in SGA's general rate case to provide testimony on various revenue requirement issues.

122. **Anchorage Municipal Light and Power, 2014 (Docket No. U-13-184) –** Participated as an expert witness before the Alaska Regulatory Utility Commission on behalf of Providence Health and Services to provide testimony on various revenue requirement and cost of service issues.

123. **Public Service Company of Oklahoma, 2014 (Cause No. PUD 201300217)** – Participated as an expert witness on behalf of OIEC before the OCC in AEP/PSO's general rate case application to provide testimony on various cost-of-service issues and on the utility's overall revenue requirement and rate design proposals.

124. **Entergy Texas Inc., 2013 (PUC Docket No. 41791) –** Participated as an expert witness on behalf of the Cities[3] in ETI's general rate case to provide testimony on various cost of service issues and on the utility's overall revenue requirement.

125. **MidAmerican/NV Energy Merger, 2013 (Docket No. 13-07021) –** Participated as an expert witness on behalf of the Southern Nevada Hotel Group ("SNHG") before the Nevada PUC. Sponsored testimony to address various issues raised in the proposed acquisition of NV Energy by MidAmerican Energy Holdings Company, including capital structure and acquisition premium recovery issues.

126. **Entergy Arkansas, 2013 (Docket No. 13-028-U) –** Participated as an expert witness on behalf of the Hospital and Higher Education Group ("HHEG") an intervener group that includes the University of Arkansas and several hospitals before the Arkansas PSC in Entergy's general rate case to provide testimony on various revenue requirement issues.

127. **Sierra Pacific Power Company, 2013 (Docket No. 13-06002) –** Participated as an expert witness on behalf of the Northern Nevada Utility Customers[4] before the Nevada PUC in SPPC's general rate case proceeding to provide testimony on various cost of service and revenue requirement issues. Sponsored written and oral testimony in the depreciation phase, the revenue requirement phase and the rate design phase of these proceedings.

128. **Gulf Power Company, 2013 (Docket No. 130140-EI) –** Participated as an expert witness on behalf of the Office of Public Counsel before the Florida Commission in Gulf Power's general rate case proceeding to provide testimony on various revenue requirement issues.

129. **Public Service Company of Oklahoma, 2013 (Cause No. PUD 201200054) –** Participated as an

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[3] The Cities include Beaumont, Conroe, Groves, Houston, Huntsville, Orange, Navasota, Nederland, Pine Forest, Pinehurst, Port Arthur, Port Neches, Rose City, Shenandoah, Silsbee, Sour Lake, Vidor, and West Orange.
[4] The Northern Nevada Utility Consumers is a group of large commercial and industrial customers in the SPPC service territory.

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expert witness on behalf of the OIEC before the Oklahoma Corporation Commission ("OCC") to provide testimony in PSO's application seeking Commission approval of its settlement agreement with EPA.

130. **Southwestern Electric Power Company, 2012 (PUC Docket No. 40443) –** Participated as an expert witness on behalf of Cities Advocating Reasonable Deregulation ("CARD Cities") before the Texas Public Utility Commission in SWEPCO's general rate case proceeding to provide testimony on various cost of service issues and on the utility's overall revenue requirement.

131. **Doyon Utilities, 2012 Alaska Rate Case** (Docket No. TA7-717) – Participated as an expert witness consultant on behalf of the Department of Defense to provide expert testimony in twelve rate case reviews for the utility systems of Fort Wainwright, Fort Greely and Joint Base Elmendorf-Richardson before the Regulatory Commission of Alaska.

132. **University of Oklahoma, 2012** – Participated as an expert witness on behalf of the University of Oklahoma to provide expert testimony on various revenue requirement issues in the University's general rate case with the Corix Group, which provides utility services to the University.

133. **Public Service Company of Oklahoma, 2012 (Cause No. PUD 201200079) –** Participated as an expert witness on behalf of the OIEC before the Oklahoma Corporation Commission to provide expert testimony addressing the utility's request to earn additional compensation on a 510MW purchased power agreement with Exelon

134. **Centerpoint Energy Texas Gas, 2012 (Docket No.** GUD 10182) – Participated as an expert witness on behalf of the Steering Committee of Cities before the Texas Railroad Commission to provide expert testimony on various revenue requirement issues.

135. **Entergy Texas Inc., 2012 (PUC Docket No. 39896) –** Participated as an expert witness on behalf of the Cities in ETI's general rate case to provide testimony on various cost of service issues and on the utility's overall revenue requirement.

136. **Oklahoma Natural Gas Company, 2012 (Cause No. PUD 2012-029)** – Participated as an expert witness on behalf of the OIEC before the OCC in ONG's Performance Based Rate ("PBR") application seeking Commission approval of a requested rate increase based upon formula results for 2011.

137. **University of Oklahoma, 2012** – Assisted the University of Oklahoma with an audit of the costs associated with its six utility operations and its contract with the Corix Group to provide utility services to the university.

138. **Oklahoma Gas and Electric Company, 2012 (Cause No. PUD 2011-186)** – Participated as an expert witness on behalf of the OIEC before the OCC in OG&E's application seeking Commission approval of a special contract with Oklahoma State University and a wind energy purchase agreement in connection therewith.

139. **Empire Electric Company, 2011, (Cause No. PUD 11-082) –** Participated as an expert witness on behalf of Enbridge before the OCC in Empire's rate case to provided testimony in both the revenue requirement and rate design phases of the proceedings to establish prospective cost-of-service based rates for the power company.

140. **Nevada Power Company, 2011, (Docket No. 11-04010) -** Participated as an expert witness on

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behalf of the Southern Nevada Hotel Group ("SNHG") before the Nevada PUC. Sponsored written and oral testimony to address proposed changes to the Company's customer deposit rules.

141. **Nevada Power Company, 2011, (Docket No. 11-06006) -** Participated as an expert witness on behalf of the Southern Nevada Hotel Group before the Nevada PUC. Sponsored written and oral testimony in both the revenue requirement phase and the rate design phase of the proceedings to establish prospective cost-of-service based rates for the power company.

142. **Public Service Company of Oklahoma, 2011 (Cause No. PUD 2011-106)** – Participated as an expert witness on behalf of the OIEC before the OCC in PSO's application seeking rider recovery of third party SPP transmission costs and fees.

143. **Oklahoma Gas and Electric Company, 2011 (Cause No. PUD 2011-087) –** Participated as an expert witness on behalf of OIEC before the OCC in OG&E's rate case to provided testimony in both the revenue requirement and rate design phases of the proceedings to establish prospective cost-of-service based rates for the power company.

144. **Oklahoma Gas & Electric Company, 2011 (Docket No. 10-109-U)** – Participated as an expert witness on behalf of Gerdau Macsteel before the Arkansas Public Service Commission in OG&E's application to recover Smart Grid costs to make recommendations regarding the allocation of the Smart Grid costs.

145. **Oklahoma Gas & Electric Company, 2011 (Cause No. PUD 2011-027)** – Participated as an expert witness on behalf of the OIEC before the OCC in OG&E's application seeking to include retiree medical expense in the Company's pension tracker mechanism.

146. **Public Service Company of Oklahoma, 2011 (Cause No. PUD 2010-50)** – Participated as an expert witness on behalf of OIEC before the Oklahoma Corporation Commission in AEP/PSO's application to recover ice storm O&M expenses through a regulatory asset/rider mechanism to address tax impact and return issues in the proposed rider.

147. **Public Service Company of Colorado, 2011 (Docket No. 10AL-908E) –** Participated as an expert witness on behalf of the Colorado Retail Council ("CRC") before the Colorado Public Utilities Commission providing written and live testimony to address PSCo's proposed Environmental Tariff.

148. **Oklahoma Gas & Electric Company, 2011 (Docket No. 10-067-U) –** Participated as an expert witness on behalf of the Northwest Arkansas Industrial Energy Consumers ("NWIEC")[5] before the Arkansas Public Service Commission in OG&E's general rate case application to provide testimony on various revenue requirement, cost of service and rate design issues.

149. **Oklahoma Gas & Electric Company, 2010 (Cause No. PUD 2010-146) –** Participated as an expert witness on behalf of the OIEC before the OCC in OG&E's application seeking rider recovery of third party SPP transmission costs and SPP administration fees.

150. **Massachusetts Electric Co. & Nantucket Electric Co. d/b/a National Grid, 2010 (Docket No. DPU 10-54) –** Participated as an expert witness providing both written and live testimony before the Massachusetts Department of Public Utilities on behalf of the Associated Industries of Massachusetts ("AIM") to address the Company's proposed participation in the 438MW Cape Wind project in Nantucket Sound.

[5] NWIEC is an association of industrial manufacturing facilities in northwest Arkansas.

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151. **Public Service Company of Oklahoma, 2010 (Cause No. PUD 2010-50)** – Participated as an expert witness on behalf of the OIEC before the OCC in AEP/PSO's general rate case application to provide testimony on various cost-of-service issues and on the utility's overall revenue requirement and rate design proposals.

152. **Texas-New Mexico Power Co., 2010 (Docket 38480)** – Participated as an expert witness on behalf of the Alliance of Texas Municipalities ("ATM") before the Texas PUC in TMNP's general rate case application to address various revenue requirement and rate design issues to establish prospective cost-of-service based rates.

153. **Southwestern Public Service Co., 2010 (PUCT Docket No. 38147) –** Participated as an expert witness on behalf of the Alliance of Xcel Municipalities ("AXM") in the SPS general rate case application to provide testimony before the Texas Public Utility Commission regarding rate base and operating expense issues and sponsor the AXM Accounting Exhibits.

154. **Oklahoma Gas & Electric Company, 2010 (Cause No. PUD 2010-37)** – Participated as an expert witness on behalf of OIEC before the OCC to address the preapproval and ratemaking treatment of OG&E's 220MW self-build wind project.

155. **Oklahoma Gas & Electric Company, 2010 (Cause No. PUD 2010-29) –** Participated as an expert witness on behalf of the OIEC before the OCC in OG&E's application seeking pre-approval of deployment of smart-grid technology and rider-recovery of the associated costs. Sponsored written testimony to address smart-grid deployment and time-differentiated fuel rates.

156. **Public Service Company of Oklahoma, 2010 (Cause No. PUD 2010-01) –** Participated as an expert witness on behalf of the OIEC before the OCC in the Company's proposed Green Energy Choice Tariff. Sponsored testimony to address the pricing and ratemaking treatment of the Company's proposed wind subscription tariff.

157. **Nevada Power Company, 2010 (Docket No. 10-02009) –** Participated as an expert witness on behalf of the Southern Nevada Hotel Group ("SNHG") before the Nevada PUC to provide testimony in NPC's Internal Resource Plan to address the ratemaking treatment of the proposed ON Line transmission line.

158. **Entergy Texas Inc., 2010 (PUC Docket No. 37744) –** Participated as an expert witness on behalf of the Cities in ETI's general rate case to provide testimony on various cost of service issues and on the utility's overall revenue requirement.

159. **El Paso Electric Company, 2010 (PUC Docket No. 37690)** – Participated as an expert witness on behalf of the City of El Paso in the EPI general rate case to provide testimony on various cost of service issues and on the utility's overall revenue requirement.

160. **Public Service Company of Oklahoma, 2009 (Cause No. 09-196) –** Participated as an expert witness on behalf of the OIEC before the OCC in PSO's application for approval of DSM programs and cost recovery. Sponsored testimony to address program costs, lost revenue recovery, cost allocations and incentives.

161. **Oklahoma Gas and Electric Company, 2009 (Cause No. PUD 09-230 and 09-231) –** Participated as an expert witness on behalf of OIEC before the OCC in OG&E's application to add wind resources from two purchased power contracts. Sponsored written testimony to address the proper ratemaking

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treatment of the contract costs and the renewable energy certificates.

162. **Oklahoma Gas and Electric Company, 2009 (Cause No. PUD 08-398) –** Participated as an expert witness on behalf of OIEC before the OCC in OG&E's rate case. Provided testimony in both the revenue requirement and rate design phases of the proceedings to establish prospective cost-of-service based rates for the power company.

163. **Nevada Power Company, 2009, (Docket No. 08-12002) -** Participated as an expert witness on behalf of the Southern Nevada Hotel Group before the Nevada PUC. Sponsored written and oral testimony in both the revenue requirement phase and the rate design phase of the proceedings to establish prospective cost-of-service based rates for the power company.

164. **Public Service Company of Oklahoma, 2009 (Cause No. 09-031) –** Participated as an expert witness on behalf of OIEC before the OCC in PSO's application to add wind resources from two purchased power contracts. Sponsored written testimony to address the proper ratemaking treatment of the contract costs and the renewable energy certificates.

165. **Oklahoma Natural Gas Co., 2009 (Cause No. PUD 08-348) –** Participated as an expert witness on witness on behalf of the OIEC before the OCC in ONG's application to establish a Performance Based Rate tariff. Sponsored both written and oral testimony to address the merits of the utility's proposed PBR.

166. **Rocky Mountain Power, 2009 (Docket No. 08-035-38) –** Participated as an expert witness on behalf of the Division of Public Utilities (Staff) in PacifiCorp's general rate case to provide testimony on various revenue requirement issues.

167. **Texas-New Mexico Power Co., 2008 (Docket 36025)** – Participated as an expert witness on behalf of the Alliance of Texas Municipalities ("ATM") before the Texas PUC in TMNP's general rate case application to address various revenue requirement and rate design issues to establish prospective cost-of-service based rates.

168. **Public Service Company of Oklahoma, 2008 (Cause No. 08-144) –** Participated as an expert witness on behalf of the OIEC before the OCC in PSO's general rate case application to address revenue requirement and rate design issues to establish prospective cost-of-service based rates.

169. **Public Service Company of Oklahoma, 2008 (Cause No. 08-150) –** Participated as an expert witness on behalf of the OIEC before the OCC to address PSO's calculation of its Fuel Clause Adjustment for 2008.

170. **Oklahoma Gas and Electric Company, 2008 (Cause No. PUD 08-059) –** Participated as an expert witness on behalf of the OIEC before the OCC in OG&E's application seeking authorization of its Demand Side Management ("DSM") programs and the establishment of a DSM Rider to recover program costs, lost revenues and utility incentives.

171. **Entergy Gulf States, 2008 (PUC Docket No. 34800, SOAH Docket No. 473-08-0334) –** Participated as an expert witness on behalf of the Cities in EGSI's general rate case to provide testimony on various cost of service issues and on the utility's overall revenue requirement.

172. **Public Service Company of Oklahoma, 2008 (Cause No. 07-465) –** Participated as an expert witness on behalf of the OIEC before the OCC in PSO's application to recover the pre-construction costs of the cancelled Red Rock coal generation facility.

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173. **Oklahoma Gas and Electric Company, 2008 (Cause No. 07-447) –** Participated as an expert witness on behalf of the OIEC before the OCC in OG&E's application seeking authorization to recover the pre-construction costs of the cancelled Red Rock coal generation facility using proceeds from sales of excess SO_2 allowances.

174. **Rocky Mountain Power, 2008 (Docket No. 07-035-93) –** Participated as an expert witness on behalf of Division of Public Utilities (Staff) in PacifiCorp's general rate case to provide testimony on various revenue requirement issues.

175. **Public Service Company of Oklahoma, 2008 (Cause No. PUD 07-449) –** Participated as an expert witness on behalf of the OIEC before the OCC in PSO's application seeking authorization of its Demand Side Management ("DSM") programs and the establishment of a DSM Rider to recover program costs, lost revenues and utility incentives.

176. **Public Service Company of Oklahoma, 2008 (Cause No. PUD 07-397) –** Participated as an expert witness on behalf of OIEC before the OCC in PSO's application seeking authorization to defer storm damage costs in a regulatory asset account and to recover the costs using the proceeds from sales of excess SO_2 allowances.

177. **Oklahoma Gas & Electric Co., 2007 (Cause No. PUD 07-012) –** Participated as an expert witness on behalf of OIEC before the OCC in OG&E's application seeking pre-approval to construct the Red Rock coal plant to address the Company's proposed rider recovery mechanism.

178. **Oklahoma Natural Gas Co., 2007 (Cause No. PUD 07-335) –** Participated as an expert witness on behalf of the OIEC before the OCC in ONG's application proposing alternative cost recovery for the Company's ongoing capital expenditures through the proposed Capital Investment Mechanism Rider ("CIM Rider"). Sponsored testimony to address ONG's proposal.

179. **Public Service Company of Oklahoma, 2007 (Cause No. PUD 06-030) –** Participated as an expert witness on behalf of the OIEC before the OCC in PSO's application seeking a used and useful determination for its planned addition of the Red Rock coal plant to address the Company's use of debt equivalency in the competitive bidding process for new resources.

180. **Public Service Company of Oklahoma, 2006 (Cause No. PUD 06-285) –** Participated as an expert witness on behalf of the OIEC before the OCC in PSO's general rate case application to address various revenue requirement and rate design issues to establish prospective cost-of-service based rates.

181. **Nevada Power Company, 2007, (Docket No. 07-01022) -** Participated as an expert witness on behalf of the MGM MIRAGE before the Nevada PUC in Nevada Power Company's deferred energy docket to determine the level of prudent company expenditures for fuel and purchased power.

182. **Nevada Power Company, 2006, (Docket No. 06-11022) -** Participated as an expert witness on behalf of the MGM MIRAGE properties before the Nevada PUC. Sponsored written and oral testimony in both the revenue requirement phase and the rate design phase of the proceedings to establish prospective cost-of-service based rates for the power company.

183. **Southwestern Public Service Co., 2006 (PUCT Docket No. 37766) –** Participated as an expert witness on behalf of the Alliance of Xcel Municipalities ("AXM") in the SPS general rate case application. Provided testimony before the Texas Public Utility Commission regarding rate base and

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operating expense issues and sponsored the Accounting Exhibits on behalf of AXM.

184. **Atmos Energy Corp., Mid-Tex Division, 2006 (Texas GUD 9676) –** Participated as an expert witness in the Atmos Mid-Tex general rate case application on behalf of the Atmos Texas Municipalities ("ATM"). Provided written and oral testimony before the Railroad Commission of Texas regarding the revenue requirements of Mid-Tex including various rate base, operating expense, depreciation and tax issues. Sponsored the Accounting Exhibits for ATM.

185. **Nevada Power Company, 2006 (Docket No. 06-06007) –** Participated as an expert witness on behalf of the MGM MIRAGE in the Sinatra Substation Electric Line Extension and Service Contract case. Provided both written and oral testimony before the Nevada Public Utility Commission to provide the Commission with information as to why the application is consistent with the line extension requirements of Rule 9 and why the cost recovery proposals set forth in the application provide a least cost approach to adding necessary new capacity in the Las Vegas strip area.

186. **Public Service Co. of Oklahoma, 2006 (Cause No. PUD 05-00516) -** Participated as an expert witness on behalf of the OIEC to review PSO's application for a "used and useful" determination of its proposed peaking facility.

187. **Oklahoma Gas and Electric Co., 2006 (Cause No. PUD 06-00041) –** Participated as an expert witness on behalf of the OIEC in OG&E's application to propose an incentive sharing mechanism for SO_2 allowance proceeds.

188. **Chermac Energy Corporation, 2006 (Cause No. PUD 05-00059 and 05-00177) –** Participated as an expert witness on behalf of the OIEC in Chermac's PURPA application. Sponsored written responsive and rebuttal testimony to address various rate design issues arising under the application.

189. **Oklahoma Gas and Electric Co., 2006 (Cause No. PUD 05-00140) –** Participated as an expert witness on behalf of the OIEC in OG&E's 2003 and 2004 Fuel Clause reviews. Sponsored written testimony to address the purchasing practices of the Company, its transactions with affiliates, and the prices paid for natural gas, coal and purchased power.

190. **Nevada Power Company, 2006, (Docket No. 06-01016) -** Participated as an expert witness on behalf of the MGM MIRAGE properties before the Nevada PUC. Sponsored written testimony in NPC's deferred energy docket to determine the level of prudent company expenditures for fuel and purchased power.

191. **Oklahoma Gas and Electric Co., 2005 (Cause No. PUD 05-151) –** Participated as an expert witness on behalf of the OIEC in OG&E's general rate case application. Sponsored both written and oral testimony before the OCC to address various revenue requirement and rate design issues for the purpose of setting prospective cost-of-service based rates.

192. **Oklahoma Natural Gas Co., 2005 (Cause No. PUD 04-610) –** Participated as an expert witness on behalf of the Attorney General of Oklahoma. Sponsored written and oral testimony to address numerous rate base, operating expense and depreciation issues for the purpose of setting prospective cost-of-service based rates.

193. **CenterPoint Energy Arkla, 2004 (Cause No. PUD 04-0187)** – Participated as an expert witness on behalf of the Attorney General of Oklahoma: Sponsored written testimony to provide the OCC with analysis from an accounting and ratemaking perspective of the Co.'s proposed change in depreciation rates from an Average Life Group to an Equal Life Group methodology. Addressed the Co.'s

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proposed increase in depreciation rates associated with increased negative salvage value calculations.

194. **Public Service Co. of Oklahoma, 2004 (Cause No. PUD 02-0754) –** Participated as an expert witness on behalf of the OIEC. Sponsored written testimony (1) making adjustments to PSO's requested recovery of an ICR programming error, (2) correcting errors in the allocation of trading margins on off-system sales of electricity from AEP East to West and among the AEP West utilities and (3) recommending an annual rather than a quarterly change in the FAC rates.

195. **PowerSmith Cogeneration Project, 2004 (Cause No. PUD 03-0564) -** Participated as an expert witness on behalf of the OIEC to provide the OCC with direction in setting an avoided cost for the PowerSmith Cogeneration project under PURPA requirements. Provided both written and oral testimony on the provisions of the proposed contract under PURPA:

196. **Electric Utility Rules for Affiliate Transactions, 2004 (Cause No. RM 03-0003)** – Participated as a consultant on behalf of the OIEC to draft comments to assist the OCC in developing rules for affiliate transactions. Assisted in drafting the proposed rules. Successful in having the Lower of Cost or Market rule adopted for affiliate transactions in Oklahoma.

197. **Nevada Power Company, 2003, (Docket No. 03-10001) -** Participated as an expert witness on behalf of the MGM MIRAGE properties before the Nevada PUC. Sponsored written and oral testimony in both the revenue requirement phase and the rate design phase of the proceedings to establish prospective cost-of-service based rates for the power company.

198. **Nevada Power Company, 2003, (Docket No. 03-11019) -** Participated as an expert witness on behalf of the MGM MIRAGE before the Nevada PUC in Nevada Power Company's deferred energy docket to determine the level of prudent company expenditures for fuel and purchased power.

199. **Public Service Company of Oklahoma, 2003 (Cause No. PUD 03-0076) –** Participated as an expert witness on behalf of the OIEC before the OCC in PSO's general rate case application to address various revenue requirement and rate design issues to establish prospective cost-of-service based rates.

200. **Oklahoma Gas & Electric Co., 2003 (Cause No. PUD 03-0226) –** Participated as an expert witness on behalf of the OIEC. Provided both written and oral testimony before the OCC to determine the appropriate level to include in rates for natural gas transportation and storage services acquired from an affiliated company.

201. **Nevada Power Company, 2003 (Docket No. 02-5003-5007) -** Participated as an expert witness on behalf of the MGM Mirage before the Nevada PUC. Sponsored written and oral testimony to calculate the appropriate exit fee in MGM Mirage's 661 Application to leave the system.

202. **McCarthy Family Farms, 2003** – Participated as a consultant to assist McCarthy Family Farms in converting a biomass and biosolids composting process into a renewable energy power producing business in California.

203. **Bice v. Petro Hunt, 2003 (ND, Supreme Court No. 20030306) -** Participated as an expert witness in a class certification proceeding to provide cost-of-service calculations for royalty valuation deductions for natural gas gathering, dehydration, compression, treatment and processing fees in North Dakota.

204. **Nevada Power Company, 2003 (Docket No. 03-11019) -** Participated as a consulting expert on

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behalf of the MGM Mirage before the Nevada PUC in Nevada Power Company's deferred energy docket to determine the level of prudent company expenditures for fuel and purchased power. Provided written and oral testimony on the reasonableness of the cost allocations to the utility's various customer classes.

205. **Wind River Reservation, 2003 (Fed. Claims Ct. No. 458-79L, 459-79L)** – Participated as a consulting expert on behalf of the Shoshone and Arapaho Tribes to provide cost-of-service calculations for royalty valuation deductions for gathering, dehydration, treatment and compression of natural gas and the reasonableness of deductions for gas transportation.

206. **Oklahoma Gas & Electric Co., 2002 (Cause No. PUD 01-0455) –** Participated as an expert witness on behalf of the OIEC before the OCC. Sponsored written and oral testimony on numerous revenue requirement issues including rate base, operating expense and rate design issues to establish prospective cost-of-service based rates.

207. **Nevada Power Company, 2002 (Docket No. 02-11021) -** Participated as an expert witness on behalf of the MGM Mirage before the Nevada PUC in Nevada Power Company's deferred energy docket to determine the level of prudent company expenditures for fuel and purchased power and to make recommendations with respect to rate design.

208. **Nevada Power Company, 2002 (Docket No. 01-11029) -** Participated as a consulting expert on behalf of the MGM Mirage before the Nevada PUC in Nevada Power Company's deferred energy docket to determine the level of prudent company expenditures for fuel and purchased power included in the Company's $928 million deferred energy balances.

209. **Nevada Power Company, 2002 (Docket No. 01-10001) -** Participated as an expert witness on behalf of the MGM Mirage before the Nevada PUC. Sponsored written and oral testimony in both the revenue requirement phase and the rate design phase of the proceedings to establish prospective cost-of-service based rates for the power company.

210. **Chesapeake v. Kinder Morgan, 2001 (CIV-00-397L) -** Participated as an expert witness on behalf of Chesapeake Energy in a gas gathering dispute. Sponsored testimony to calculate and support a reasonable rate on the gas gathering system. Performed necessary calculations to determine appropriate levels of operating expense, depreciation and cost of capital to include in a reasonable gathering charge and developed an appropriate rate design to recover these costs.

211. **Southern Union Gas Company, 2001 -** Participated as a consultant to the City of El Paso in its review of SUG's gas purchasing practices, gas storage position, and potential use of financial hedging instruments and ratemaking incentives to devise strategies to help shelter customers from the risk of high commodity price spikes during the winter months.

212. **Nevada Power Company, 2001 -** Participated as an expert witness on behalf of the MGM-Mirage, Park Place and Mandalay Bay Group before the Nevada Public Utility Commission to review NPC's Comprehensive Energy Plan (CEP) for the State of Nevada and make recommendations regarding the appropriate level of additional costs to include in rates for the Company's prospective power costs associated with natural gas and gas transportation, coal and coal transportation and purchased power.

213. **Bridenstine v. Kaiser-Francis Oil Co. et al., 2001 (CJ-95-54) -** Participated as an expert witness on behalf of royalty owner plaintiffs in a valuation dispute regarding gathering, dehydration, metering, compression, and marketing costs. Provided cost-of-service calculations to determine the reasonableness of the gathering rate charged to the royalty interest. Also provided calculations as to

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the average price available in the field based upon a study of royalty payments received on other wells in the area.

214. **Klatt v. Hunt et al., 2000 (ND) -** Participated as an expert witness and filed report in United States District Court for the District of North Dakota in a natural gas gathering contract dispute to calculate charges and allocations for processing, sour gas compression, treatment, overhead, depreciation expense, use of residue gas, purchase price allocations, and risk capital.

215. **Oklahoma Gas and Electric Co., 2000 (Cause No. PUD 00-0020) -** Participated as an expert witness on behalf of the OIEC before the OCC. Sponsored testimony on OG&E's proposed Generation Efficiency Performance Rider (GEPR). Provided a list of criteria with which to measure a utility's proposal for alternative ratemaking. Recommended modifications to the Company's proposed GEPR to bring it within the boundaries of an acceptable alternative ratemaking formula.

216. **Oklahoma Gas and Electric Co., 1999 -** Participated as an expert witness on behalf of the OIEC before the OCC. Sponsored testimony on OG&E's proposed Performance Based Ratemaking (PBR) proposal including analysis of the Company's regulated return on equity, fluctuations in the capital investment and operating expense accounts of the Company and the impact that various rate base, operating expense and cost of capital adjustments would have on the Company's proposal.

217. **Nevada Power Company, 1999 (Docket No. 99-7035) -** Participated as an expert witness on behalf of the Mirage, Park Place and Mandalay Bay Group before the Nevada PUC. Sponsored written and oral testimony addressing the appropriate ratemaking treatment of the Company's deferred energy balances, prospective power costs for natural gas, coal and purchased power and deferred capacity payments for purchased power.

218. **Nevada Power Company, 1999 (Docket No. 99-4005) -** Participated as an expert witness on behalf of the Mirage, Park Place and Mandalay Bay Group before the Nevada PUC. Sponsored written and oral testimony to unbundle the utility services of the NPC and to establish the appropriate cost-of-service allocations and rate design for the utility in Nevada's new competitive electric utility industry.

219. **Nevada Power Company, 1999 (Docket No. 99-4005) -** Participated as an expert witness on behalf of the Mirage, Park Place and Mandalay Bay Group before the Nevada PUC. Sponsored written and oral testimony to establish the cost-of-service revenue requirement of the Company.

220. **Nevada Power/Sierra Pacific Merger, 1998 (Docket No. 98-7023) -** Participated as an expert witness on behalf of the Mirage and MGM Grand before the Nevada PUC. Sponsored written and oral testimony to establish (1) appropriate conditions on the merger (2) the proper sequence of regulatory events to unbundle utility services and deregulate the electric utility industry in Nevada (3) the proper accounting treatment of the acquisition premium and the gain on divestiture of generation assets. The recommendations regarding conditions on the merger, the sequence of regulatory events to unbundle and deregulate, and the accounting treatment of the acquisition premium were specifically adopted in the Commission's final order.

221. **Oklahoma Natural Gas Company, 1998 (Cause No. PUD 98-0177) -** Participated as an expert witness in ONG's unbundling proceedings before the OCC. Sponsored written and oral testimony on behalf of Transok, LLC to establish the cost of ONG's unbundled upstream gas services. Substantially all of the cost-of-service recommendations to unbundle ONG's gas services were adopted in the Commission's interim order.

222. **Public Service Company of Oklahoma, 1997 (Cause No. PUD 96-0214) -** Audited both rate base

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investment and operating revenue and expense to determine the Company's revenue requirement and cost-of-service. Sponsored written testimony before the OCC on behalf of the OIEC.

223. **Oklahoma Natural Gas /Western Resources Merger, 1997 (Cause No. PUD 97-0106) -** Sponsored testimony on behalf of the OIEC regarding the appropriate accounting treatment of acquisition premiums resulting from the purchase of regulated assets.

224. **Oklahoma Gas and Electric Co., 1996 (Cause No. PUD 96-0116) -** Audited both rate base investment and operating income. Sponsored testimony on behalf of the OIEC for the purpose of determining the Company's revenue requirement and cost-of-service allocations.

225. **Oklahoma Corporation Commission, 1996 -** Provided technical assistance to Commissioner Anthony's office in analyzing gas contracts and related legal proceedings involving ONG and certain of its gas supply contracts. Assignment included comparison of pricing terms of subject gas contracts to portfolio of gas contracts and other data obtained through annual fuel audits analyzing ONG's gas purchasing practices.

226. **Tenkiller Water Company, 1996 -** Provided technical assistance to the Attorney General of Oklahoma in his review of the Company's regulated cost-of-service for the purpose of setting prospective utility rates.

227. **Arkansas Oklahoma Gas Company, 1995 (Cause No. PUD 95-0134) -** Sponsored written and oral testimony before the OCC on behalf of the Attorney General of Oklahoma regarding the price of natural gas on AOG's system and the impact of AOG's proposed cost of gas allocations and gas transportation rates and tariffs on AOG's various customer classes.

228. **Enogex, Inc., 1995 (FERC 95-10-000) -** Analyzed Enogex's application before the FERC to increase gas transportation rates for the Oklahoma Independent Petroleum Association and made recommendations regarding revenue requirement, cost-of-service and rate design on behalf of independent producers and shippers.

229. **Oklahoma Natural Gas Company, 1995 (Cause No. PUD 94-0477) -** Analyzed a portfolio of ONG's gas purchase contracts in the Company's Payment-In-Kind (PIC) gas purchase program and made recommendations to the OCC Staff on behalf of Terra Nitrogen, Inc. regarding the inappropriate profits made by ONG on the sale of the gas commodity through the PIC program pricing formula. Also analyzed the price of gas on ONG's system, ONG's cost-of-service based rates, and certain class cross-subsidizations in ONG's existing rate design.

230. **Arkansas Louisiana Gas Company, 1994 (Cause No. PUD 94-0354) -** Planned and supervised the rate case audit for the OCC Staff and reviewed the workpapers and testimony of the other auditors on the case. Sponsored cost-of-service testimony on cash working capital and developed policy recommendations on post test year adjustments.

231. **Empire District Electric Company, 1994 (Cause No. PUD 94-0343) -** Planned and supervised the rate case audit for the OCC Staff and reviewed the workpapers and testimony of other auditors. Sponsored cost-of-service testimony on rate base investment areas including cash working capital.

232. **Oklahoma Natural Gas Company, 1992 through 1993 (Cause No. PUD 92-1190) -** Planned and supervised the rate case audit of ONG for the OCC Staff. Reviewed all workpapers and testimony of the other auditors on the case. Sponsored written and oral testimony on numerous cost-of-service adjustments. Analyzed ONG's gas supply contracts under the Company's PIC program.

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233. **Oklahoma Gas and Electric Company, 1991 through 1992 (Cause No. PUD 91-1055) -** Audited the rate base, operating revenue and operating expense accounts of OG&E on behalf of the OCC Staff. Sponsored written and oral testimony on numerous revenue requirement adjustments to establish the appropriate level of costs to include for the purpose of setting prospective rates.

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Northern Indiana Public Service Company, LLC

Cause No. 45772

OUCC Accounting Schedules - Step 1
MEG-1(S1) through MEG-8(S1)
Forecasted Period Ended June 30, 2023

Interim Rate Calculations**

**Note: OUCC's Step 1 Accounting Schedules reflect OUCC's revenue requirement calculations and proposed adjustments to NIPSCO's Step 1 (interim) rates as of Forecasted Period ended June 30, 2023.

In its filing, NIPSCO's primary Step 1 and Step 2 rate calculations are based on the assumption that the proposed Variable Cost Tracker ("VCT Rider") would be incorporated for ratemaking purposes. NIPSCO also provided Alternative Step 2 calculations (without the VCT Rider) for the forecasted period ended December 31, 2023, (*See Petitioner's Exhibit 3, Attachment 3-A-S2-A1*). The Company did not, however, provide a similar Alternative Step 1 calculation for rates without the VCT Rider for the forecasted period ended June 30, 2023. This discrepancy creates a mismatch in the presentation of data between the two alternative ratemaking approaches.

OUCC does not recommend the implementation of the VCT Rider. OUCC's Accounting Schedules herein are based on NIPSCO's Alternative Step 2 calculations for the forecasted period ended December 31, 2023. Because the Company's data was incomplete, OUCC's Alternative Step 1 calculations are based on estimates, where necessary, and do not precisely match the Company's primary Step 1 Exhibits. In the event an interim two-step approach is approved by the Commission, the precise calculation of Step 1 and Step 2 rates will be made at the conclusion of the proceeding, based upon the Commission's specific findings and decisions on the issues.

OUCC Accounting Schedules - Step 1
Northern Indiana Public Service Company, LLC; Cause No. 45772
Comparison of Petitioner's and OUCC Recommended Revenue Increase/(Decrease)
Forecasted Period Ended June 30, 2023

Line No.	Description	Reference	Amount Per Petitioner [1]	Amount Per OUCC	OUCC More/(Less)
1	Net Original Cost Rate Base	MEG-6(S1)	$ 5,641,906,375	$ 5,674,972,849	
2	Rate of Return	MEG-7(S1)	7.07%	6.14%	
3	Net Operating Income Required		$ 398,882,781	$ 348,669,192	$ (50,213,589)
4	Less: Pro Forma Present Rate NOI	MEG-4(S1)	223,272,266	205,858,152	(17,414,114)
5	Net Income Surplus/(Deficiency)		$ (175,610,515)	$ (142,811,040)	$ 32,799,475
6	Revenue Conversion Factor (1)		74.843%	74.84336%	
7	Increase in Base Revenue Requirement	Shikany Att. 3-A-S1, p.3	$ 234,637,439	$ 190,813,241	$ (43,824,198)
8	Adjustment to Present OUCC's Alternative Step 1 (to Remove Proposed VCT Rider)		$ 101,675,971 [2]	$ -	$ (101,675,971)
9	**Total Rate Increase**		**$ 336,313,410**	**$ 190,813,241**	**$ (145,500,169)**

Revenue Conversion Factor

	Description	Tax Rates	Revenue Conversion Factor	Combined Effective Tax Rates
10	Revenue Increase/(Decrease)		100.0000%	
11	Less: IURC Fee	0.001276	0.1276%	
12	Indiana Utility Receipts Tax Rate		0.0000%	
13	Bad Debt	0.002526	0.2526%	
			99.6198%	
14	State Taxable Income			
15	Less: Gross State Income Tax Rate	0.049	4.8814%	4.9000%
16			94.7384%	
	Federal Taxable Income			
17	Less: Federal Income Tax	0.21	79.0000%	19.9710%
18	Revenue Conversion Factor		74.8434%	24.8710%

Notes:
(1) Petitioner's Exhibit 3, Attachment 3-A-S2-A1, p. 1. (See Direct Testimony of Jennifer L. Shikany p. 290 of 299 (.pdf)).

OUCC Accounting Schedules - Step 1
Northern Indiana Public Service Company, LLC; Cause No. 45772
Pro Forma Operating Income Statement Revenue Increase/(Decrease)
Forecasted Period Ended June 30, 2023

Line No.	Description	NIPSCO Pro Forma Present Rates (1)	OUCC Adjustments Schedule MEG 5	OUCC Pro Forma Present Rates	Pro Forma Adjustments Increases (Decreases)	Pro Forma Proposed Rates
1	**Operating Revenue**					
2	Revenue (Actual / Pro Forma)	$ 1,528,339,678	$ -	$ 1,528,339,678	$ 190,813,241	$ 1,719,152,919
3	Pro Forma Adjustments June 30, 2021			0		0
4	Budget Adjustments December 31, 2022			0		0
5	Budget Adjustments December 31, 2023			0		0
6	Rate Making Adjustments December 31, 2023			0		0
7						
8	Total Operating Revenue	$ 1,528,339,678	$ -	$ 1,528,339,678	$ 190,813,241	$ 1,719,152,919
9	**Fuel & Purchased Power**					
10	Fuel Cost (Actual / Pro Forma)	$ 392,509,634	$ -	$ 392,509,634		$ 392,509,634
11	Pro Forma Adjustments June 30, 2021			0		0
12	Budget Adjustments December 31, 2022			0		0
13	Budget Adjustments December 31, 2023			0		0
14	Rate Making Adjustments December 31, 2023			0		0
15	Total Fuel and Purchase Power Costs	$ 392,509,634	$ -	$ 392,509,634	$ -	$ 392,509,634
16	**Gross Margin**	$ 1,135,830,044	$ -	$ 1,135,830,044	$ 190,813,241	$ 1,326,643,285
17	**Operations and Maintenance Expenses**					
18	Operations and Maintenance Exp. (Actual/Pro Forma)	$ 432,440,828	$ 32,448,433	$ 464,889,261	$ 481,994	$ 465,371,255
19	Pro Forma Adjustments June 30, 2021			0		0
20	Budget Adjustments December 31, 2022			0		0
21	Budget Adjustments December 31, 2023			0		0
22	Rate Making Adjustments December 31, 2023			0		0
23	Total Operations and Maintenance Expenses	$ 432,440,828	$ 32,448,433	$ 464,889,261	$ 481,994	$ 465,371,255
24	**Depreciation Expense**					
25	Depreciation Expense (Actual / Pro Forma)	$ 302,723,418	$ (7,097,758)	$ 295,625,660		$ 295,625,660
26	Pro Forma Adjustments June 30, 2021			0		0
27	Budget Adjustments December 31, 2022			0		0
28	Budget Adjustments December 31, 2023			0		0
29	Rate Making Adjustments December 31, 2023			0		0
30	Total Depreciation Expense	$ 302,723,418	$ (7,097,758)	$ 295,625,660	$ -	$ 295,625,660
31	**Amortization Expense**					
32	Amortization Expense (Actual / Pro Forma)	$ 127,631,748	$ (1,089,728)	$ 126,542,020		$ 126,542,020
33	Pro Forma Adjustments June 30, 2021			0		0
34	Budget Adjustments December 31, 2022			0		0
35	Budget Adjustments December 31, 2023			0		0
36	Rate Making Adjustments December 31, 2023			0		0
37	Total Amortization Expense	$ 127,631,748	$ (1,089,728)	$ 126,542,020	$ -	$ 126,542,020
38	**Taxes Other than Income**					
39	Taxes Other than Income (Actual / Pro Forma)	$ 35,531,910	$ (905,720)	$ 34,626,190	$ 243,478	$ 34,869,668
40	Pro Forma Adjustments June 30, 2021			0		0
41	Budget Adjustments December 31, 2022			0		0
42	Budget Adjustments December 31, 2023			0		0
43	Rate Making Adjustments December 31, 2023			0		0
44	Total Taxes Other than Income	$ 35,531,910	$ (905,720)	$ 34,626,190	$ 243,478	$ 34,869,668
45	**Operating Income Before Income Tax**	$ 237,502,140	$ (23,355,228)	$ 214,146,912	$ 190,087,769	$ 404,234,682
46	**Income Taxes**					
47	Federal and State Income Taxes (Actual / Pro Forma)	$ 14,229,874	$ (5,941,113)	$ 8,288,761	$ 47,276,729	$ 55,565,490
48	Total Taxes	$ 49,761,784	$ (6,846,833)	$ 42,914,951	$ 47,520,207	$ 90,435,158
49	**Total Operating Expenses including Income Taxes**	$ 912,557,778	$ 17,414,114	$ 929,971,892	$ 48,002,201	$ 977,974,093
50	**Required Net Operating Income**	$ 223,272,266	$ (17,414,114)	$ 205,858,152	$ 142,811,040	$ 348,669,192

Notes:
(1) Petitioner's Exhibit 3, Attachment 3-A-S1, pp. 1-2, Column "Pro Forma Results Based on Current Rates."

OUCC Accounting Schedules - Step 1
Northern Indiana Public Service Company, LLC; Cause No. 45772
Summary of Adjustments to Net Income
Forecasted Period Ended June 30, 2023

Line No.	Description	Reference	Operating Revenue	Fuel and Purchased Power	Operations and Maintenance Expense	Depreciation Expense	Amortization Expense	Taxes Other Than Income	Federal and State Income Taxes	Net Operating Income
1	Net Income at Present Rates[1]		$ 1,528,339,678	$ 392,509,634	$ 432,440,828	$ 302,723,418	$ 127,631,748	$ 35,531,910	$ 14,229,874	$ 223,272,266
2	Added employees	MEG-5.1(S1)			$ (4,397,870)			-	$ 1,093,794	$ 3,304,076
3	Employee medical expenses	MEG-5.2(S1)			(389,183)				96,794	292,389
4	Other employee benefits	MEG-5.3(S1)			(300,201)				74,663	225,538
5	Short-term incentives	MEG-5.4(S1)			(7,613,804)				1,893,629	5,720,175
6	Payroll taxes	MEG-5.5(S1)						$ (905,720)	225,262	680,458
7	Long-term incentives	MEG-5.6(S1)			(5,538,152)				1,377,394	4,160,758
8	Pension expense	MEG-5.7(S1)			(12,760,465)				3,173,655	9,586,810
9	OPEB expense	MEG-5.8(S1)			(2,390,503)				594,542	1,795,961
10	Directors & Officers Liab. Ins.	MEG-5.9(S1)			(576,909)				143,483	433,426
11	Investor Relations Expenses	MEG-5.10(S1)			(503,054)				125,114	377,939
12	Depreciation	MEG-5.11(S1)				$ (7,097,758)			1,765,283	5,332,474
13	A&G Expenses	MEG-5.12(S1)			(17,327,100)				4,309,423	13,017,677
14	Synchronized Interest	MEG-5.13(S1)							(132,434)	132,434
15	Line Locations	Lantrip			(491,694)				122,289	369,405
16	Vegetation Management	Eckert			(6,978,605)				1,735,649	5,242,956
17	COVID-19 Amortization	Blakley					(1,089,728)		271,026	818,702
18	Coal Plant O&M -Reject VCT	Armstrong			91,715,971				(22,810,679)	(68,905,292)
20	Total OUCC Net Oper Inc. Adjustments		$ -	$ -	$ 32,448,433	$ (7,097,758)	$ (1,089,728)	$ (905,720)	$ (5,941,113)	$ (17,414,114)

OUCC Accounting Schedules - Step 1
Northern Indiana Public Service Company, LLC; Cause No. 45772
Added (Unfilled) Employee Positions
Forecasted Period Ended June 30, 2023

Line No.	Description	Reference		Amount
1	Added Bargaining Payroll Expense	OM 1, p. 4	$	1,464,853
2	Added Non-Bargaining Payroll Expense	OM 1, p. 4		2,933,017
3	Total Added Payroll Expense		$	4,397,870
4	**Adjustment to Exclude Added (Unfilled) Payroll Positions**		**$**	**(4,397,870)**

OUCC Accounting Schedules - Step 1
Northern Indiana Public Service Company, LLC; Cause No. 45772
Employee Medical Benefits
Forecasted Period Ended June 30, 2023

Line No.	Description	Reference		Amount
1	Hewitt Medical Health Insurance	OM 14, p. 4, ln 15	$	38,465,506
2	Hewitt Applicable Headcount	OM 14, p. 4, ln 114		2,864
3	Hewitt Annual Cost Per Employee		$	13,431
4	Added Non-Bargaining Headcount	OM 1, p. 11		64
5	Added Bargaining Headcount	OM 1, p. 12		35
6	Total Added Headcount			99
7	Increased Insurance Cost from Added Headcount		$	1,329,639
8	Test Year Transfer Rate	OM 14, p. 3, ln 4		53.34%
9	Test Year Expense Rate			46.66%
10	Test Year Electric Allocation	OM 14, p. 3, ln 6		62.73%
11	Headcount Impact on Electric O&M Expenses		$	389,183
12	**Adjustment to Employee Medical Expense**		**$**	**(389,183)**

OUCC Accounting Schedules - Step 1
Northern Indiana Public Service Company, LLC; Cause No. 45772
Other Employee Benefits
Forecasted Period Ended June 30, 2023

Line No.	Description	Reference	Amount
1	Requested Other Employee Benefits	OM 16, p. 3, ln 6	$ 8,684,589
2	Applicable Number of Employees	OM 16, p. 7, ln 2	2,864
3	NIPSCO Other Benefit Cost Per Employee		$ 3,032
4	NIPSCO Added Employees		99
5	Increased Other Benefit Cost from Added Headcount		$ 300,201
6	**Adjustment to Exclude the Added Employee Medical Expense**		**$ (300,201)**

OUCC Accounting Schedules - Step 1
Northern Indiana Public Service Company, LLC; Cause No. 45772
Short-Term Incentives Adjustment
Forecasted Period Ended June 30, 2023

Line No.	Description	NIPSCO STI	Affiliate STI
1	Requested Level of Short-Term Incentives	$ 9,738,651 [1]	$ 5,488,957 [2]
2	Sharing Percentage	50%	50%
3	Shareholder STI Expense	$ 4,869,326	$ 2,744,479
4	Ratepayer Share of Short-Term Incentives	$ 4,869,326	$ 2,744,479
5	Adjustment to allocate 50% of STI to Shareholders	$ (4,869,326)	$ (2,744,479)
6	**Total STI Adjustment**		**$ (7,613,804)**

Notes:

[1] Source: OM 11, p.1.

[2] Source: OUCC 10-24, Att. A

OUCC Accounting Schedules - Step 1
Northern Indiana Public Service Company, LLC; Cause No. 45772
Payroll Tax Adjustment
Forecasted Period Ended June 30, 2023

Line No.	Description	Reference	NIPSCO Amount	Affiliate Amount
1	OUCC Payroll Adjustment	MEG-5.1(S1)	$ (4,397,870)	
2	OUCC STI Adjustment	MEG-5.4(S1)	(4,869,326)	(2,744,479)
3	Payroll Adjustments Subject to Employment Taxes		$ (9,267,196)	$ (2,744,479)
4	Employment Tax Rate	Workpapers OTX 2, p. 6 and OM 6, p. 7	7.65%	7.17%
5	Adjustment to Employment Taxes		$ (708,940)	$ (196,779)
6	Total Adjustment			$ (905,720)

OUCC Accounting Schedules - Step 1
Northern Indiana Public Service Company, LLC; Cause No. 45772
Long-Term Incentive Adjustment
Forecasted Period Ended June 30, 2023

Line No.	Description	NIPSCO Amount	Affiliate Amount
1	Requested Level of Long-Term Incentives	$ 851,858 [1]	$ 4,686,294 [2]
2	Adjustment to Exclude NIPSCO Long-Term Incentives	$ (851,858)	$ (4,686,294)
3	Total LTI Adjustment		**$ (5,538,152)**

OUCC Accounting Schedules - Step 1
Northern Indiana Public Service Company, LLC; Cause No. 45772
Pension Expense Adjustment
Forecasted Period Ended June 30, 2023

Line No.	Description	Reference	Amount
1	2023 Service Costs Excluding Non-Qualified Plans	OM 12, p. 4	$ 18,091,000
2	Pension Transfers at 41.94%		(7,587,365)
3	Net Service Expense		$ 10,503,635
4	2023 Non-Service Costs Excluding Non-Qualified Plans	OM 12, p. 4	(21,556,000)
5	Total 2023 Pension Expense Excluding Non-Qualified Plans		$ (11,052,365)
6	Electric Allocation, Service Expense		62.83%
7	Electric Allocation, Non-Service Expense		70.35%
8	NIPSCO Electric Expense		$ (8,565,212)
9	Less Requested Expense Excluding Non-Qualified Plans		4,195,253
10	**Adjustment to Qualified Pension Plan Expense**		**$ (12,760,465)**

OUCC Accounting Schedules - Step 1
Northern Indiana Public Service Company, LLC; Cause No. 45772
OPEB Expense Adjustment
Forecasted Period Ended June 30, 2023

Line No.	Description	Reference	Amount
1	2023 Gross Service OPEB Expense Before Actuarial Revisions	OM 13 p.3	$ 3,285,000
2	Pension Transfers at 41.94%		(1,377,729)
3	Net Service Expense		$ 1,907,271
4	2023 Non-Service Costs Before Actuarial Revisions	OM 13 p.3	3,829,000
5	Total 2023 OPEB Expense Before Actuarial Revisions		$ 5,736,271
6	Electric Allocation, Service Expense		63.45%
7	Electric Allocation, Non-Service Expense		70.35%
8	NIPSCO Electric Expense		$ 3,903,865
9	Less Requested Expense Excluding Non-Qualified Plans		6,294,368
10	**Adjustment to Qualified Pension Plan Expense**		**$ (2,390,503)**

OUCC Accounting Schedules - Step 1
Northern Indiana Public Service Company, LLC; Cause No. 45772
Directors' and Officers' Liability Insurance
Forecasted Period Ended June 30, 2023

Line No.	Description	Reference		Amount
1	Directors and Officers Insurance Expense	OUCC 11-028	$	1,153,817
2	Ratepayer Share			50%
3	Ratepayer Amount		$	576,909
4	**Adjustment to Share D&L Insurance Expense**		**$**	**(576,909)**

OUCC Accounting Schedules - Step 1
Northern Indiana Public Service Company, LLC; Cause No. 45772
Investor Relations Expense
Forecasted Period Ended June 30, 2023

Line No.	Description	Reference	Amount
1	Directors and Officers Insurance Expense	OUCC 11-022 Attachment A	$ 1,006,107
2	Ratepayer Share		50%
3	Ratepayer Amount		$ 503,054
4	**Adjustment to Share D&L Insurance Expense**		**$ (503,054)**

OUCC Accounting Schedules - Step 1
Northern Indiana Public Service Company, LLC; Cause No. 45772
Depreciation Expense
Forecasted Period Ended June 30, 2023

Line No.	Description	Reference	Amount
1	OUCC Depreciation Expense	MEG-5.12(S1) p. 2	$ 290,185,350
2	NIPSCO Depreciation Expense	Workpaper DEPR 1	297,200,258
3	OUCC NIPSCO Direct Adjustment		$ (7,014,908)
4	OUCC Common Plant Depreciation Expense	MEG-5.12(S1) p. 2	$ 5,440,311
5	NIPSCO Common Plant Depreciation Expense	Workpaper DEPR 2	5,523,161
6	OUCC Common Depreciation Adjustment		$ (82,850)
7	OUCC Total Depreciation Expense Adjustment		$ (7,097,758)

Schedule MEG-5.11.2(S1)

OUCC Accounting Schedules - Step 1
Northern Indiana Public Service Company, LLC; Cause No. 45772
Depreciation Expense Workpaper
Forecasted Period Ended June 30, 2023

Line No.	FERC Account	Description	6/30/2023 Original Cost (1)	NIPSCO 2023 Accrual Rates (1)	NIPSCO Annual Accrual (1)	OUCC 2023 Accrual Rates	OUCC Annual Accrual
			June 30 needed				
		STEAM PRODUCTION PLANT					
1	31100	Structures And Improvements	509,788,155	7.38%	37,622,366	7.53%	38,387,048
2	31210	Boiler Plant Equipment	989,332,881	6.72%	66,483,170	6.87%	67,967,169
3	31220	Boiler Plant - Mobile Fuel Handling/Storage	26,589,798	7.09%	1,885,217	7.26%	1,930,419
4	31230	Boiler Plant - Unit Train Coal Cars	4,153,277	9.97%	414,082	9.97%	414,082
5	31240	Boiler Plant	402,409,578	7.40%	29,778,309	7.39%	29,738,068
6	31250	Boiler Plant - Coal Pile Base	3,189,489	8.68%	276,848	8.81%	280,994
7	31400	Turbo-Generator Units	372,720,781	6.18%	23,034,144	6.30%	23,481,409
8	31500	Accessory Electric Equipment	215,691,689	6.59%	14,214,082	6.74%	14,537,620
9	31600	Miscellaneous Power Plant Equipment	40,985,862	6.07%	2,487,842	6.23%	2,553,419
			2,564,861,510		176,196,059		179,290,228
		HYDRO PLANT					
10	33100	Structures And Improvements	11,021,706	4.24%	467,320	4.00%	440,868
11	33200	Reservoirs, Dams And Waterways	49,486,597	6.83%	3,379,935	6.61%	3,271,064
12	33300	Water Wheels, Turbines & Generators	14,447,142	5.74%	829,266	5.52%	797,482
13	33400	Accessory Electric Equipment	2,531,453	4.42%	111,890	4.19%	106,068
14	33500	Miscellaneous Power Plant Equipment	832,770	5.17%	43,054	4.97%	41,389
			78,319,668		4,831,465		4,656,871
		OTHER PRODUCTION PLANT					
15	34100	Structures And Improvements	15,060,293	3.24%	487,953	3.16%	475,905
16	34200	Fuel Holders, Products And Accessories	12,641,724	5.31%	671,276	5.04%	637,143
17	34300	34300 Prime Movers	115,774,862	1.70%	1,968,173	1.67%	1,933,440
18	34400	Generators	49,969,935	1.86%	929,441	1.80%	899,459
19	34410	Generators, Solar	1,019,769	5.35%	54,558	5.34%	54,456
20	34500	Accessory Electric Equipment	55,697,221	6.03%	3,358,542	5.90%	3,286,136
21	34510	Accessory Electric Equipment, Solar	254,942	5.73%	14,608	5.75%	14,659
22	34600	Miscellaneous Power Plant Equipment	6,210,675	3.06%	190,047	3.02%	187,562
			256,629,421		7,674,597		7,488,760
		Total Production Plant	2,899,810,599		188,702,121		191,435,860
		TRANSMISSION PLANT					
23	35020	Land Rights	26,118,573	1.27%	331,706	1.27%	331,706
24	35020	Land Rights -Non Jurisdictional	52,010,326	1.27%	660,531	1.27%	660,531
25	35200	Structures And Improvements	59,637,095	1.36%	811,064	1.29%	769,319
26	35200	Structures And Improvements -Non Juris.	26,106,690	1.36%	355,051	1.29%	336,776
27	35300	Station Equipment	865,537,357	2.06%	17,830,070	1.76%	15,233,457
28	35300	Station Equipment -Non Jurisdictional	168,200,686	2.06%	3,464,934	1.76%	2,960,332
29	35400	Towers And Fixtures	126,752,726	1.50%	1,901,291	1.42%	1,799,889
30	35400	Towers And Fixtures -Non Jurisdictional	42,125,679	1.50%	631,885	1.42%	598,185
31	35500	Poles And Fixtures	309,974,058	2.08%	6,447,460	1.78%	5,517,538
32	35500	Poles And Fixtures -Non Jurisdictional	240,758,281	2.08%	5,007,772	1.78%	4,285,497
33	35600	Overhead Conductors And Devices	246,561,356	1.92%	4,733,978	1.69%	4,166,887
34	35600	Overhead Conductors And Devices -Non Juris.	93,583,642	1.92%	1,796,806	1.69%	1,581,564
35	35700	Underground Conduit	864,867	0.62%	5,362	0.62%	5,362
36	35800	Underground Conductors And Devices	3,704,583	1.79%	66,312	1.79%	66,312
37	35900	Roads and Trails	88,681	0.56%	497	0.56%	497
			2,262,024,600		44,044,720		38,313,852
		DISTRIBUTION PLANT					
38	36020	Land Rights	1,321,704	1.26%	16,653	1.26%	16,653
39	36100	Structures And Improvements	16,169,054	1.23%	198,879	1.23%	198,879
40	36200	Station Equipment	530,937,305	2.13%	11,308,965	2.03%	10,778,027
41	36410	Overhead Services	54,623,245	2.27%	1,239,948	2.17%	1,185,324
42	36420	Underground Services	591,063,322	2.95%	17,436,368	2.85%	16,845,305
43	36500	Overhead Conductors And Devices	372,121,382	2.03%	7,554,064	1.87%	6,958,670
44	36600	Underground Conduit	5,731,655	1.38%	79,097	1.38%	79,097
15	36700	Underground Conductors & Devices	564,837,884	2.47%	13,951,496	2.13%	12,031,047
16	36800	Line Transformers	362,780,569	1.93%	7,001,665	1.82%	6,602,606
47	36910	Overhead Services	52,881,606	1.60%	846,106	1.33%	703,325
48	36920	Underground Services	268,875,341	1.48%	3,979,355	1.30%	3,495,379
49	37010	Customer Metering Stations	22,906,398	1.56%	357,340	1.51%	345,887
50	37020	Meters	72,935,282	3.71%	2,705,899	3.60%	2,625,670
51	37100	Installations On Customers' Premises	10,051,204	3.93%	395,012	3.68%	369,884
52	37300	Street Lighting And Signal Systems	61,579,586	3.35%	2,062,916	2.11%	1,299,329
			2,988,815,537		69,133,763		63,535,084
		GENERAL PLANT					
53	39000	Structures And Improvements	22,312,251	1.43%	319,065	1.43%	319,065
54	39110	Office Furniture And Equipment	4,337,839	3.82%	165,705	3.81%	165,272
55	39120	Computers And Peripheral Equipment	20,377,776	27.22%	5,546,831	27.73%	5,650,757
56	39300	Stores Equipment	908,194	1.46%	13,260	1.46%	13,260

Schedule MEG-5.11.2(S1)

OUCC Accounting Schedules - Step 1
Northern Indiana Public Service Company, LLC; Cause No. 45772
Depreciation Expense Workpaper
Forecasted Period Ended June 30, 2023

Line No.	FERC Account	Description	6/30/2023 Original Cost (1)	NIPSCO 2023 Accrual Rates (1)	NIPSCO Annual Accrual (1)	OUCC 2023 Accrual Rates	OUCC Annual Accrual
			June 30 needed				
57	39400	Tools, Shop And Garage Equipment	25,992,532	3.83%	995,514	3.82%	992,915
58	39500	Laboratory Equipment	6,237,517	2.07%	129,117	2.06%	128,493
59	39700	Communication Equipment	35,415,885	8.71%	3,084,724	8.67%	3,070,557
60	39800	Miscellaneous Equipment	3,514,804	5.19%	182,418	5.21%	183,121
61		Amort Account 291.2 Reserve amortization		0.00%	(3,200,000)	0.00%	(3,200,000)
			119,096,798		7,236,633		7,323,440
62		Total Depreciable Plant	8,269,747,534		309,117,237		300,608,235
		NON-JURISDICTIONAL TRANSMISSION PLANT					
63	35010	Land - Non-Jurisdictional	1,843,155	0.00%	0	0.00%	0
64	35020	Land Rights -Non Jurisdictional	52,010,326	1.27%	660,531	1.27%	660,531
68	35200	Structures And Improvements -Non Juris.	26,106,690	1.36%	355,051	1.29%	336,776
66	35300	Station Equipment -Non Jurisdictional	168,200,686	2.06%	3,464,934	1.76%	2,960,332
67	35400	Towers And Fixtures -Non Jurisdictional	42,125,679	1.50%	631,885	1.42%	598,185
68	35500	Poles And Fixtures -Non Jurisdictional	240,758,281	2.08%	5,007,772	1.78%	4,285,497
69	35600	Overhead Conductors And Devices -Non Juris.	93,583,642	1.92%	1,796,806	1.69%	1,581,564
70	Non-Jurisdictional		624,628,459		11,916,980		10,422,885
71	› Forma Depreciation Expense		$ 7,645,119,075		$ 297,200,257		$ 290,185,350
(1)	DEPR 1, pages .6 and .7						
		COMMON PLANT					
	390000	Structures & Improvements, Com	88,746,260	2.10%	1,863,671	2.10%	1,863,671
	39010	Struct Leased to Other, Com	-	0.00%	-	0.00%	-
	39110	Office Furniture & Equip, Com	4,336,666	6.13%	265,838	6.11%	264,970
	39120	Computer Equipment, Common	12,008,171	33.86%	4,065,967	33.01%	3,963,897
	39300	Stores Equipment, Common	2,035,259	4.31%	87,720	4.32%	87,923
	39400	Tools, Shop, Garage Eq, Com	6,249,051	1.32%	82,487	1.31%	81,863
	39500	Laboratory Equipment, Common	1,293,282	5.87%	75,916	5.89%	76,174
	39700	Communication Equip, Common	1,142,816	14.56%	166,394	14.67%	167,651
	39710	Communication Equip, Common	4,376,681	14.56%	637,245	14.67%	642,059
	39720	Microwave Equipment, common	13,103,233	14.56%	1,907,831	14.67%	1,922,244
	39800	Com Miscellaneous Equip	2,351,815	2.92%	68,673	2.91%	68,438
	39110	Amort Account 391.10 Reserve Amortization			(2,200,000)		(2,200,000)
	39700	Amort Account 397.00 Reserve Amortization			(1,540,000)		(1,540,000)
	3920	Trns Eq - Trailers, Common	601,157	6.89%	41,420		41,420
					$ 5,523,161		$ 5,440,311

OUCC Accounting Schedules - Step 1
Northern Indiana Public Service Company, LLC; Cause No. 45772
Administrative and General Costs Excluding Pensions and Benefits
Forecasted Period Ended June 30, 2023

Line No.	Year	Consumer Price Index (ex. food & energy)	NIPSCO $/MWH	Indiana Median $/MWH	U.S. Lowest Quintile $/MWH	U.S. 2nd Lowest Quintile $/MWH	U.S. Middle Quintile $/MWH	U.S. 2nd Highest Quintile $/MWH
1	2014	237.9	$ 9.47	$ 4.96	$ 2.93	$ 4.29	$ 5.48	$ 8.32
2	2021	277.3	$ 11.04	$ 5.80	$ 3.40	$ 4.48	$ 6.69	$ 9.93
3	2021 Retail Energy Sales			15,610,000	15,610,000	15,610,000	15,610,000	15,610,000
4	Growth	2.2%	2.2%	2.3%	2.1%	0.6%	2.9%	2.6%
5	Additional A&G expense (ex. Account 926)			$ 81,796,400	$ 119,260,400	$ 102,401,600	$ 67,903,500	$ 17,327,100
6	Adjustment							$ (17,327,100)

Notes:

(1) Consumer Price Index for All Urban Consumers: All Items Less Food and Energy in U.S. City Average, Index 1982-1984=100, Monthly, Seasonally Adjusted.

(2) Utility data NIPSCO 2021 Compliance Filing Performance Metric Collaborative Update, Data Appendix, p. 2.

OUCC Accounting Schedules - Step 1
Northern Indiana Public Service Company, LLC; Cause No. 45772
Synchronized Interest
Forecasted Period Ended June 30, 2023

Line No.	Description	Reference	Amount
1	OUCC Rate Base Adjustments	MEG-6(S1)	$ 33,066,474
2	Synchronized Interest	MEG-7(S1)	1.61%
3	Synchronized Interest Factor	MEG-1(S1)	24.8710%
4	**Adjustment to Income Tax Expense**		**$ (132,434)**

Schedule MG-6(S1)

OUCC Accounting Schedules - Step 1
Northern Indiana Public Service Company, LLC; Cause No. 45772
Original Cost Rate Base
Forecasted Period Ended June 30, 2023

Line No.	Description	NIPSCO OCRB as of 6/30/2023 [1]	OUCC Rate Making Adjustments	OUCC Pro Forma OCRB as of June 30, 2023
1	Electric Utility Plant	$ 7,838,630,601	$ -	$ 7,838,630,601
2	Non-Jurisdictional Plant			-
3	Common Allocated	366,920,473	-	366,920,473
4	Total Electric Utility Plant	$ 8,205,551,074	$ -	$ 8,205,551,074
5	Utility Plant Accumulated Depreciation	$ (3,979,335,366)	$ 40,524,072	$ (3,938,811,294)
6	Non-Jurisdictional Plant Accumulated Depreciation			-
7	Common allocated Accumulated Depreciation	(235,494,142)	-	(235,494,142)
8	Total Electric Accumulated Depreciation	$ (4,214,829,508)	$ 40,524,072	$ (4,174,305,436)
9	Net Electric Utility Plant	$ 3,990,721,566	$ 40,524,072	$ 4,031,245,638
10	Schahfer Units 14 and 15 Retirement Net Plant	$ 620,190,943	$ (7,058,649)	$ 613,132,294
11	Renewable Energy Joint Venture Investments	841,275,083	-	841,275,083
12	Cause Nos. 44688 & 45159 Remainder	28,618,670	-	28,618,670
13	Electric TDSIC Cause Nos. 44733 and 45557	18,164,417	-	18,164,417
14	Electric FMCA	243,538	(398,949)	(155,411)
15	Materials & Supplies	98,989,010	-	98,989,010
16	Production Fuel	43,703,148	-	43,703,148
17	Total Electric Rate Base	$ 5,641,906,375	$ 33,066,474	$ 5,674,972,849

Notes:

(1) Petitioner's Exhibit 3, Attachment 3-A-S2-A1, p. 4.

OUCC Accounting Schedules - Step 1
Northern Indiana Public Service Company, LLC; Cause No. 45772
Summary of Rate Base Adjustments
Forecasted Period Ended June 30, 2023

Line No.	Description	OUCC Witness	Electric Utility Plant	Common Allocated Plant	Utility Plant Accumulated Depreciation	Common Allocated Accumulated Depreciation	Schahfer Units 14 & 15 Retirement Net Plant	Renewable Energy Joint Venture	Cause Nos. 44688 & 45159 Remainder	Electric TDSIC Cause Nos. 44766 & 45557	Electric FMCA	Materials & Supplies	Production Fuel
1	FMCA, Cause No. 45700	Lantrip									$ (398,949)		
2	Schahfer Asset Balance	Eckert					$ (7,058,649)						
3	Michigan City & Schahfer	Armstrong			$ 40,524,072								
	Total Rate Base Adjustments		$ -	$ -	$ 40,524,072	$ -	$ (7,058,649)	$ -	$ -	$ -	$ (398,949)	$ -	$ -

OUCC Accounting Schedules - Step 1
Northern Indiana Public Service Company, LLC; Cause No. 45772
Weighted Average Cost of Capital
Forecasted Period Ended June 30, 2023

Line No.	Description	Indiana Jurisdictional Amount per Petitioner[1]	OUCC Adjustments	Indiana Jurisdictional Amount per OUCC	Percent of Total	Return Rate	Weighted Return Rate
1	Common Equity	$ 4,368,694,903		$ 4,368,694,903	48.93%	9.20% [2]	4.50%
2	Long-Term Debt	3,098,945,722		$ 3,098,945,722	34.71%	4.64%	1.61%
3	Customer Deposits	59,541,950		59,541,950	0.67%	4.77%	0.03%
4	Deferred Income Taxes	1,381,423,462		1,381,423,462	15.47%	0.00%	0.00%
5	Post Retirement Liability	19,811,511		19,811,511	0.22%	0.00%	0.00%
6	Prepaid Pension Asset	(431,405,280)	431,405,280 [3]	-	0.00%	0.00%	0.00%
7	Post 1970 ITC	774,822		774,822	0.01%	7.31%	0.00%
8	Totals	$ 8,497,787,090	$ 431,405,280	$ 8,929,192,370	100.00%		6.14%
	Post 1970 IRC Calculation						
9	Common Equity	$ 4,368,694,903		$ 4,368,694,903	58.50%	9.20%	5.38%
10	Long-Term Debt	3,098,945,722		3,098,945,722	41.50%	4.64%	1.93%
11	Totals	7,467,640,625	$ -	7,467,640,625	100.00%		7.31%
	Synchronized Interest Calculation						
12	Long-Term Debt	$ 3,098,945,722		$ 3,098,945,722	34.71%	4.64%	1.61%
13	Common Equity	4,368,694,903		4,368,694,903	48.93%	0.00%	0.00%
14	Customer Deposits	59,541,950		59,541,950	0.67%	0.00%	0.00%
15	Deferred Income Taxes	1,381,423,462		1,381,423,462	15.47%	0.00%	0.00%
16	Post Retirement Liability	19,811,511		19,811,511	0.22%	0.00%	0.00%
17	Prepaid Pension Asset	(431,405,280)	431,405,280	-	0.00%	0.00%	0.00%
18	Post 1970 ITC	774,822		774,822	0.01%	0.00%	0.00%
19	Totals	$ 8,497,787,090	$ 431,405,280	$ 8,929,192,370	100.00%		1.61%

Notes:

(1) Petitioner's Exhibit 3, Attachment 3-A-S2-A1, p. 5.

(2) See Testimony of OUCC witness David J. Garrett.

(3) See Workpaper CS 6, page 1.

OUCC Accounting Schedules - Step 1
Northern Indiana Public Service Company, LLC; Cause No. 45772
Summary of Adjustments to Capital Structure
Forecasted Period Ended June 30, 2023

Line No.	Description	Reference	Common Equity	Long-Term Debt	Customer Deposits	Deferred Income Taxes	Post Retirement Liability	Prepaid Pension Asset	Post 1970 ITC
1	Adjust Prepaid Pensions	Sch. MEG-7.2(S1)						$ 431,405,280	
2	Total Capital Structure Adjustments		$ -	$ -	$ -	$ -	$ -	$ 431,405,280	$ -

OUCC Accounting Schedules - Step 1
Northern Indiana Public Service Company, LLC; Cause No. 45772
Prepaid Pension Asset
Forecasted Period Ended June 30, 2023

Line No.	Description	Reference	Amount
1	Prepaid Pension Asset Requested	OUCC 11-022 Attachment A	$ (431,405,280)
2	Adjustment to Remove the Prepaid Pension Asset		$ 431,405,280

OUCC Accounting Schedules - Step 1
Northern Indiana Public Service Company, LLC; Cause No. 45772
Headcount by Location
Forecasted Period Ended June 30, 2023

Line No.	Location	Feb-20	October 2022
1	Merrillville	578	465
2	Gary	185	163
3	Fort Wayne	108	104
4	Hammond	103	98
5	LaPorte	86	90
6	South Bend	83	84
7	Crown Point	82	78
8	Goshen	81	78
9	Valparaiso	73	83
10	Angola	65	66
11	Monticello	50	54
12	Plymouth	44	53
13	Peru	17	20
14	Warsaw	10	8
15	LaGrange	3	5
	Total	1,568	1,449

Source: OUCC 11-7

Northern Indiana Public Service Company, LLC

Cause No. 45772

OUCC Accounting Schedules - Step 2
MEG-1(S2) through MEG-8(S2)
Forecasted Period Ended December 31, 2023

**Note: In its filing, NIPSCO's primary calculations of its proposed Step 1 and Step 2 rate increases are based on the assumption that the Variable Cost Tracker ("VCT Rider") would be incorporated for ratemaking purposes. NIPSCO provided an Alternative Step 2 calculation without the VCT Rider only for the forecasted period ended December 31, 2023. (*See Petitioner's Exhibit 3, Attachment 3-A-S2-A1*).

OUCC does not recommend the implementation of the VCT Rider. OUCC's Accounting Schedules are based on NIPSCO's Alternative Step 2 calculations without the VCT Rider for the forecasted period ended December 31, 2023. OUCC has prepared Step 1 (interim) Accounting Schedules in a separate attachment. Because the Company's Step 1 data was incomplete as to the VCT Rider, OUCC's Step 1 Accounting Schedules are based on estimates, where necessary. In the event an interim two-step approach is approved by the Commission, the precise calculation of Step 1 and Step 2 rates will be made at the conclusion of the proceeding based upon the Commission's specific findings and decisions on the issues.

OUCC Accounting Schedules - Step 2
Northern Indiana Public Service Company, LLC; Cause No. 45772
Comparison of Petitioner's and OUCC Recommended Revenue Increase/(Decrease)
Forecasted Period Ended December 31, 2023

Line No.	Description	Reference	Amount Per Petitioner (1)	Amount Per OUCC	OUCC More/(Less)
1	Net Original Cost Rate Base	MEG-6(S2)	$ 5,945,681,889	$ 5,978,748,363	
2	Rate of Return	MEG-7(S2)	7.10%	6.18%	
3	Net Operating Income Required		$ 422,143,414	$ 369,636,366	$ (52,507,048)
4	Less: Pro Forma Present Rate NOI	MEG-4(S2)	126,505,278	185,724,959	59,219,681
5	Net Income Surplus/(Deficiency)		$ (295,638,136)	$ (183,911,407)	$ 111,726,729
6	Revenue Conversion Factor (1)		74.843%	74.84336%	
7	Increase in Revenue Requirement	Shikany Att. 3-A-S2-A1, p.1	$ 395,009,258	$ 245,728,423	$ (149,280,835)

Revenue Conversion Factor

Line No.	Description	Tax Rates	Revenue Conversion Factor	Combined Effective Tax Rates
8	Revenue Increase/(Decrease)		100.0000%	
9	Less: IURC Fee	0.001276	0.1276%	
10	Indiana Utility Receipts Tax Rate		0.0000%	
11	Bad Debt	0.002526	0.2526%	
			99.6198%	
12	State Taxable Income			
13	Less: Gross State Income Tax Rate	0.049	4.8814%	4.9000%
			94.7384%	
14	Federal Taxable Income			
15	Less: Federal Income Tax	0.21	79.0000%	19.9710%
16	Revenue Conversion Factor		74.8434%	24.8710%

Notes:
(1) Petitioner's Exhibit 3, Attachment 3-A-S2-A1, p. 1. (See Direct Testimony of Jennifer L. Shikany p. 290 of 299 (.pdf)).

OUCC Accounting Schedules - Step 2
Northern Indiana Public Service Company, LLC; Cause No. 45772
Pro Forma Operating Income Statement
Revenue Increase/(Decrease)
Forecasted Period Ended December 31, 2023

Line No.	Description	NIPSCO Pro Forma Present Rates (1)	OUCC Adjustments Schedule MEG 5	OUCC Pro Forma Present Rates	Pro Forma Adjustments Increases (Decreases)	Pro Forma Proposed Rates
1	**Operating Revenue**					
2	Revenue (Actual / Pro Forma)	$ 1,528,339,678	$ -	$ 1,528,339,678	$ 245,728,423	$ 1,774,068,101
3	Pro Forma Adjustments June 30, 2021			0		0
4	Budget Adjustments December 31, 2022			0		0
5	Budget Adjustments December 31, 2023			0		0
6	Rate Making Adjustments December 31, 2023			0		0
7						
8	Total Operating Revenue	$ 1,528,339,678	$ -	$ 1,528,339,678	$ 245,728,423	$ 1,774,068,101
9	**Fuel & Purchased Power**					
10	Fuel Cost (Actual / Pro Forma)	$ 392,509,634	$ -	$ 392,509,634		$ 392,509,634
11	Pro Forma Adjustments June 30, 2021			0		0
12	Budget Adjustments December 31, 2022			0		0
13	Budget Adjustments December 31, 2023			0		0
14	Rate Making Adjustments December 31, 2023			0		0
15	Total Fuel and Purchase Power Costs	$ 392,509,634	$ -	$ 392,509,634	$ -	$ 392,509,634
16	**Gross Margin**	$ 1,135,830,044	$ -	$ 1,135,830,044	$ 245,728,423	$ 1,381,558,467
17	**Operations and Maintenance Expenses**					
18	Operations and Maintenance Exp. (Actual/Pro Forma)	$ 534,116,799	$ (68,867,538)	$ 465,249,261	$ 620,710	$ 465,869,971
19	Pro Forma Adjustments June 30, 2021			0		0
20	Budget Adjustments December 31, 2022			0		0
21	Budget Adjustments December 31, 2023			0		0
22	Rate Making Adjustments December 31, 2023			0		0
23	Total Operations and Maintenance Expenses	$ 534,116,799	$ (68,867,538)	$ 465,249,261	$ 620,710	$ 465,869,971
24	**Depreciation Expense**					
25	Depreciation Expense (Actual / Pro Forma)	$ 314,465,223	$ (7,783,753)	$ 306,681,470		$ 306,681,470
26	Pro Forma Adjustments June 30, 2021			0		0
27	Budget Adjustments December 31, 2022			0		0
28	Budget Adjustments December 31, 2023			0		0
29	Rate Making Adjustments December 31, 2023			0		0
30	Total Depreciation Expense	$ 314,465,223	$ (7,783,753)	$ 306,681,470	$ -	$ 306,681,470
31	**Amortization Expense**					
32	Amortization Expense (Actual / Pro Forma)	$ 143,750,842	$ (1,089,728)	$ 142,661,114		$ 142,661,114
33	Pro Forma Adjustments June 30, 2021			0		0
34	Budget Adjustments December 31, 2022			0		0
35	Budget Adjustments December 31, 2023			0		0
36	Rate Making Adjustments December 31, 2023			0		0
37	Total Amortization Expense	$ 143,750,842	$ (1,089,728)	$ 142,661,114	$ -	$ 142,661,114
38	**Taxes Other than Income**					
39	Taxes Other than Income (Actual / Pro Forma)	$ 35,531,910	$ (905,720)	$ 34,626,190	$ 313,549	$ 34,939,740
40	Pro Forma Adjustments June 30, 2021			0		0
41	Budget Adjustments December 31, 2022			0		0
42	Budget Adjustments December 31, 2023			0		0
43	Rate Making Adjustments December 31, 2023			0		0
44	Total Taxes Other than Income	$ 35,531,910	$ (905,720)	$ 34,626,190	$ 313,549	$ 34,939,740
45	**Operating Income Before Income Tax**	$ 107,965,270	$ 78,646,739	$ 186,612,009	$ 244,794,164	$ 431,406,173
46	**Income Taxes**					
47	Federal and State Income Taxes (Actual / Pro Forma)	$ (18,540,008)	$ 19,427,058	$ 887,050	$ 60,882,756	$ 61,769,807
48	Total Taxes	$ 16,991,902	$ 18,521,339	$ 35,513,241	$ 61,196,306	$ 96,709,547
49	**Total Operating Expenses including Income Taxes**	$ 1,009,324,766	$ (59,219,681)	$ 950,105,085	$ 61,817,016	$ 1,011,922,101
50	**Required Net Operating Income**	$ 126,505,278	$ 59,219,681	$ 185,724,959	$ 183,911,407	$ 369,636,366

Notes:
(1) Petitioner's Exhibit 3, Attachment 3-A-S2-A1, pages 1 and 2, column Pro Forma Results Based on Current Rates.

OUCC Accounting Schedules - Step 2
Northern Indiana Public Service Company, LLC; Cause No. 45772
Summary of Adjustments to Net Income
Forecasted Period Ended December 31, 2023

Line No.	Description	Reference	Operating Revenue	Fuel and Purchased Power	Operations and Maintenance Expense	Depreciation Expense	Amortization Expense	Taxes Other Than Income	Federal and State Income Taxes	Net Operating Income
1	Net Income at Present Rates[1]		$ 1,528,339,678	$ 392,509,634	$ 534,116,799	$ 314,465,223	$ 143,750,842	$ 35,531,910	$ (18,540,008)	$ 126,505,278
2	Added employees	MEG-5.1(S2)			$ (4,397,870)				$ 1,093,794	$ 3,304,076
3	Employee medical expenses	MEG-5.2(S2)			(389,183)				96,794	292,389
4	Other employee benefits	MEG-5.3(S2)			(300,201)				74,663	225,538
5	Short-term incentives	MEG-5.4(S2)			(7,613,804)				1,893,629	5,720,175
6	Payroll taxes	MEG-5.5(S2)						$ (905,720)	225,262	680,458
7	Long-term incentives	MEG-5.6(S2)			(5,538,152)				1,377,394	4,160,758
8	Pension expense	MEG-5.7(S2)			(12,760,465)				3,173,655	9,586,810
9	OPEB expense	MEG-5.8(S2)			(2,390,503)				594,542	1,795,961
10	Directors & Officers Liab. Ins.	MEG-5.9(S2)			(576,909)				143,483	433,426
11	Investor Relations Expenses	MEG-5.10(S2)			(503,054)				125,114	377,939
12	Depreciation	MEG-5.11(S2)				$ (7,783,753)			1,935,897	5,847,856
13	A&G Expenses	MEG-5.12(S2)			(17,327,100)				4,309,423	13,017,677
14	Synchronized Interest	MEG-5.13(S2)							(133,172)	133,172
15	Line Locations	Lantrip			(491,694)				122,289	369,405
16	Vegetation Management	Eckert			(6,978,605)				1,735,649	5,242,956
17	COVID-19 Amortization	Blakley					(1,089,728)		271,026	818,702
18	Coal Plant O&M -Reject VCT	Armstrong			(9,600,000)				2,387,616	7,212,384
20	Total OUCC Net Oper Inc. Adjustments		$ -	$ -	$ (68,867,538)	$ (7,783,753)	$ (1,089,728)	$ (905,720)	$ 19,427,058	$ 59,219,681

OUCC Accounting Schedules - Step 2
Northern Indiana Public Service Company, LLC; Cause No. 45772
Added (Unfilled) Employee Positions
Forecasted Period Ended December 31, 2023

Line No.	Description	Reference		Amount
1	Added Bargaining Payroll Expense	OM 1, p. 4	$	1,464,853
2	Added Non-Bargaining Payroll Expense	OM 1, p. 4		2,933,017
3	Total Added Payroll Expense		$	4,397,870
4	**Adjustment to Exclude Added (Unfilled) Positions**		**$**	**(4,397,870)**

OUCC Accounting Schedules - Step 2
Northern Indiana Public Service Company, LLC; Cause No. 45772
Employee Medical Benefits
Forecasted Period Ended December 31, 2023

Line No.	Description	Reference		Amount
1	Hewitt Medical Health Insurance	OM 14, p. 4, ln 15	$	38,465,506
2	Hewitt Applicable Headcount	OM 14, p. 4, ln 114		2,864
3	Hewitt Annual Cost Per Employee		$	13,431
4	Added Non-Bargaining Headcount	OM 1, p. 11		64
5	Added Bargaining Headcount	OM 1, p. 12		35
6	Total Added Headcount			99
7	Increased Insurance Cost from Added Headcount		$	1,329,639
8	Test Year Transfer Rate	OM 14, p. 3, ln 4		53.34%
9	Test Year Expense Rate			46.66%
10	Test Year Electric Allocation	OM 14, p. 3, ln 6		62.73%
11	Headcount Impact on Electric O&M Expenses		$	389,183
12	**Adjustment to Employee Medical Expense**		**$**	**(389,183)**

OUCC Accounting Schedules - Step 2
Northern Indiana Public Service Company, LLC; Cause No. 45772
Other Employee Benefits
Forecasted Period Ended December 31, 2023

Line No.	Description	Reference	Amount
1	Requested Other Employee Benefits	OM 16, p. 3, ln 6	$ 8,684,589
2	Applicable Number of Employees	OM 16, p. 7, ln 2	2,864
3	NIPSCO Other Benefit Cost Per Employee		$ 3,032
4	NIPSCO Added Employees		99
5	Increased Other Benefit Cost from Added Headcount		$ 300,201
6	**Adjustment to Exclude the Added Employee Medical Expense**		**$ (300,201)**

Schedule MEG-5.4(S2)

OUCC Accounting Schedules - Step 2
Northern Indiana Public Service Company, LLC; Cause No. 45772
Short-Term Incentives
Forecasted Period Ended December 31, 2023

Line No.	Description	NIPSCO STI	Affiliate STI
1	Requested Level of Short-Term Incentives	$ 9,738,651 [1]	$ 5,488,957
2	Sharing Percentage	50%	50%
3	Shareholder STI Expense	$ 4,869,326	$ 2,744,479
4	Ratepayer Share of Short-Term Incentives	$ 4,869,326	$ 2,744,479
5	Adjustment to allocate 50% of STI to Shareholders	$ (4,869,326)	$ (2,744,479)
6	**Total STI Adjustment**		**$ (7,613,804)**

Notes:

[1] Source: OM 11, p.1.

[2] Source: OUCC 10-24, Att. A

OUCC Accounting Schedules - Step 2
Northern Indiana Public Service Company, LLC; Cause No. 45772
Payroll Taxes
Forecasted Period Ended December 31, 2023

Line No.	Description	Reference	NIPSCO Amount	Affiliate Amount
1	OUCC Payroll Adjustment	MEG-5.1(S2)	$ (4,397,870)	
2	OUCC STI Adjustment	MEG-5.4(S2)	(4,869,326)	(2,744,479)
3	Payroll Adjustments Subject to Employment Taxes		$ (9,267,196)	$ (2,744,479)
4	Employment Tax Rate	Workpapers OTX 2, p. 6 and OM 6, p. 7	7.65%	7.17%
5	Adjustment to Employment Taxes		$ (708,940)	$ (196,779)
6	Total Adjustment			$ (905,720)

Schedule MEG-5.6(S2)

OUCC Accounting Schedules - Step 2
Northern Indiana Public Service Company, LLC; Cause No. 45772
Long-Term Incentives
Forecasted Period Ended December 31, 2023

Line No.	Description	NIPSCO Amount	Affiliate Amount
1	Requested Level of Long-Term Incentives	$ 851,858 [1]	$ 4,686,294 [2]
2	Adjustment to Exclude NIPSCO Long-Term Incentives	$ (851,858)	$ (4,686,294)
3	Total LTI Adjustment		**$ (5,538,152)**

OUCC Accounting Schedules - Step 2
Northern Indiana Public Service Company, LLC; Cause No. 45772
Pension Expense
Forecasted Period Ended December 31, 2023

Line No.	Description	Reference		Amount
1	2023 Service Costs Excluding Non-Qualified Plans	OM 12, p. 4	$	18,091,000
2	Pension Transfers at 41.94%			(7,587,365)
3	Net Service Expense		$	10,503,635
4	2023 Non-Service Costs Excluding Non-Qualified Plans	OM 12, p. 4		(21,556,000)
5	Total 2023 Pension Expense Excluding Non-Qualified Plans		$	(11,052,365)
6	Electric Allocation, Service Expense			62.83%
7	Electric Allocation, Non-Service Expense			70.35%
8	NIPSCO Electric Expense		$	(8,565,212)
9	Less Requested Expense Excluding Non-Qualified Plans			4,195,253
10	**Adjustment to Qualified Pension Plan Expense**		**$**	**(12,760,465)**

OUCC Accounting Schedules - Step 2
Northern Indiana Public Service Company, LLC; Cause No. 45772
OPEB Expense
Forecasted Period Ended December 31, 2023

Line No.	Description	Reference	Amount
1	2023 Gross Service OPEB Expense Before Actuarial Revisions	OM 13 p.3	$ 3,285,000
2	Pension Transfers at 41.94%		(1,377,729)
3	Net Service Expense		$ 1,907,271
4	2023 Non-Service Costs Before Actuarial Revisions	OM 13 p.3	3,829,000
5	Total 2023 OPEB Expense Before Actuarial Revisions		$ 5,736,271
6	Electric Allocation, Service Expense		63.45%
7	Electric Allocation, Non-Service Expense		70.35%
8	NIPSCO Electric Expense		$ 3,903,865
9	Less Requested Expense Excluding Non-Qualified Plans		6,294,368
10	**Adjustment to Qualified Pension Plan Expense**		**$ (2,390,503)**

Schedule MEG-5.9(S2)

OUCC Accounting Schedules - Step 2
Northern Indiana Public Service Company, LLC; Cause No. 45772
Directors' and Officers' Liability Insurance
Forecasted Period Ended December 31, 2023

Line No.	Description	Reference		Amount
1	Directors and Officers Insurance Expense	OUCC 11-028	$	1,153,817
2	Ratepayer Share			50%
3	Ratepayer Amount		$	576,909
4	**Adjustment to Share D&L Insurance Expense**		**$**	**(576,909)**

OUCC Accounting Schedules - Step 2
Northern Indiana Public Service Company, LLC; Cause No. 45772
Investor Relations Expense
Forecasted Period Ended December 31, 2023

Line No.	Description	Reference	Amount
1	Directors and Officers Insurance Expense	OUCC 11-022 Attachment A	$ 1,006,107
2	Ratepayer Share		50%
3	Ratepayer Amount		$ 503,054
4	**Adjustment to Share D&L Insurance Expense**		**$ (503,054)**

OUCC Accounting Schedules - Step 2
Northern Indiana Public Service Company, LLC; Cause No. 45772
Depreciation Expense
Forecasted Period Ended December 31, 2023

Line No.	Description	Reference	Amount
1	OUCC Depreciation Expense	MEG-5.12(S2) p. 2	$ 300,781,956
2	NIPSCO Depreciation Expense	Workpaper DEPR 1	308,478,715
3	OUCC NIPSCO Direct Adjustment		$ (7,696,759)
4	OUCC Common Plant Depreciation Expense	MEG-5.12(S2) p. 2	$ 5,899,515
5	OUCC Common Plant Depreciation Expense	Workpaper DEPR 2	5,986,509
6	OUCC Common Depreciation Adjustment		$ (86,994)
7	OUCC Total Depreciation Expense Adjustment		$ (7,783,753)

Schedule MEG-5.11.2(S2)

OUCC Accounting Schedules - Step 2
Northern Indiana Public Service Company, LLC; Cause No. 45772
Depreciation Expense Workpaper
Forecasted Period Ended December 31, 2023

Line No.	FERC Account	Description	12/31/2023 Original Cost (1)	NIPSCO 2023 Accrual Rates (1)	NIPSCO Annual Accrual (1)	OUCC 2023 Accrual Rates	OUCC Annual Accrual
		STEAM PRODUCTION PLANT					
1	31100	Structures And Improvements	517,144,531	7.38%	38,165,266	7.53%	38,940,983
2	31210	Boiler Plant Equipment	1,007,714,580	6.72%	67,718,420	6.87%	69,229,992
3	31220	Boiler Plant - Mobile Fuel Handling/Storage	27,284,656	7.09%	1,934,482	7.26%	1,980,866
4	31230	Boiler Plant - Unit Train Coal Cars	4,253,975	9.97%	424,121	9.97%	424,121
5	31240	Boiler Plant	408,635,153	7.40%	30,239,001	7.39%	30,198,138
6	31250	Boiler Plant - Coal Pile Base	3,208,196	8.68%	278,471	8.81%	282,642
7	31400	Turbo-Generator Units	380,727,141	6.18%	23,528,937	6.30%	23,985,810
8	31500	Accessory Electric Equipment	218,678,178	6.59%	14,410,892	6.74%	14,738,909
9	31600	Miscellaneous Power Plant Equipment	42,018,323	6.07%	2,550,512	6.23%	2,617,742
			2,609,664,733		179,250,104		182,399,203
		HYDRO PLANT					
10	33100	Structures And Improvements	11,309,731	4.24%	479,533	4.00%	452,389
11	33200	Reservoirs, Dams And Waterways	50,779,806	6.83%	3,468,261	6.61%	3,356,545
12	33300	Water Wheels, Turbines & Generators	14,822,748	5.74%	850,826	5.52%	818,216
13	33400	Accessory Electric Equipment	2,599,539	4.42%	114,900	4.19%	108,921
14	33500	Miscellaneous Power Plant Equipment	854,533	5.17%	44,179	4.97%	42,470
			80,366,357		4,957,698		4,778,541
		OTHER PRODUCTION PLANT					
15	34100	Structures And Improvements	16,227,692	3.24%	525,777	3.16%	512,795
16	34200	Fuel Holders, Products And Accessories	13,118,120	5.31%	696,572	5.04%	661,153
17	34300	34300 Prime Movers	123,628,547	1.70%	2,101,685	1.67%	2,064,597
18	34400	Generators	53,843,219	1.86%	1,001,484	1.80%	969,178
19	34410	Generators, Solar	1,046,418	5.35%	55,983	5.34%	55,879
20	34500	Accessory Electric Equipment	59,330,249	6.03%	3,577,614	5.90%	3,500,485
21	34510	Accessory Electric Equipment, Solar	261,605	5.73%	14,990	5.75%	15,042
22	34600	Miscellaneous Power Plant Equipment	6,723,033	3.06%	205,725	3.02%	203,036
			274,178,883		8,179,831		7,982,164
		Total Production Plant	2,964,209,973		192,387,633		195,159,908
		TRANSMISSION PLANT					
23	35020	Land Rights	27,023,064	1.27%	343,193	1.27%	343,193
24	35020	Land Rights -Non Jurisdictional	52,010,326	1.27%	660,531	1.27%	660,531
25	35200	Structures And Improvements	105,223,683	1.36%	1,431,042	1.29%	1,357,386
26	35200	Structures And Improvements -Non Juris.	26,106,690	1.36%	355,051	1.29%	336,776
27	35300	Station Equipment	1,000,580,790	2.06%	20,611,964	1.76%	17,610,222
28	35300	Station Equipment -Non Jurisdictional	168,200,686	2.06%	3,464,934	1.76%	2,960,332
29	35400	Towers And Fixtures	131,483,534	1.50%	1,972,253	1.42%	1,867,066
30	35400	Towers And Fixtures -Non Jurisdictional	42,125,679	1.50%	631,885	1.42%	598,185
31	35500	Poles And Fixtures	321,408,425	2.08%	6,685,295	1.78%	5,721,070
32	35500	Poles And Fixtures -Non Jurisdictional	240,758,281	2.08%	5,007,772	1.78%	4,285,497
33	35600	Overhead Conductors And Devices	255,692,874	1.92%	4,909,303	1.69%	4,321,210
34	35600	Overhead Conductors And Devices -Non Juris.	93,583,642	1.92%	1,796,806	1.69%	1,581,564
35	35700	Underground Conduit	899,342	0.62%	5,576	0.62%	5,576
36	35800	Underground Conductors And Devices	3,852,252	1.79%	68,955	1.79%	68,955
37	35900	Roads and Trails	92,216	0.56%	516	0.56%	516
			2,469,041,484		47,945,078		41,718,079
		DISTRIBUTION PLANT					
38	36020	Land Rights	1,375,975	1.26%	17,337	1.26%	17,337
39	36100	Structures And Improvements	16,832,974	1.23%	207,046	1.23%	207,046
40	36200	Station Equipment	552,738,198	2.13%	11,773,324	2.03%	11,220,585
41	36410	Overhead Services	56,866,138	2.27%	1,290,861	2.17%	1,233,995
42	36420	Underground Services	615,333,058	2.95%	18,152,325	2.85%	17,536,992
43	36500	Overhead Conductors And Devices	387,401,112	2.03%	7,864,243	1.87%	7,244,401
44	36600	Underground Conduit	5,967,003	1.38%	82,345	1.38%	82,345
15	36700	Underground Conductors & Devices	588,030,774	2.47%	14,524,360	2.13%	12,525,055
16	36800	Line Transformers	377,676,754	1.93%	7,289,161	1.82%	6,873,717
47	36910	Overhead Services	55,052,986	1.60%	880,848	1.33%	732,205
48	36920	Underground Services	279,915,671	1.48%	4,142,752	1.30%	3,638,904
49	37010	Customer Metering Stations	23,846,961	1.56%	372,013	1.51%	360,089
50	37020	Meters	75,930,088	3.71%	2,817,006	3.60%	2,733,483
51	37100	Installations On Customers' Premises	10,463,918	3.93%	411,232	3.68%	385,072
52	37300	Street Lighting And Signal Systems	64,108,115	3.35%	2,147,622	2.11%	1,352,681
			3,111,539,725		71,972,474		66,143,908
		GENERAL PLANT					
53	39000	Structures And Improvements	24,312,639	1.43%	347,671	1.43%	347,671
54	39110	Office Furniture And Equipment	4,764,627	3.82%	182,009	3.81%	181,532
55	39120	Computers And Peripheral Equipment	21,803,109	27.22%	5,934,806	27.73%	6,046,002
56	39300	Stores Equipment	984,845	1.46%	14,379	1.46%	14,379

Schedule MEG-5.11.2(S2)

OUCC Accounting Schedules - Step 2
Northern Indiana Public Service Company, LLC; Cause No. 45772
Depreciation Expense Workpaper
Forecasted Period Ended December 31, 2023

Line No.	FERC Account	Description	12/31/2023 Original Cost (1)	NIPSCO 2023 Accrual Rates (1)	NIPSCO Annual Accrual (1)	OUCC 2023 Accrual Rates	OUCC Annual Accrual
57	39400	Tools, Shop And Garage Equipment	28,427,978	3.83%	1,088,792	3.82%	1,085,949
58	39500	Laboratory Equipment	6,802,020	2.07%	140,802	2.06%	140,122
59	39700	Communication Equipment	38,827,785	8.71%	3,381,900	8.67%	3,366,369
60	39800	Miscellaneous Equipment	3,856,492	5.19%	200,152	5.21%	200,923
61		Amort Account 291.2 Reserve amortization		0.00%	(3,200,000)	0.00%	(3,200,000)
			129,779,495		8,090,510		8,182,946
62		Total Depreciable Plant	8,674,570,677		320,395,694		311,204,841
		NON-JURISDICTIONAL TRANSMISSION PLANT					
63	35010	Land - Non-Jurisdictional	1,843,155	0.00%	0	0.00%	0
64	35020	Land Rights -Non Jurisdictional	52,010,326	1.27%	660,531	1.27%	660,531
68	35200	Structures And Improvements -Non Juris.	26,106,690	1.36%	355,051	1.29%	336,776
66	35300	Station Equipment -Non Jurisdictional	168,200,686	2.06%	3,464,934	1.76%	2,960,332
67	35400	Towers And Fixtures -Non Jurisdictional	42,125,679	1.50%	631,885	1.42%	598,185
68	35500	Poles And Fixtures -Non Jurisdictional	240,758,281	2.08%	5,007,772	1.78%	4,285,497
69	35600	Overhead Conductors And Devices -Non Juris.	93,583,642	1.92%	1,796,806	1.69%	1,581,564
70	Non-Jurisdictional		624,628,459		11,916,980		10,422,885
71	› Forma Depreciation Expense		$ 8,049,942,218		$ 308,478,715		$ 300,781,956
(1)	DEPR 1, pages .6 and .7						
		COMMON PLANT					
	390000	Structures & Improvements, Com	93,185,394	2.10%	1,956,893	2.10%	1,956,893
	39010	Struct Leased to Other, Com	-	0.00%	-	0.00%	-
	39110	Office Furniture & Equip, Com	4,553,588	6.13%	279,135	6.11%	278,224
	39120	Computer Equipment, Common	12,608,826	33.86%	4,269,348	33.01%	4,162,173
	39300	Stores Equipment, Common	2,137,064	4.31%	92,107	4.32%	92,321
	39400	Tools, Shop, Garage Eq, Com	6,561,632	1.32%	86,614	1.31%	85,957
	39500	Laboratory Equipment, Common	1,357,972	5.87%	79,713	5.89%	79,985
	39700	Communication Equip, Common	1,199,980	14.56%	174,717	14.67%	176,037
	39710	Communication Equip, Common	4,595,605	14.56%	669,120	14.67%	674,175
	39720	Microwave Equipment, common	13,758,663	14.56%	2,003,261	14.67%	2,018,396
	39800	Com Miscellaneous Equip	2,469,453	2.92%	72,108	2.91%	71,861
	39110	Amort Account 391.10 Reserve Amortization			(2,200,000)		(2,200,000)
	39700	Amort Account 397.00 Reserve Amortization			(1,540,000)		(1,540,000)
	3920	Trns Eq - Trailers, Common	631,227	6.89%	43,492		43,492
					$ 5,986,509		$ 5,899,515

OUCC Accounting Schedules - Step 2
Northern Indiana Public Service Company, LLC; Cause No. 45772
Administrative and General Costs Excluding Pensions and Benefits
Forecasted Period Ended December 31, 2023

Line No.	Year	Consumer Price Index (ex. food & energy)	NIPSCO $/MWH	Indiana Median $/MWH	U.S. Lowest Quintile $/MWH	U.S. 2nd Lowest Quintile $/MWH	U.S. Middle Quintile $/MWH	U.S. 2nd Highest Quintile $/MWH
1	2014	237.9	$ 9.47	$ 4.96	$ 2.93	$ 4.29	$ 5.48	$ 8.32
2	2021	277.3	$ 11.04	$ 5.80	$ 3.40	$ 4.48	$ 6.69	$ 9.93
3	2021 Retail Energy Sales			15,610,000	15,610,000	15,610,000	15,610,000	15,610,000
4	Growth	2.2%	2.2%	2.3%	2.1%	0.6%	2.9%	2.6%
5	Additional A&G expense (ex. Account 926)			$ 81,796,400	$ 119,260,400	$ 102,401,600	$ 67,903,500	$ 17,327,100
6	Adjustment							$ (17,327,100)

Notes:

(1) Consumer Price Index for All Urban Consumers: All Items Less Food and Energy in U.S. City Average, Index 1982-1984=100, Monthly, Seasonally Adjusted.

(2) Utility data NIPSCO 2021 Compliance Filing Performance Metric Collaborative Update, Data Appendix, p. 2.

OUCC Accounting Schedules - Step 2
Northern Indiana Public Service Company, LLC; Cause No. 45772
Synchronized Interest
Forecasted Period Ended December 31, 2023

Line No.	Description	Reference	Amount
1	OUCC Rate Base Adjustments	MEG-6(S2)	$ 33,066,474
2	Synchronized Interest	MEG-7(S2)	1.62%
3	Synchronized Interest Factor	MEG-1(S2)	24.8710%
4	**Adjustment to Income Tax Expense**		**$ (133,172)**

Schedule MG-6(S2)

OUCC Accounting Schedules - Step 2
Northern Indiana Public Service Company, LLC; Cause No. 45772
Original Cost Rate Base
Forecasted Period Ended December 31, 2023

Line No.	Description	NIPSCO OCRB as of 6/30/2023 [1]	OUCC Rate Making Adjustments	OUCC Pro Forma OCRB as of June 30, 2023
1	Electric Utility Plant	$ 8,252,008,653	$ -	$ 8,252,008,653
2	Non-Jurisdictional Plant			-
3	Common Allocated	384,894,416	-	384,894,416
4	Total Electric Utility Plant	$ 8,636,903,069	$ -	$ 8,636,903,069
5	Utility Plant Accumulated Depreciation	$ (4,069,667,383)	$ 40,524,072	$ (4,029,143,311)
6	Non-Jurisdictional Plant Accumulated Depreciation			-
7	Common allocated Accumulated Depreciation	(245,419,231)	-	(245,419,231)
8	Total Electric Accumulated Depreciation	$ (4,315,086,614)	$ 40,524,072	$ (4,274,562,542)
9	Net Electric Utility Plant	$ 4,321,816,455	$ 40,524,072	$ 4,362,340,527
10	Schahfer Units 14 and 15 Retirement Net Plant	$ 589,996,769	$ (7,058,649)	$ 582,938,120
11	Renewable Energy Joint Venture Investments	840,993,617	-	840,993,617
12	Cause Nos. 44688 & 45159 Remainder	23,510,338	-	23,510,338
13	Electric TDSIC Cause Nos. 44733 and 45557	24,558,486	-	24,558,486
14	Electric FMCA	545,389	(398,949)	146,440
15	Materials & Supplies	98,989,010	-	98,989,010
16	Production Fuel	45,271,825	-	45,271,825
17	Total Electric Rate Base	$ 5,945,681,889	$ 33,066,474	$ 5,978,748,363

Notes:

(1) Petitioner's Exhibit 3, Attachment 3-A-S2-A1, p. 4.

OUCC Accounting Schedules - Step 2
Northern Indiana Public Service Company, LLC; Cause No. 45772
Summary of Rate Base Adjustments
Forecasted Period Ended December 31, 2023

Line No.	Description	OUCC Witness	Electric Utility Plant	Common Allocated Plant	Utility Plant Accumulated Depreciation	Common Allocated Accumulated Depreciation	Schahfer Units 14 & 15 Retirement Net Plant	Renewable Energy Joint Venture	Cause Nos. 44688 & 45159 Remainder	Electric TDSIC Cause Nos. 44766 & 45557	Electric FMCA	Materials & Supplies	Production Fuel
1	FMCA, Cause No. 45700	Lantrip									$ (398,949)		
2	Schahfer Asset Balance	Eckert					$ (7,058,649)						
3	Michigan City & Schahfer	Armstrong			$ 40,524,072								
	Total Rate Base Adjustments		$ -	$ -	$ 40,524,072	$ -	$ (7,058,649)	$ -	$ -	$ -	$ (398,949)	$ -	$ -

Schedule MEG-7(S2)

OUCC Accounting Schedules - Step 2
Northern Indiana Public Service Company, LLC; Cause No. 45772
OUCC Weighted Average Cost of Capital as of December 31, 2023
Forecasted Period Ended December 31, 2023

Line No.	Description	Indiana Jurisdictional Amount per Petitioner[1]	OUCC Adjustments	Indiana Jurisdictional Amount per OUCC	Percent of Total	Return Rate	Weighted Return Rate
1	Common Equity	$ 4,564,821,051		$ 4,564,821,051	49.26%	9.20% [2]	4.53%
2	Long-Term Debt	3,233,952,976		$ 3,233,952,976	34.90%	4.64%	1.62%
3	Customer Deposits	59,541,950		59,541,950	0.64%	4.77%	0.03%
4	Deferred Income Taxes	1,393,665,855		1,393,665,855	15.04%	0.00%	0.00%
5	Post Retirement Liability	13,945,116		13,945,116	0.15%	0.00%	0.00%
6	Prepaid Pension Asset	(424,946,780)	424,946,780 [3]	-	0.00%	0.00%	0.00%
7	Post 1970 ITC	640,278		640,278	0.01%	7.31%	0.00%
8	Totals	$ 8,841,620,446	$ 424,946,780	$ 9,266,567,226	100.00%		6.18%
	Post 1970 IRC Calculation						
9	Common Equity	$ 4,564,821,051		$ 4,564,821,051	58.53%	9.20%	5.38%
10	Long-Term Debt	3,233,952,976		3,233,952,976	41.47%	4.64%	1.92%
11	Totals	7,798,774,027	$ -	7,798,774,027	100.00%		7.31%
	Synchronized Interest Calculation						
12	Long-Term Debt	$ 3,233,952,976		$ 3,233,952,976	34.90%	4.64%	1.62%
13	Common Equity	4,564,821,051		4,564,821,051	49.26%	0.00%	0.00%
14	Customer Deposits	59,541,950		59,541,950	0.64%	0.00%	0.00%
15	Deferred Income Taxes	1,393,665,855		1,393,665,855	15.04%	0.00%	0.00%
16	Post Retirement Liability	13,945,116		13,945,116	0.15%	0.00%	0.00%
17	Prepaid Pension Asset	(424,946,780)	424,946,780	-	0.00%	0.00%	0.00%
18	Post 1970 ITC	640,278		640,278	0.01%	0.00%	0.00%
19	Totals	$ 8,841,620,446	$ 424,946,780	$ 9,266,567,226	100.00%		1.62%

Notes:

(1) Petitioner's Exhibit 3, Attachment 3-A-S2-A1, p. 5.

(2) See Testimony of OUCC witness David J. Garrett.

(3) See Workpaper CS 6, page .1.

OUCC Accounting Schedules - Step 2
Northern Indiana Public Service Company, LLC; Cause No. 45772
Summary of Adjustments to Capital Structure
Forecasted Period Ended December 31, 2023

Line No.	Description	Reference	Common Equity	Long-Term Debt	Customer Deposits	Deferred Income Taxes	Post Retirement Liability	Prepaid Pension Asset	Post 1970 ITC
1	Adjust Prepaid Pensions	MEG-7.2(S2)						$ 424,946,780	
2	Total Capital Structure Adjustments		$ -	$ -	$ -	$ -	$ -	$ 424,946,780	$ -

OUCC Accounting Schedules - Step 2
Northern Indiana Public Service Company, LLC; Cause No. 45772
Prepaid Pension Asset
Forecasted Period Ended December 31, 2023

Line No.	Description	Reference	Amount
1	Prepaid Pension Asset Requested	OUCC 11-022 Attachment A	$ (424,946,780)
2	Adjustment to Remove the Prepaid Pension Asset		$ 424,946,780

OUCC Accounting Schedules - Step 2
Northern Indiana Public Service Company, LLC; Cause No. 45772
Headcount by Location
Forecasted Period Ended December 31, 2023

Line No.	Location	Feb-20	October 2022
1	Merrillville	578	465
2	Gary	185	163
3	Fort Wayne	108	104
4	Hammond	103	98
5	LaPorte	86	90
6	South Bend	83	84
7	Crown Point	82	78
8	Goshen	81	78
9	Valparaiso	73	83
10	Angola	65	66
11	Monticello	50	54
12	Plymouth	44	53
13	Peru	17	20
14	Warsaw	10	8
15	LaGrange	3	5
	Total	1,568	1,449

Source: OUCC 11-7

AFFIRMATION

I affirm, under the penalties for perjury, that the foregoing representations are true.

M. Garrett

Mark E. Garrett
President of Garrett Group Consulting, Inc.
Consultant for the
Indiana Office of Utility Consumer Counselor

Cause No. 45772
NIPSCO

January 18, 2023
Date

Certificate of Service

This is to certify that a copy of the Indiana Office of Utility Consumer Counselor's Testimony Filing has been served upon the following parties of record in the captioned proceeding by electronic service on January 20, 2023.

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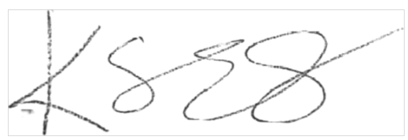

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