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**VERIFIED DIRECT TESTIMONY OF JENNIFER A. HARDING**

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1 **Introduction**

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

3 A1. My name is Jennifer A. Harding. My business address is 290 W Nationwide Blvd,  
4 Columbus, Ohio 43215. I am the Director of Income Tax Operations for NiSource  
5 Corporate Services Company, a wholly owned subsidiary of NiSource Inc.  
6 ("NiSource").

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

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

10 **Q3. Please describe your educational and employment background.**

11 A3. I earned a B.A. in Business Administration with a concentration in Accounting in  
12 2007 from the Notre Dame of Maryland University in Baltimore, Maryland. I  
13 began my career with KPMG LLP as a Senior Associate in the tax department in  
14 Baltimore, Maryland in 2005. In 2009, I joined Constellation Energy as a Tax  
15 Manager responsible for all aspects of income tax and non-income tax for the  
16 generation segment and managed the IRS Federal tax audit Compliance

1 Assurance Process program. Constellation was acquired by Exelon Corporation  
2 in 2012, and I moved to Chicago, Illinois as the Tax Manager of the electric utility  
3 responsible for income tax accounting, forecasting income taxes, and income tax  
4 and non-income tax return filings. In 2014, I moved to the Netherlands and  
5 worked for Mead Johnson Nutrition BV as the Tax Manager for the European  
6 region with responsibility for all aspects of income tax and non-income tax  
7 accounting, tax research and tax return filings. In 2016, I moved to Columbus,  
8 Ohio and worked for Cardinal Health as the Director of International Tax  
9 Operations with a responsibility for income tax accounting, forecasting, mergers  
10 & acquisitions, tax research, and tax return filings in Cardinal Health's foreign  
11 jurisdictions. In 2018, I worked as the Head of Tax for Hyperion Materials &  
12 Technologies with full responsibility for all global income and non-income tax  
13 accounting, tax return filings, research, mergers & acquisitions, and forecasting.  
14 In January 2020, I joined NiSource in my current position.

15 **Q4. What are your responsibilities as Director of Income Tax Operations?**

16 A4. As Director of Income Tax Operations, I am responsible for the operational  
17 income tax activities for NiSource, and its subsidiaries, including NIPSCO. My  
18 responsibilities include oversight and review of the preparation of income tax

1           accrual and deferred tax entries, forecasting income taxes, preparation and filing  
2           income tax returns, technical income tax research, and preparation of income tax  
3           data and related testimony for rate proceedings.

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

6   A5. Yes. I previously testified before the Commission in NIPSCO's most recent gas  
7   rate case in Cause No. 45621. I have also previously testified in proceedings in  
8   Kentucky, Maryland, Ohio, Pennsylvania, and Virginia.

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

10   A6. Yes. I am sponsoring Attachments 17-A through 17-D, all of which were prepared  
11   by me or under my direction and supervision. I also sponsor a portion of the  
12   workpapers included in Petitioner's Confidential Exhibit No. 22 (S1 and S2).

13   **Q7. Have you reviewed the attachments of NIPSCO Witness Shikany to the extent**  
14   **they include expense adjustments for federal and state taxes?**

15   A7. Yes.

16   **Q8. Did you participate in the quantification of those adjustments?**

17   A8. Yes.

1 **Q9. What is the purpose of your direct testimony?**

2 A9. The purpose of my direct testimony is to present and support NIPSCO's federal  
3 and state income tax expense and taxes other than income tax expense  
4 adjustments for the Forward Test Year (the period beginning January 1, 2023 and  
5 ending December 31, 2023) at present and proposed rates as shown in Petitioner's  
6 Exhibit No. 3, Attachment 3-A-S2 (Column E). I also present and support  
7 NIPSCO's Accumulated Deferred Income Taxes ("ADIT") and Post 1970  
8 Investment Tax Credit ("ITC") balances and related pro forma adjustments,  
9 which are included as components of NIPSCO's capital structure as shown in  
10 Petitioner's Exhibit No. 3, Attachment 3-A-S2. I also present the Company's  
11 proposal relating to a mechanism for capturing future federal and state tax law  
12 changes.

13 **Description of Attachments**

14 **Q10. Please explain Attachment 17-A.**

15 A10. Schedule 1 of Attachment 17-A shows the derivation of the Company's federal  
16 and state income tax expense on a pro forma basis during the Forward Test Year  
17 at present rates, reflecting each of the adjustments described in my testimony.  
18 Schedule 2 of Attachment 17-A shows the calculation of the effect on the

1 Company's tax expense of the adjustments for excess and deferred taxes, the  
2 limitation on the deductibility of meals, entertainment, and parking expenses.

3 **Q11. Please explain Attachments 17-B and 17-C.**

4 A11. Attachment 17-B depicts the same information for the Forward Test year as  
5 Attachment 17-A, but at proposed rates. Attachment 17-C depicts the calculation  
6 of the effective income tax rate reconciliation.

7 **Q12. Please explain Attachment 17-D.**

8 A12. Attachment 17-D provides support for the calculation of Adjustment OTX-1  
9 shown on Petitioner's Exhibit No. 3, Attachment 3-B-S2, relating to real and  
10 personal property taxes.

11 **Federal Income Tax Expense**

12 **Q13. Please explain under what basic premise the income tax calculations were**  
13 **made.**

14 A13. The income tax calculations were made under the provisions of the Internal  
15 Revenue Code ("IRC") of 1986, as amended, including by the Tax Cuts and Jobs  
16 Act of 2017 ("TCJA") and any other tax legislation enacted since that time, and  
17 the Indiana Administrative Code.

1 **Q14. Please describe the basic components of federal income tax expense reflected**  
2 **in NIPSCO Witness Shikany's accounting attachments.**

3 A14. The quantification of federal income tax expense begins with the application of  
4 the 21% federal income tax rate applied to pro forma net operating income before  
5 income taxes less interest expense. This amount was adjusted to account for the  
6 jurisdictional amount of the following items:

- 7 1. Adjustments to reflect the various impacts for the differences between the  
8 use of accelerated depreciation for income tax return purposes and  
9 straight-line depreciation in determining tax expense for book purposes,  
10 various tax rate changes including Excess Accumulated Deferred Income  
11 Tax ("EDIT") from the TCJA and Allowance for Funds Used During  
12 Construction ("AFUDC");
- 13 2. Adjustment to reflect certain limitations on the amount of the federal  
14 income tax deduction that may be taken on certain categories of expense;
- 15 3. Reduction in tax expense for allocation of parent company (NiSource)  
16 interest expense.

1 **Q15. Why did the Company include an adjustment to the total federal and state**  
2 **permanent book/tax differences, amortization of EDIT, and flow-through of**  
3 **AFUDC equity?**

4 A15. The operating income before taxes includes a non-jurisdictional adjustment  
5 resulting in jurisdictional pre-tax income that the Company uses to compute tax  
6 expense at the Federal and Indiana income tax rates. Consequently, the Company  
7 included an adjustment to total Federal and state permanent book/tax differences,  
8 amortization of EDIT, and flow-through of AFUDC equity, to remove the amount  
9 attributed to non-jurisdictional activities. If the Company does not make this  
10 adjustment, the pass back of EDIT, including protected EDIT, to jurisdictional  
11 customers exceeds the total amount. Passing back more EDIT than what should  
12 be returned to jurisdictional customers would result in a normalization violation  
13 pursuant to the normalization rules under IRC Section 168 and Section 13001(d)  
14 of the TCJA.

15 **Q16. Please elaborate on the normalization requirements under Section 13001(d) of**  
16 **the TCJA.**

17 A16. Section 13001(d) of the TCJA includes accompanying but uncodified  
18 normalization requirements related to the reduction of the corporate tax rate.

1 Section 13001(d)(1) provides that a normalization method of accounting shall not  
2 be treated as being used with respect to any public utility property for purposes  
3 of Sections 167 or 168 if the taxpayer, in computing its cost of service for  
4 ratemaking purposes and reflecting operating results in its regulated books of  
5 account, reduces the EDIT more rapidly or to a greater extent than such reserve  
6 would be reduced under the Average Rate Assumption Method ("ARAM"). If  
7 the Company does not make a non-jurisdictional adjustment, tax expense  
8 included in the cost of service would include the total protected EDIT  
9 amortization for jurisdictional customers and an allocation of the total protected  
10 EDIT amortization to non-jurisdictional activities, which would exceed the total  
11 EDIT amortization.

12 **Q17. How would a normalization violation impact the Company's customers?**

13 A17. Section 168(f)(2) of the IRC provides that the depreciation deduction determined  
14 under Section 168 shall not apply to any public utility property (within the  
15 meaning of Section 168(i)(10)) if the taxpayer does not use a normalization  
16 method of accounting. An uncorrected normalization violation would have  
17 extremely severe impacts for the Company and its customers because the

1           Company would lose the ability to utilize accelerated depreciation methods for  
2           tax purposes.

3   **Q18. Has a normalization violation already occurred?**

4   A18. Yes. In the last electric rate case, Cause No. 45159, the parties agreed to an  
5           amortization of protected EDIT without making an adjustment for non-  
6           jurisdictional plant. As a result, since approval of rates in that cause, NIPSCO has  
7           inadvertently been in violation of the normalization rules, since, by passing back  
8           EDIT associated with non-jurisdictional plant, NIPSCO has been passing back  
9           protected EDIT faster and to a greater extent than results from ARAM.

10   **Q19. What action is the Company taking to remediate the normalization violation?**

11   A19. Since this issue was inadvertent and unintentional, the Company will apply  
12           Revenue Procedure 2017-47 issued by the IRS, which provides a safe harbor for  
13           regulated public utilities for inadvertent or unintentional uses of a practice or  
14           procedure that is inconsistent with the Normalization Rules of IRC Sections  
15           50(d)(2) and 168(i)(9). As NIPSCO is correcting this issue, NIPSCO can apply a  
16           safe harbor for inadvertent normalization violation whereby NIPSCO would  
17           include a disclosure in its 2021 tax return and correct at the next available  
18           opportunity – which is either: (1) for a taxpayer without a pending rate case, the

1 next rate case; and (2) for a taxpayer with a currently pending rate case, the  
2 currently pending rate case (unless such change is not permitted to be made  
3 during that rate case, in which event it is the next rate case). NIPSCO must correct  
4 this issue going forward in this case. The change is only prospective; NIPSCO  
5 does not need to offset future EDIT amortization for the excessive pass back in  
6 prior years in order to rely on the IRS safe harbor.

7 **Q20. How did the Company compute the non-jurisdictional adjustment for the**  
8 **Federal and state permanent book/tax differences, amortization of EDIT, and**  
9 **flow-through of AFUDC equity?**

10 A20. The Company computed the non-jurisdictional factor based on the components  
11 of non-jurisdictional pre-tax income divided by the components of total pre-tax  
12 income. The non-jurisdictional factor was applied to the Federal and state  
13 permanent book/tax differences, amortization of EDIT, and flow-through of  
14 AFUDC equity to determine the non-jurisdictional adjustment that is depicted on  
15 Attachments 17-A and 17-B.

16 **Q21. Please explain the implication arising from the use of accelerated depreciation**  
17 **for federal income tax purposes**

1 A21. On the federal income tax return, depreciation expense is deducted using  
2 accelerated rates provided in the IRC. For book purposes, the depreciation  
3 expense deduction is calculated on a straight-line basis over the life of the  
4 property using depreciation rates approved by the Commission. The difference  
5 between accelerated tax depreciation and book depreciation is a temporary  
6 difference giving rise to accumulated deferred tax liabilities on NIPSCO's balance  
7 sheet. NIPSCO flowed-through the benefits of accelerated depreciation for  
8 vintage years prior to 1981. For the Forward Test Year, NIPSCO will have little  
9 in terms of tax depreciation remaining on those pre-1981 assets.

10 **Q22. Are there other differences between what is depreciated for income tax**  
11 **purposes and for book purposes?**

12 A22. Yes. For book purposes, the Company records AFUDC to reflect a return on the  
13 equity portion of capital while an asset is under construction and before it is  
14 placed in service ("AFUDC Equity"). These amounts are capitalized to the cost  
15 of the asset and depreciation expense is recorded for book purposes on the total  
16 cost. AFUDC Equity is not recognized for tax purposes and therefore there is no  
17 depreciation expense of AFUDC Equity for tax purposes. Thus, income tax  
18 expense for ratemaking purposes must be adjusted to reflect that this AFUDC

1 Equity will never be recognized for income tax purposes. As shown on  
2 Attachments 17-A and 17-B, the adjustment for AFUDC Equity for the Forward  
3 Test Year is an increase in income tax expense of \$2,628,752.

4 **Q23. Are there other adjustments that need to be made to account for changes in the**  
5 **federal income tax rate?**

6 A23. Yes. NIPSCO has EDIT that was originally computed at a 48% federal tax rate for  
7 1971-1978 vintages and a 46% federal tax rate for 1979-1986 vintages that are being  
8 refunded in rates under the ARAM. The protected EDIT resulting from the  
9 difference between the 48% and 46% rates and the current 21% rate are being  
10 returned to the customer over the remaining life of the assets giving rise to the tax  
11 rate difference under ARAM. As I explain below, the Company is also returning  
12 unprotected EDIT due to the decrease of the federal income tax rate to 21% as a  
13 result of the TCJA. An adjustment to the Forward Test Year in the jurisdictional  
14 amount of (\$22,334,789) as a reduction to income tax expense for the flow back of  
15 the EDIT is reflected in Attachments 17-A and 17-B.

16 **Q24. Have the EDIT balances been modified since NIPSCO's last electric rate case**  
17 **in Cause No. 45159 (the "45159 rate case")?**

1 A24. The EDIT balances for protected property and unprotected property reported in  
2 the 45159 rate case have since been updated in the Company's books and records.  
3 First, as discussed above, there is the adjustment for non-jurisdictional plant that  
4 must be made to remedy an inadvertent normalization violation. In addition,  
5 while the total amount of EDIT is unchanged, the protected property balance  
6 increased by approximately \$27 million, and the unprotected property balance  
7 decreased by the same amount. This is because the Commission's Order in the  
8 45159 rate case was entered so soon after the effective date of the TCJA and before  
9 the exact split could be precisely determined. Protected property represents the  
10 cumulative book/tax difference between straight-line book depreciation and  
11 accelerated tax depreciation (modified accelerated cost recovery system  
12 ("MACRS") and bonus depreciation under IRC Section 168). Unprotected  
13 property primarily represents the cumulative book/tax difference between  
14 straight-line book deprecation and tax deductions that were expensed for tax  
15 repairs and mixed service cost deductions.

16 **Q25. How has the Company amortized protected property?**

17 A25. Protected property was amortized using the ARAM. The EDIT amortization that  
18 has been realized under the terms of the Commission's Order in the 45159 rate

1 case was estimated (\$5,261,114) per year. The ARAM amount for protected EDIT  
2 was based on estimated straight-line amortization of ~26. years, which was the  
3 ARAM estimate at the time (again, due to the short amount of time between  
4 enactment of the TCJA and the Commission's Order in the 45159 rate case).

5 **Q26. How does the Company propose to amortize jurisdictional protected EDIT**  
6 **going forward?**

7 A26. The Company is proposing to amortize jurisdictional protected property EDIT  
8 using ARAM, which is (\$11,967,900) and straight-line amortization of 26 years for  
9 the jurisdictional protected federal net operating loss which is \$774,477 for the  
10 Forward Test Year.

11 **Q27. How does the Company propose to amortize jurisdictional unprotected EDIT**  
12 **going forward?**

13 A27. Similar to jurisdictional protected EDIT, the Company is proposing to continue  
14 to amortize jurisdictional unprotected EDIT, reflecting the updated balance  
15 adjustment discussed above using the amount from the 45159 rate case of  
16 (\$12,170,384), of which the jurisdictional amount is (\$11,141,366). However, due  
17 to the decrease in the unprotected excess ADIT balance, unprotected ADIT will  
18 be fully amortized in ~9 years instead of the estimated ~11 years. While this

1 period is beyond the presently anticipated life of the rates that will be approved  
2 in this Cause, NIPSCO would request authority to make a compliance filing to  
3 update the rates to reflect the removal of this amortization of the unprotected  
4 EDIT at the conclusion of the amortization period and, to the extent there is any  
5 delay between the completion of amortization and effective date of such new  
6 rates, authority to defer the difference as a regulatory asset for later recovery.

7 **Q28. Have any other adjustments been made for expenses that are not deductible for**  
8 **income tax purposes?**

9 A28. Yes. The Company is not permitted to deduct certain business expenses. As  
10 shown on Attachments 17-A and 17-B, the Company has increased its  
11 jurisdictional Forward Test Year federal income tax expense by \$100,593 to reflect  
12 the non-deductibility of these expenses.

13 **Q29. Please explain the adjustment relating to the amortization of Investment Tax**  
14 **Credits that is included as a reduction to federal income tax expense.**

15 A29. The Company is amortizing Investment Tax Credits that it reflected on federal  
16 tax returns prior to 1989 over the service life of the property that generated the  
17 credits. The investment tax credit was repealed as part of the Tax Reform Act of  
18 1986, with transition rules that permitted certain projects to qualify post-1986. An

1 investment tax credit balance remains deferred as of December 31, 2021. As  
2 shown in Attachments 17-A and 17-B, for the 12 months ended December 31,  
3 2023, NIPSCO has fully amortized the investment tax credit balance as of  
4 December 31, 2022, and there is no amortization included in the computation of  
5 Federal income tax expense.

6 **Q30. What adjustment have you made for parent company interest expense?**

7 A30. NIPSCO's parent company, NiSource, has additional interest expense obligations  
8 relating to the ongoing utility operations of NiSource's public utility subsidiaries.  
9 I have allocated a portion of the tax benefit on this interest expense to NIPSCO.  
10 This allocation was based on NiSource's equity investment in NIPSCO's electric  
11 utility compared to its equity investment in all subsidiaries. As shown on  
12 Attachments 17-A and 17-B, the amount of the adjustment is a decrease to  
13 jurisdictional Forward Test Year income tax expense of (\$60,087). This  
14 adjustment is consistent with what is frequently referred to as the "Muncie  
15 Remand Method" and described in the Commission's Order dated September 16,  
16 1981 in Cause No. 34571. It is also consistent with the Company's treatment of  
17 parent company interest expense in several recent gas and electric rate cases.

18 **State Income Tax Expense**

1 **Q31. What level of income tax expense is included for state income taxes?**

2 A31. The tax calculations include Indiana Adjusted Gross Income taxes calculated at  
3 4.9%, as adjusted for the following reconciling items: (1) the excess deferred taxes  
4 resulting from the decrease in the state tax rate; and (2) the non-deductibility of  
5 certain expenses.

6 **Q32. Did the Company include an adjustment for non-deductibility of the utility**  
7 **receipts tax in the computation of state income tax expense for the Forward Test**  
8 **Year?**

9 A32. No. On March 15, 2022, the House Enrolled Act 1002 was enacted, which repealed  
10 the utility receipts tax effective July 1, 2022.

11 **Q33. Please explain the adjustment for the excess state deferred taxes.**

12 A33. The Indiana General Assembly implemented a gradual periodic decrease of the  
13 Indiana corporate income tax rates beginning in 2012, as follows:

14	July 2002 to June 2012:	Increased rate from 3.4% to 8.5%
15	July 2012 to June 2016:	Periodic decrease in rate from 8.5% to 6.5%
16	July 2016 to June 2021:	Periodic decrease in rate from 6.5% to 4.9%

17 The latest decrease in the Indiana corporate income tax rate was phased in over 7  
18 years. The state deferred tax balances were remeasured to capture the decrease

1 from 8.5% to 6.5% as of the enactment date in 2011 and again in 2014 when the  
2 rate was reduced from 6.5% to 4.9%. These combined decreases in the tax rate  
3 resulted in excess state deferred taxes. The Company has included an adjustment  
4 to the Forward Test Year in the amount of (\$2,332,573) using ARAM as a  
5 reduction to state income tax expense for the flow back of the deferred tax excess  
6 as reflected in Attachments 17-A and 17-B.

7 **Q34. Please explain the adjustment for non-deductibility of certain expenses.**

8 A34. The State of Indiana follows federal law on non-deductible expenses. The  
9 Company has increased Forward Test Year state income tax expense by \$23,472  
10 as shown on Attachments 17-A and 17-B, to reflect the non-deductibility of certain  
11 expenses.

12 **Taxes Other Than Income**

13 **Q35. Please explain Adjustment OTX-1 shown on Petitioner's Exhibit No. 3,**  
14 **Attachment 3-C-S2, OTX 1.**

15 A35. NIPSCO is subject to real and personal property taxes in numerous counties in  
16 Indiana. As shown in Attachment 3-C-S2, OTX 1, Adjustment OTX 1-21 is a  
17 normalization adjustment for the Historic Base Period (12-months ending  
18 December 31, 2021) to decrease property tax expense by \$262,778. Adjustment

1 OTX 1-22 is a Budget Adjustment for the 2022 Budget Period (12-months ending  
2 December 31, 2022) to increase property tax expense by \$9,511,714. Adjustment  
3 OTX 1-23 is a Budget Adjustment for the Forward Test Year (12-months ending  
4 December 31, 2023) to decrease property tax expense by \$1,884,365. Adjustment  
5 OTX 1-22R is a Ratemaking Adjustment for the Forward Test Year to decrease  
6 property tax expense by \$7,989,905 to reflect the amortization of TDSIC and  
7 FMCA deferred property tax not included in base rates that will continue to be  
8 collected through the respective trackers. This results in pro forma adjusted  
9 property tax expense of \$22,292,125 for the Forward Test Year. Attachment 17-D  
10 supports this adjustment. These pro forma property tax adjustments are required  
11 to account for planned property additions between the Historic Base Period and  
12 Forward Test Year.

13 **Q36. Please explain Adjustment OTX-4 shown on Petitioner's Exhibit No. 3,**  
14 **Attachment 3-C-S2, OTX 4.**

15 A36. On March 15, 2022, the House Enrolled Act 1002 was enacted, which repealed the  
16 utility receipts tax effective July 1, 2022. As shown in Attachment 3-C-S2, OTX 4,  
17 Adjustment OTX 4-23R is a Ratemaking Adjustment for the Forward Test Year to

1 decrease other than income taxes in the amount of \$23,907,965 to reflect the  
2 removal of the URT.

3 **Federal and State Income Taxes**

4 **Q37. Please explain Adjustment ITX 1-23R shown on Petitioner's Exhibit No. 3,**  
5 **Attachment 3-C-S2, ITX 1-23.**

6 A37. As shown in Attachment 3-C-S2, ITX 1, Adjustment ITX 1-23R is the combination  
7 of the adjustments I have previously described that are set forth in Attachments  
8 17-A and 17-B. These adjustments are made to pro forma Test Year results at  
9 present rates. Adjustment PF-5 is the adjustment to federal and state income taxes  
10 to reflect the requested increase in pro forma operating revenues at proposed  
11 rates. The total jurisdictional federal and state income taxes at proposed rates  
12 equals \$78,168,625 as set forth in Attachment 17-B.

13 **Components of Capital Structure**

14 **Q38. Please explain Adjustments CS 4 shown on Petitioner's Exhibit No. 3,**  
15 **Attachment 3-C-S2.**

16 A38. Adjustment CS 4-21 is a normalization adjustment to decrease the accumulated  
17 deferred income tax ("ADIT") balance as of December 31, 2021 by (\$51,509,982).  
18 Adjustments CS 4-22 and CS 4-23 are Budget Adjustments for 2022 and 2023 to

1 increase ADIT by \$48,296,837 and \$74,005,296, respectively. Adjustment CS 4-  
2 23R is a ratemaking adjustment to decrease ADIT by (\$82,007,681). I should note  
3 that we have not adjusted ADIT in the capital structure for non-jurisdictional  
4 plant. The ADIT balances are forecasted by tax effecting temporary book/tax  
5 differences for plant in service and the change in balance for certain balance sheet  
6 accounts. NIPSCO utilizes Accounting Standards Codification ("ASC") 740 and  
7 980 to account for income taxes in order to reflect its after-tax financial position  
8 in its balance sheet. The Federal and state excess deferred tax balances are also  
9 included in the total ADIT component of the Capital Structure.

10 **Q39. Please explain Adjustment CS 7-22 and CS 7-23 shown on Petitioner's Exhibit**  
11 **No. 3, Attachment 3-C-S2.**

12 A39. As shown in Attachment 3-C-S2, CS 7, Adjustment CS 7-22 and CS 7-23 are Year-  
13 Over-Year Adjustments for the 2022 Budget Period and Forward Test Year to  
14 decrease capital structure in the amount of \$317,054 and \$269,088, respectively, to  
15 reflect Post 1970-ITC. The Company has fully amortized Investment Tax Credits  
16 over the service life of the property that generated the credits as of December 31,  
17 2022.

1 **Q40. Are the tax expense adjustments reflected in NIPSCO Witness Shikany's**  
2 **attachments correct and consistent with the matters described above?**

3 A40. Yes.

4 **Other Tax Matters**

5 **Q41. Are you sponsoring other tax matters?**

6 A41. Yes. I am also sponsoring the Company's request for authority to request  
7 approval of a new Tax Rate Modification Mechanism ("TRMM") outside of a  
8 general rate case in order to capture future Federal and state tax rate changes.  
9 This proposal would work like the authority that was granted for NIPSCO's gas  
10 utility in Cause No. 45621. In this proceeding, NIPSCO is specifically requesting  
11 authority to use regulatory accounting, such as regulatory assets or liability, for  
12 all calculated differences resulting from future tax legislation and what would  
13 have been recorded if the legislation did not go into effect until such time as such  
14 new tax rates are reflected in NIPSCO's rates.

15 Based on the recent Inflation Reduction Act that was signed into law on August  
16 16, 2022, the Company is proposing to take a proactive approach to account for  
17 the impact of future tax rate changes that affect the gross revenue conversion  
18 factor. While the Inflation Reduction Act has been passed, it does not, at this time,

1           affect NIPSCO's income tax expense and so is not reflected in the calculation of  
2           federal tax expense or the adjustments I have presented.

3   **Q42. Please describe the Company's proposal for capturing future tax rate changes**

4   A42. In the event of legislation (including the Inflation Reduction Act) that would  
5       change either the federal or state income tax rate utilized in the Company's  
6       revenue requirement in this case, NIPSCO proposes to be authorized to request  
7       approval of a new rider (the TRMM) in a docketed proceeding outside a general  
8       rate case. The new TRMM would adjust the rates to reflect the new statutory rate  
9       and would function much like the first phase of the Commission's Investigation  
10      into the effects of the Tax Cuts and Jobs Act of 2017 in Cause No. 45032. NIPSCO  
11      would file a new petition seeking approval of the tax rider to adjust all rates and  
12      charges to reflect the difference between: (1) the amount of federal or state taxes  
13      that the given rate or charge was designed to recover based on the tax rate in  
14      effect at the time the rate or charge was approved; and (2) the amount of federal  
15      or state taxes that would have been embedded in the given rate or charge had the  
16      new tax rate applicable to NIPSCO as a result of the new legislation been in effect  
17      at the time of approval.

18      NIPSCO may also seek authority to evaluate any effects of change in EDIT (or

1 Deficient Accumulated Deferred Income Tax DDIT) resulting from the change in  
2 the Federal and/or state tax rate.

3 Other parties would retain their rights to oppose approval of the new rider in the  
4 new docketed proceeding, but they could not oppose the rider on the grounds  
5 that it should not be approved outside of a general rate case.

6 **Q43. Why is the Company requesting this authority?**

7 A43. The TCJA and the resulting investigation taught NIPSCO that tax rate changes  
8 can be very material, they can take effect abruptly and therefore be volatile, and  
9 they are completely outside of the Company's control. Accordingly, being  
10 prepared for future changes in the tax rates is a "lesson learned" from the  
11 enactment of the TCJA and the ensuing investigation. As the Commission  
12 explained in rejecting one utility's objection to lowering its rates in one of the sub-  
13 dockets during the TCJA investigation:

14 Because taxes are a pass-through expense, a change in the  
15 federal income tax rate should have no substantive bearing  
16 on whether a utility is or is not earning its authorized return.  
17 We also note that the nature of the income tax component of  
18 the revenue requirement makes it different than many other  
19 types of expenses because the rate of the burden is defined  
20 in statute rather than dependent on the management actions  
21 of the utility.

1

2 Cause No. 45032-S3 (IURC 10/9/2018) (Sycamore Gas), p. 6. NIPSCO is simply  
3 seeking to lay the groundwork for when and if tax rates change from the level  
4 reflected in the Company's proposed revenue requirement.

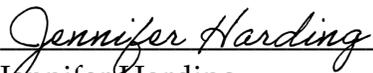
5 By authorizing NIPSCO in this case to use regulatory accounting, such as  
6 regulatory assets or liability, for all calculated differences resulting from future  
7 tax legislation and what would have been recorded if the legislation did not go  
8 into effect until such time as such new tax rates are reflected in NIPSCO's rates,  
9 the Commission will be allowing NIPSCO and the stakeholders to address the  
10 effects of the tax change without the need for an emergency order as was used in  
11 Cause No. 45032.

12 **Q44. Does this conclude your prefiled direct testimony?**

13 A44. Yes.

## VERIFICATION

I, Jennifer Harding, Director of Income Tax Operations for NiSource Corporate Services, affirm under penalties of perjury that the foregoing representations are true and correct to the best of my knowledge, information and belief.

  
\_\_\_\_\_  
Jennifer Harding

Date: January 12, 2022

**Northern Indiana Public Service Company**  
**Income Tax Expense Included In Pro Forma Income**

Line No	Description	Forward Test Year At Present Rates	Non-Jurisdictional Factor	Non-Jurisdictional Adjustment	Forward Test Year At Present Rates
		(1)	(2)	(3)	(4)
1	Net Operating Income Before Taxes	209,641,240			209,641,240
2					
3	Interest Synchronization Deduction	<u>(101,076,592)</u>			(101,076,592)
4					
5	Federal Taxable Income Before State Tax Deduction	108,564,648			108,564,648
6					
7	Less: State Income Taxes at 4.9%	<u>(3,608,633)</u>			<u>(3,753,302)</u>
8					
9	Federal Taxable Income	104,956,016			104,811,346
10					
11	Federal Income Taxes at 21%	22,040,763			22,010,383
12					
13	<u>Other Components of Operating Income Tax Expense</u>				
14	<u>Federal Income Taxes</u>				
15	Net Excess for Method, Basis and Life Differences for Tax Rate Changes	(24,397,632)	8.46%	(2,062,843)	(22,334,789)
16	Deficiency for Flow Through of AFUDC Equity	2,628,752	8.46%	222,264	2,406,488
17	Permanent Differences	109,884	8.46%	9,291	100,593
18	Amortization of Investment Tax Credit	-	8.46%	-	-
19	Parent Company Tax Benefit of Interest Expense	(65,637)	8.46%	(5,550)	(60,087)
20	Prior Year Return to Provision True-up	-	8.46%	-	-
21	Other Tax Adjustment	-	8.46%	-	-
22	Federal Benefit of State Adj and Misc	-	8.46%	-	-
23	Subtotal	<u>(21,724,633)</u>		<u>(1,836,839)</u>	<u>(19,887,794)</u>
24	<u>State Income Taxes</u>				
25	Net Deficiency for Method, Basis and Life Differences for Tax Rate Changes	(2,548,010)	8.46%	(215,437)	(2,332,573)
26	Deficiency for Flow Through of AFUDC Equity	811,335	8.46%	68,599	742,736
27	Permanent Differences	25,640	8.46%	2,168	23,472
28	Permanent Differences: Utility Receipts Tax	-	8.46%	-	-
29	Prior Year Return to Provision True-up	-	8.46%	-	-
30	Other Tax Adjustment	-	8.46%	-	-
31	Subtotal	<u>(1,711,035)</u>		<u>(144,670)</u>	<u>(1,566,365)</u>
32					
33	<u>Summary:</u>				
34	Federal Income Taxes	316,131			2,122,589
35	State Income Taxes	<u>3,608,633</u>			<u>3,753,302</u>
36	Total Income Taxes Included In Test Period Actuals	<u><u>3,924,763</u></u>			<u><u>5,875,891</u></u>

Northern Indiana Public Service Company  
Proforma Adjustments to Income Tax Allowance

Line No	Description	Forward Test Year At Present Rates (1)	(2)	(3)
1	<b><u>Excess &amp; Deficient Deferred Taxes</u></b>			
2	<b><u>Federal</u></b>			
3	Net Excess for Method, Basis and Life Differences for Tax Rate Changes	(24,397,632)		
4	Excess for Flow Through and AFUDC Equity	2,628,752		
5	<b>Subtotal Federal</b>	<b>(21,768,880)</b>		
6	<b><u>State</u></b>			
7	Net Excess for Method, Basis and Life Differences for Tax Rate Changes	(2,548,010)		
8	Excess for Flow Through of AFUDC Equity	811,335		
9	<b>Subtotal State</b>	<b>(1,736,675)</b>		
10				
11				
12		<b>Forward Test Year</b>	<b>Tax</b>	<b>Forward Test Year</b>
13		<b>At Present Rates</b>	<b>Rate</b>	<b>At Present Rates</b>
14	<b><u>Permanent Differences</u></b>			
15	Various Perm Differences	523,257	21.000%	109,884
16	Various Perm Differences	523,257	4.900%	25,640
17	Federal Benefit			(5,384)
18	<b>Total</b>			<b>130,139</b>
19				
20		<b>Forward Test Year</b>		
21		<b>At Present Rates</b>		
22	<b><u>Amortization of ITC</u></b>	-		
23				
24		<b>Projected</b>		
25		<b>Allocation</b>		
26	<b><u>Parent Company Tax Benefit of Interest Expense</u></b>			
27	Interest Expense on Parent	(870,946)		
28	Percent Allocated to NIPSCO Based on Investment	47.3379%		
29	Subtotal	(412,288)		
30	Electric Percentage	75.81%		
31	Tax Loss Allocated to Electric	(312,555)		
32	Tax Rate	21%		
33	Tax	(65,637)		
34				
35		<b>Forward Test Year</b>	<b>Tax Rate</b>	<b>Forward Test Year</b>
36	<b><u>State Income Tax Allowance for URT</u></b>	<b>At Present Rates</b>		<b>At Present Rates</b>
37	Proforma Utility Receipts Tax Expense	-	4.900%	-
38	Federal Benefit			-
39	Tax Allowance			-
40				
41	<b><u>Federal Income Tax Adjustments</u></b>			
42	Prior Year Return to Provision True-up	-		
43	Tax Segment Adjustment	-		
44		-		
45				
46	<b><u>State Income Tax Adjustments</u></b>			
47	Prior Year Return to Provision True-up	-		
48	Tax Segment Adjustment	-		

Northern Indiana Public Service Company  
Income Tax Expense Included In Pro Forma Income

Line No	Description	Forward Test Year At Proposed Rates (1)	Non-Jurisdictional Factor (2)	Non-Jurisdictional Adjustment (3)	Forward Test Year At Proposed Rates (4)
1	Net Operating Income Before Taxes	500,312,040			500,312,040
2					
3	Interest Synchronization Deduction	(101,076,592)			(101,076,592)
4					
5	Net Operating Income Before Taxes after Interest Deduction	399,235,447			399,235,447
6					
7	Less: State Income Taxes at 4.9%	(17,851,502)			(17,996,171)
8					
9	Federal Taxable Income	381,383,946			381,239,276
10					
11	Federal Income Taxes at 21%	80,090,629			80,060,248
12					
13	Other Components of Operating Income Tax Expense				
14	<u>Federal Income Taxes</u>				
15	Net Excess for Method, Basis and Life Differences for Tax Rate Changes	(24,397,632)	8.46%	(2,062,843)	(22,334,789)
16	Deficiency for Flow Through of AFUDC Equity	2,628,752	8.46%	222,264	2,406,488
17	Permanent Differences	109,884	8.46%	9,291	100,593
18	Amortization of Investment Tax Credit	-	8.46%	-	-
19	Parent Company Tax Benefit of Interest Expense	(65,637)	8.46%	(5,550)	(60,087)
20	Prior Year Return to Provision True-up	-	8.46%	-	-
21	Other Tax Adjustment	-	8.46%	-	-
22	Federal Benefit of State Adj and Misc	-	8.46%	-	-
23	Subtotal	(21,724,633)		(1,836,839)	(19,887,794)
24	<u>State Income Taxes</u>				
25	Net Deficiency for Method, Basis and Life Differences for Tax Rate Changes	(2,548,010)	8.46%	(215,437)	(2,332,573)
26	Deficiency for Flow Through of AFUDC Equity	811,335	8.46%	68,599	742,736
27	Permanent Differences	25,640	8.46%	2,168	23,472
28	Permanent Differences: Utility Receipts Tax	-	8.46%	-	-
29	Prior Year Return to Provision True-up	-	8.46%	-	-
30	Other Tax Adjustment	-	8.46%	-	-
31	Subtotal	(1,711,035)		(144,670)	(1,566,365)
32					
33	Summary:				
34	Federal Income Taxes	58,365,996			60,172,454
35	State Income Taxes	17,851,502			17,996,171
36	Total Income Taxes Included In Test Period Actuals	76,217,498			78,168,625

Northern Indiana Public Service Company  
Proforma Adjustments to Income Tax Allowance

Line No	Description	Forward Test Year At Proposed Rates (1)	(2)	(3)
1	<b><u>Excess &amp; Deficient Deferred Taxes</u></b>			
2	<b><u>Federal</u></b>			
3	Net Excess for Method, Basis and Life Differences for Tax Rate Changes	(24,397,632)		
4	Excess for Flow Through and AFUDC Equity	2,628,752		
5	<b>Subtotal Federal</b>	<b>(21,768,880)</b>		
6	<b><u>State</u></b>			
7	Net Excess for Method, Basis and Life Differences for Tax Rate Changes	(2,548,010)		
8	Excess for Flow Through of AFUDC Equity	811,335		
9	<b>Subtotal State</b>	<b>(1,736,675)</b>		
10				
11				
12		<b>Forward Test Year</b>	<b>Tax</b>	<b>Forward Test Year</b>
13		<b>At Proposed Rates</b>	<b>Rate</b>	<b>At Proposed Rates</b>
14	<b><u>Permanent Differences</u></b>			
15	Various Perm Differences	523,257	21.000%	109,884
16	Various Perm Differences	523,257	4.900%	25,640
17	Federal Benefit			(5,384)
18	<b>Total</b>			<b>130,139</b>
19				
20		<b>Forward Test Year</b>		
21		<b>At Proposed Rates</b>		
22	<b><u>Amortization of ITC</u></b>	-		
23				
24		<b>Projected</b>		
25		<b>Allocation</b>		
26	<b><u>Parent Company Tax Benefit of Interest Expense</u></b>			
27	Interest Expense on Parent	(870,946)		
28	Percent Allocated to NIPSCO Based on Investment	47.3379%		
29	Subtotal	(412,288)		
30	Electric Percentage	75.81%		
31	Tax Loss Allocated to Electric	(312,555)		
32	Tax Rate	21%		
33	Tax	(65,637)		
34				
35		<b>Forward Test Year</b>	<b>Tax Rate</b>	<b>Forward Test Year</b>
36	<b><u>State Income Tax Allowance for URT</u></b>	<b>At Proposed Rates</b>		<b>At Proposed Rates</b>
37	Proforma Utility Receipts Tax Expense	-	4.900%	-
38	Federal Benefit			-
39	Tax Allowance			-
40				
41	<b><u>Federal Income Tax Adjustments</u></b>			
42	Prior Year Return to Provision True-up	-		
43	Tax Segment Adjustment	-		
44		-		
45				
46	<b><u>State Income Tax Adjustments</u></b>			
47	Prior Year Return to Provision True-up	-		
48	Tax Segment Adjustment	-		

**Northern Indiana Public Service Company**  
**ETR Reconciliation of Income Tax Expense Included In Pro Forma Income**

Line No	Description	Pro Forma At Proposed Proposed Rates	%
1	Net Operating Income Before Taxes	500,312,040	
2	Interest Synchronization Deduction	<u>(101,076,592)</u>	
3	Net Operating Income Before Taxes after Interest Deduction	399,235,447	
4	Tax Expense at Statutory Federal Income Tax Rate	83,839,444	21.00%
5	Increases (Reductions) in Taxes Resulting From:		
6	- State Income Taxes, Net of Federal Income Tax Benefit	14,216,975	3.56%
7	- Net Excess for Method, Basis and Life Differences for Tax Rate Changes and Flow-Through	(19,928,301)	-4.99%
8	- Amortization of Deferred Investment Tax Credits	(60,087)	-0.02%
9	- Nondeductible Expenses	100,593	0.03%
10	- Other, net	<u>0</u>	<u>0.00%</u>
11	<b>Total Income Tax Expense - Electric</b>	<u><u>78,168,625</u></u>	<u><u>19.58%</u></u>

**Northern Indiana Public Service Company LLC  
Pro forma Adjustment to Taxes Other Than Income  
Twelve Months Ending December 31, 2023**

This pro forma adjusts the twelve months ended December 31, 2021, Electric Taxes Other than Income for Property Tax to reflect normalization adjustment(s), budget changes for the twelve months ending December 31, 2022, and December 31, 2023, and ratemaking adjustment(s) for the twelve months ending December 31, 2023, as described below.

Line No.	Description	Adjustment	Amount	Page Reference
A	B	C	D	
1	<b>Actual Expense - December 31, 2021</b>		\$ 22,917,459	[.2]
2	Normalization adjustment to Increase / (Decrease) expense to reclass from Property Tax Expense to Amortization Expense - <b>AMTZ 7</b>	<b>OTX 1-21</b>	\$ (262,778)	[.2]
3	<b>Normalized expense for the twelve months ended December 31, 2021</b>		<u>\$ 22,654,681</u>	
4	Year-Over-Year Increase/(Decrease) expense for the twelve months ending December 31, 2022	<b>OTX 1-22</b>	<u>9,511,714</u>	
5	<b>Budgeted expense for the twelve months ending December 31, 2022</b>		<u>\$ 32,166,395</u>	[.3]
6	Year-Over-Year Increase/(Decrease) expense for the twelve months ending December 31, 2023	<b>OTX 1-23</b>	<u>(1,884,365)</u>	
7	<b>Budgeted expense for the twelve months ending December 31, 2023</b>		<u>\$ 30,282,030</u>	[.3]
8	Pro Forma adjustment to Increase / (Decrease) property tax expense for Ratemaking based on updates for the most recent property tax filing and nonjurisdictional property.	<b>OTX 1-23R</b>	<u>(7,989,905)</u>	
9	<b>Ratemaking expense for the twelve months ending December 31, 2023</b>		<u>\$ 22,292,125</u>	[.3]

Northern Indiana Public Service Company LLC  
Account 40813200 - Tax Exp-Property  
Twelve Months Ended December 31, 2021

Workpaper OTX 1  
Page [.2]

Line No.	Segment	Activity	2021												Twelve Months Ended December 31, 2021
			January	February	March	April	May	June	July	August	September	October	November	December	
1	E	Y2021 - Year 2021	\$ 1,896,144	\$ 1,896,144	\$ 1,896,144	\$ 1,896,144	\$ 1,896,144	\$ 1,811,869	\$ 1,882,110	\$ 1,882,110	\$ 1,882,110	\$ 1,882,110	\$ 1,882,110	\$ 1,882,110	\$ 22,585,249
2	E	Y2020 - Year 2020	-	-	-	-	-	(446,374)	-	-	-	-	-	-	(446,374)
3	E	CE 3300 - Amortization (AMR16 & AMR19)	112	112	94	112	112	112	112	112	112	112	112	112	1,327 A
4	E	FMCA	249	-	-	-	-	-	-	-	-	-	-	-	249
5	E	CE 9654 - Amortization (AMR16 & AMR19)	21,788	21,788	21,788	21,788	21,788	21,788	21,788	21,788	21,788	21,788	21,788	21,788	261,451 A
6	E	TDSIC	89,870	93,907	(11,555)	75,784	81,111	104,457	62,271	63,695	(56,169)	2,920	3,695	5,569	515,557
7		<b>Grand Total</b>	<b>\$ 2,008,163</b>	<b>\$ 2,011,950</b>	<b>\$ 1,906,472</b>	<b>\$ 1,993,828</b>	<b>\$ 1,999,155</b>	<b>\$ 1,491,852</b>	<b>\$ 1,966,281</b>	<b>\$ 1,967,704</b>	<b>\$ 1,847,841</b>	<b>\$ 1,906,929</b>	<b>\$ 1,907,705</b>	<b>\$ 1,909,579</b>	<b>\$ 22,917,459</b> [.1] [.3]
															Sum of A 262,778 [.1]

Northern Indiana Public Service Company LLC  
Budget  
Taxes Other Than Income: Electric Property Tax

Workpaper OTX 1  
Page [.3]

		Budget				
Line No.	Description	2021	2022	2023	2023R	
	A	B	C	D	E	
1	Property Tax	\$ 22,917,459	\$ 32,166,395	\$ 30,282,030	\$ 24,107,000	[.2] [1] [1] [4]
2	Remove Nonjurisdictional Property Tax				\$ (1,814,875)	[.7]
					<u>\$ 22,292,125</u>	[.1]

Northern Indiana Public Service Company LLC  
Calculation of Property Tax  
December 31, 2022 and 2023

Workpaper OTX 1  
Page [.4]

Line No.	Description A	Type B	Budget 2022 Pay 2023 Plan D	Pro-Forma Adjustments E	Pro-Forma 2022 Pay 2023 Agrees to Return F	Pro-Forma 2023 Pay 2024 Plan G
1	Beginning Assessed Value	Utility Personal Property	\$ 934,576,731			\$ 892,410,400 [.6]
2	<b>Year Plant Additions - Electric</b>		<b>2022</b>			<b>2023</b>
3	Gross Additions placed in Service (includes trackers, TDSIC & repairs)		451,139,000			694,026,128
4	Retirements		(83,161,000)			(80,940,982)
5	Intangibles (Software)		(28,756,000)			(22,631,392)
6	Trackers (pollution control investments exempt from property taxation)		(176,952,000)			-
7	Non-TDSIC Repairs (maintenance additions capitalized for book, expensed for tax)		(50,297,000)			(113,192,876)
8	263a Costs (labor capitalized for book, but expensed for tax)		(69,196,000)			(110,880,666)
9	TDSIC fully deductible repairs in year one - Electric		-			-
10	Net Taxable Additions		<u>42,777,000</u>			<u>366,380,212</u>
11	<b>Net Taxable Additions @ 30% Floor</b>		12,833,100			109,914,064
12	<b>Decrease in Obsolescence to Assessed Value</b>		-			
13	<b>Increase in CWIP Assessed Value</b>		27,000			27,000
14	Total Net Change		<u>\$ 12,860,100</u>			<u>\$ 109,941,064</u>
15	Personal Property Assessed Value Form UD 45, line 43	Utility Personal Property	\$ 947,436,800	\$ (55,026,400)	\$ 892,410,400 [.6]	\$ 1,002,351,464
16	Real Estate Assessed Value from latest assessment	Real Property	\$ 119,885,000	\$ (464,000)	\$ 119,421,000	119,421,000
17	<b>Total Assessed Value Personal and Real Property</b>		<u>\$ 1,067,321,800</u>	<u>\$ (55,490,400)</u>	<u>\$ 1,011,831,400</u>	<u>\$ 1,121,772,464</u>
18	Effective Tax Rate		<u>2.1481%</u>		<u>2.1235% [.5]</u>	<u>2.1605% [.5]</u>
19	Indiana Taxes on Personal and Real Property		22,926,646		21,486,728	24,235,514
20	<b>Indiana Only</b>		<b>22,926,646</b>		<b>21,486,728</b>	<b>24,240,000</b>
21	<b>Other Payments - Other States</b>		<b>70,000</b>		<b>70,000</b>	<b>70,000</b>
22	<b>Total NIPSCO - All states</b>		<u>22,996,646</u>		<u>21,556,728</u>	<u>24,310,000</u>
23	<b>CWIP Adjustment - Capitalized Tax</b>		<b>(297,000)</b>	<b>94,584</b>	<b>(202,416)</b>	<b>(203,000)</b>
24	<b>Net Expense</b>		<u>22,699,646</u>		<u>21,354,312</u>	<u>24,107,000 [.3]</u>

Northern Indiana Public Service Company LLC  
Electric Rate Case  
Effective Tax Rate AnalysisWorkpaper OTX 1  
Page [.5]

<u>Line No.</u>	<u>Calculation</u>	<u>Date</u>	<u>Tax</u>	<u>Assessed Value</u>	<u>Effective Tax Rate</u>	<u>Change in Effective Tax Rate</u>	<u>Inflation Rate %</u>
	<u>A</u>		<u>B</u>	<u>C</u>	<u>D = B / C</u>	<u>E</u>	<u>F</u>
1	2018 Actuals (final)	5/31/2019	\$ 37,978,254	\$ 1,765,169,900	2.1515%		
2	2019 Actuals (final)	5/31/2020	\$ 35,697,592	\$ 1,690,322,100	2.1119%	-0.0397%	-1.8431%
3	2020 Actuals (final)	5/31/2021	\$ 37,070,000	\$ 1,730,062,600	2.1427%	0.0308%	1.4592%
4	2021 Actuals (final)	5/31/2022	\$ 38,055,123	\$ 1,771,609,400	2.1481%	0.0054%	0.2500%
5	Budget 2022 Pay 2023 Plan	11/15/2021	\$ 38,205,988	\$ 1,799,158,000	2.1235% [.4]	-0.0245%	-1.1408%
6	Pro-Forma 2023 Pay 2024 Plan	11/15/2021	\$ 38,204,033	\$ 1,768,323,600	2.1605% [.4]	0.0124%	0.5845%
7	Absolute change in ETR from 2020 to 2023				0.0178%		
8	Percentage Increase in ETR from 2020 to 2023				0.8293%		
9	Average Percent Increase in ETR				0.4%		

Northern Indiana Public Service Company LLC  
Forecasting Electric  
2022 Payable in 2023Workpaper OTX 1  
Page [.6]**Part 1 - Source of Most Current Breakdown**

ProForma of Form UD45, Schedule A, Pages 3-4 - Electric

Line No.	Description	2023
1	Utility Plant and Property in Service	5,291,607,898
2	Non-Utility Property	89,614
3	Plant Held For Future Use	2,702,518
4	<b>Subtotal (Sum of Lines 1, 2 and 3)</b>	<b>5,294,400,030</b>
	Less: Locally Assessed Real Property Included In: (Do not include R/O/W, easements, or towers)	
5	Utility Plant and Property in Service	537,181,762
6	Non-Utility Property	89,614
7	Plant Held For Future Use	
8	<b>Subtotal - Locally Assessed Real Property (Sum of Lines 5, 6, and 7)</b>	<b>537,271,376</b>
9	TOTAL COST OF PROPERTY IN SERVICE (Excluding Locally Assessed Real Property) (Line 4 less Line 8)	4,757,128,654
10	Organization Expense	113,914
11	Acquisition Adjustment	
12	ADJUSTED COST (Sum of Lines 9, 10 and 11)	4,757,242,568
	<b>DEDUCTIONS AND EXEMPTIONS (at cost)</b>	
13	Intangibles (Attach explanation) Software	245,186,123
14	Less: Intangibles For Locally Assessed Real Property	
15	Net Intangibles (Please provide supporting documentation)	245,186,123
16	Industrial Air Purification Equipment in Service (Schedule A-3)	439,159,052
17	Water Pollution Control Equipment in Service (Schedule A-4)	59,753,385
18	TOTAL DEDUCTIONS AND EXEMPTIONS (Sum of Lines 15, 16 and 17)	744,098,560
19	TOTAL ADJUSTED COST OF PROPERTY IN SERVICE (Line 12 less Line 18)	4,013,144,008
20	TOTAL ADJUSTED COST OF PROPERTY IN SERVICE (carry forward Line 19 of Page 3)	4,013,144,008
	<b>DEPRECIATION, AMORTIZATION AND CREDIT FOR GROSS ADDITIONS</b>	
21	Accumulated Depreciation (as computed for Federal Tax purposes)	4,276,577,299
22	Accumulated Amortization Reserve	
23	Subtotal - Depreciation and Amortization (Line 21 plus Line 22)	4,276,577,299
24	Less: Accumulated Depreciation Applicable to Locally Assessed Real Property	351,343,888
25	Accumulated Depreciation and Amortization Applicable to Pollution Control Equipment	390,166,910
26	Amortization Reserve for Locally Assessed Real Property	
27	Amortization Reserve for Intangibles Deducted on Line 15	252,294,329
28	Subtotal - Net Depreciation and Amortization (Line 23 less Lines 24, 25, 26, and 27)	3,282,772,171
29	Credit for Gross Additions (Schedule A-1)	154,106,286
30	TOTAL DEPRECIATION, AMORTIZATION AND CREDITS (Sum Lines 28 and 29)	3,436,878,458
31	TENTATIVE VALUE OF PROPERTY IN SERVICE (Line 20 minus Line 30)	576,265,550
32	MINIMUM VALUE OF PROPERTY IN SERVICE [Thirty Percent (30%) of Line 20]	1,203,943,202
33	NET VALUE OF PLANT AND PROPERTY IN SERVICE (Greater of Lines 31 or 32)	1,203,943,202
	<b>ADDITIONS: (report at True Tax Value from appropriate schedule)</b>	
34	Construction in Process (Schedule A-1)	12,304,731
35	Leased Distributable Property (Schedule A-2, not included in Line 1)	
36	TOTAL ADDITIONS (Line 34 plus Line 35)	12,304,731
	<b>OTHER SCHEDULES: (if applicable)</b>	
37	REMC Schedule (Schedule A-5)	
38	Pipelines - Pipe Valuation (Schedule A-6)	
39	Pipelines - Other Property (Schedule A-7)	
40	Passenger Buses (Schedule A-8)	
41	Other	(323,837,516)
42	TOTAL (sum of Lines 33, 36, 37, 38, 39, 40, and 41)	892,410,417
43	<b>ASSESSED VALUE (Line 42, rounded to nearest ten dollars)</b>	<b>892,410,417</b>

[.4]

Northern Indiana Public Service Company LLC  
MVP Property Tax  
2023 Expense

Line No	Description	Sum of accum_cost	Co/Dist#	Book Cost	Tax Basis	Vintage	Assessment %	AV	Tax Rate	Tax
1	<b>WOE0141-97A</b>	\$ 6,377,003		\$ 6,377,003	\$ 4,241,632			\$ 1,272,490		
2	Michigan Township, LaPorte	4,272,592	46021	4,272,592	2,841,893		0.3	852,568	1.7029%	14,518
3	Springfield Township, LaPorte	2,104,411	46062	2,104,411	1,399,738		0.3	419,922	1.8143%	7,619
4	<b>WOE0143-97A</b>	\$ 17,754,397		\$ 17,754,397	\$ 11,809,248			\$ 3,542,775		
5	Michigan City Michigan, LaPorte	17,399,309	46022	17,399,309	11,573,063		0.3	3,471,919	3.7831%	131,346
6	Trail Creek Michigan, LaPorte	355,088	46026	355,088	236,185		0.3	70,855	2.6132%	1,852
7	<b>WOE0144-97A</b>	\$ 13,195,736		\$ 13,195,736	\$ 8,777,078			\$ 2,633,123		
8	Michigan City Michigan, LaPorte	2,771,105	46022	2,771,105	1,843,186		0.3	552,956	3.7831%	20,919
9	Springfield Township, LaPorte	10,424,632	46062	10,424,632	6,933,892		0.3	2,080,168	1.8143%	37,740
10	<b>WOE1464-71C</b>	\$ 198,105		\$ 198,105	\$ 131,769			\$ 39,531		
11	Honey Creek Township North Whi, White	198,105	91005	198,105	131,769	2020	0.3	39,531	1.1959%	473
12	<b>WOE0176-X7L</b>	\$ 10,929,238		\$ 7,342,664	\$ 4,883,936			\$ 1,465,181		
13	East Chicago, Lake	10,929,238	45024	7,342,664	4,883,936	2017	0.3	1,465,181	4.8725%	71,391
14	<b>WOE1208-71C</b>	\$ 10,929,238		\$ 52,207	\$ 34,725			\$ 10,418		
15	Honey Creek Township North Whi, White	10,929,238	91005	52,207	34,725	2017	0.3	10,418	1.1959%	125
16	<b>WOE1289-71C</b>	\$ 692,805		\$ 6,827,479	\$ 4,541,263			\$ 1,362,379		
17	Munster, Lake	692,805	45027	6,827,479	4,541,263	2017	0.3	1,362,379	3.1514%	42,934
18	<b>WOE2649-97A</b>	\$ 10,929,238		\$ 10,929,238	\$ 4,213,289			\$ 1,263,987		
19	Union Twp, Marshall County	10,929,238	50013	10,929,238	4,213,289	2017	0.3	1,263,987	0.9681%	12,237
20	<b>WOE2656-97A</b>	\$ 692,805		\$ 692,805	\$ 266,261			\$ 79,878		
21	Honey Creek Twp, North White School, White County	692,805	91010	692,805	266,261	2017	0.3	79,878	1.1218%	896
22	<b>WOE2666-97A</b>	\$ 6,543,700		\$ 6,543,700	\$ 2,075,316			\$ 622,595		
23	Monroe Twp, Pulaski County	6,543,700	66010	6,543,700	2,075,316	2014	0.3	622,595	1.3095%	8,153
24	<b>WOE2667-97A</b>	\$ 5,803,630		\$ 5,803,630	\$ 1,827,706			\$ 548,312		
25	Harrison Twp, Pulaski County	(2,008)		-	-					
26	Monroe Twp, Pulaski County	(8,300)		-	-					
27	North Bend Twp	(1,140)		-	-					
28	Tippecanoe Twp, Pulaski County	5,825,873	66015	5,803,630	1,827,706	2014	0.3	548,312	1.0205%	5,596
29	Union Twp, Marshall County	(10,795)		-	-					
30	<b>WOE2671-97A</b>	\$ 94,225,005		\$ 94,225,005	\$ 62,673,292			\$ 18,801,988		
31	Honey Creek Twp, North White School, White County	94,225,005	91005	94,225,005.04	62,673,292	2020	0.3	18,801,988	1.1959%	224,853
32	<b>WOE2672-97A</b>	\$ 25,823,318		\$ 25,823,318	\$ 19,883,955			\$ 5,965,186		
33	Center Twp, Howard	2,324,099	34001	2,324,099	1,789,556	2018	0.3	536,867	2.1094%	11,325
34	Clay Twp, Carroll County	2,065,865	08005	2,065,865	1,590,716	2018	0.3	477,215	1.1326%	5,405
35	Clay Twp, Howard	1,032,933	34017	1,032,933	795,358	2018	0.3	238,607	1.7039%	4,066
36	Deer Creek Twp, Carroll County	3,098,798	08006	3,098,798	2,386,075	2018	0.3	715,822	1.3762%	9,851
37	Ervin Twp, Howard	2,840,565	34018	2,840,565	2,187,235	2018	0.3	656,171	1.7208%	11,291
38	Honey Creek Twp, North White School, White County	1,032,933	91010	1,032,933	795,358	2018	0.3	238,607	1.1218%	2,677
39	Howard Twp, Howard	1,807,632	34022	1,807,632	1,391,877	2018	0.3	417,563	1.7111%	7,145
40	Jefferson Twp, Carroll County	3,098,798	08011	3,098,798	2,386,075	2018	0.3	715,822	1.0172%	7,281
41	Liberty Twp, Howard	2,065,865	34011	2,065,865	1,590,716	2018	0.3	477,215	2.4685%	11,780
42	Monroe Twp, Carroll County	2,840,565	08015	2,840,565	2,187,235	2018	0.3	656,171	1.2161%	7,980
43	Union Twp, White County	3,615,264	91020	3,615,264	2,783,754	2018	0.3	835,126	1.0654%	8,897
44	<b>WOE2673-97A</b>	\$ 50,680,540		\$ 50,680,540	\$ 39,024,016			\$ 11,707,205		
45	Center Twp, Howard	4,561,249	34001	4,561,249	3,512,161	2018	0.3	1,053,648	2.1094%	22,226
46	Clay Twp, Carroll County	4,054,443	08005	4,054,443	3,121,921	2018	0.3	936,576	1.1326%	10,608
47	Clay Twp, Howard	2,027,222	34017	2,027,222	1,560,961	2018	0.3	468,288	1.7039%	7,979
48	Deer Creek Twp, Carroll County	6,081,665	08006	6,081,665	4,682,882	2018	0.3	1,404,865	1.3762%	19,334
49	Ervin Twp, Howard	5,574,859	34018	5,574,859	4,292,642	2018	0.3	1,287,793	1.7208%	22,160
50	Honey Creek Twp, North White School, White County	2,027,222	91005	2,027,222	1,560,961	2018	0.3	468,288	1.1959%	5,600
51	Howard Twp, Howard	3,547,638	34022	3,547,638	2,731,681	2018	0.3	819,504	1.7111%	14,023
52	Jefferson Twp, Carroll County	6,081,665	08011	6,081,665	4,682,882	2018	0.3	1,404,865	1.0172%	14,290
53	Liberty Twp, Howard	4,054,443	34011	4,054,443	3,121,921	2018	0.3	936,576	2.4685%	23,119
54	Monroe Twp, Carroll County	5,574,859	08015	5,574,859	4,292,642	2018	0.3	1,287,793	1.2161%	15,661
55	Union Twp, White County	7,095,276	91020	7,095,276	5,463,362	2018	0.3	1,639,009	1.0654%	17,462
56	<b>WOE2674-97A</b>	\$ 15,700,122		\$ 15,700,122	\$ 10,442,858			\$ 3,132,857		
57	Benton Twp, Elkhart County	2,041,016	20003	2,041,016	1,357,572	2020	0.3	407,272	1.5559%	6,337
58	Bourbon Twp, Marshall County	2,355,018	50001	2,355,018	1,566,429	2020	0.3	469,929	1.3717%	6,446
59	Center Twp, Marshall County	2,669,021	50018	2,669,021	1,775,286	2020	0.3	532,586	1.5493%	8,251
60	Eden Twp, LaGrange County	1,413,011	44007	1,413,011	939,857	2020	0.3	281,957	1.1761%	3,316
61	Green Twp, Marshall County	942,007	50007	942,007	626,571	2020	0.3	187,971	1.6297%	3,063
62	Jackson Twp, Elkhart County	1,727,013	20018	1,727,013	1,148,714	2020	0.3	344,614	1.5716%	5,416
63	Jefferson Twp West, Elkhart county	2,355,018	20019	2,355,018	1,566,429	2020	0.3	469,929	1.9070%	8,962
64	Scott Twp, Kosciusko County	1,099,009	43020	1,099,009	731,000	2020	0.3	219,300	1.1854%	2,600
65	Union Twp, Marshall County	1,099,009	50013	1,099,009	731,000	2020	0.3	219,300	0.9681%	2,123
66	<b>WOE2675-97A</b>	\$ 10,616,109		\$ 10,616,109	\$ 7,061,253			\$ 2,118,376		
67	Beaver Twp, Pulaski County	1,592,416	66002	1,592,416	1,059,188	2020	0.3	317,756	1.0184%	3,236
68	Honey Creek Twp, North White School, White County	1,380,094	91005	1,380,094	917,963	2020	0.3	275,389	1.1959%	3,293
69	Indian Creek Twp, Pulaski County	1,804,738	66007	1,804,738	1,200,413	2020	0.3	360,124	1.3022%	4,690
70	Monon Twp, White County	1,804,738	91013	1,804,738	1,200,413	2020	0.3	360,124	1.2791%	4,606
71	Monroe Twp, Pulaski County	1,592,416	66010	1,592,416	1,059,188	2020	0.3	317,756	1.3095%	4,161
72	Tippecanoe Twp, Pulaski County	1,592,416	66015	1,592,416	1,059,188	2020	0.3	317,756	1.0205%	3,243
73	Union Twp, Marshall County	849,289	50013	849,289	564,900	2020	0.3	169,470	0.9681%	1,641
74	<b>WOE2676-97A</b>	\$ 48,930,943		\$ 48,930,943	\$ 32,546,172			\$ 9,763,852		
75	Honey Creek Twp, North White School, White County	48,930,943	91005	48,930,943	32,546,172	2020	0.3	9,763,852	1.1959%	116,766
76	<b>WOE2682-97A</b>	\$ 1,261,531		\$ 1,261,531	\$ 971,379			\$ 291,414		
77	Honey Creek Twp, North White School, White County	1,261,531	91005	1,261,531	971,379	2018	0.3	291,414	1.1959%	3,485
78	<b>WOE2683-97A</b>	\$ 24,932,888		\$ 24,932,888	\$ 16,583,986			\$ 4,975,196		
79	Eden Twp, LaGrange County	24,932,888	44007	24,932,888	16,583,986	2020	0.3	4,975,196	1.1761%	58,513
80	<b>WOE2684-97A</b>	\$ 133,714,440		\$ 133,714,440	\$ 88,939,493			\$ 26,681,848		
81	Beaver Twp, Pulaski County	20,057,166	66002	20,057,166	13,340,924	2020	0.3	4,002,277	1.0184%	40,759
82	Honey Creek Twp, North White School, White County	17,382,877	91005	17,382,877	11,562,134	2020	0.3	3,468,640	1.1959%	41,481
83	Indian Creek Twp, Pulaski County	5,348,578	66007	5,348,578	3,557,580	2020	0.3	1,067,274	1.3022%	13,898
84	Monon Twp, White County	22,731,455	91013	22,731,455	15,119,714	2020	0.3	4,535,914	1.2791%	58,019
85	Monroe Twp, Pulaski County	37,440,043	66010	37,440,043	24,903,058	2020	0.3	7,470,917	1.3095%	97,832
86	Tippecanoe Twp, Pulaski County	20,057,166	66015	20,057,166	13,340,924	2020	0.3	4,002,277	1.0205%	40,843
87	Union Twp, Marshall County	10,697,155	50013	10,697,155	7,115,159	2020	0.3	2,134,548	0.9681%	20,665
88	<b>WOE2685-97A</b>	\$ 138,457,361		\$ 138,457,361	\$ 92,094,223			\$ 27,628,267		
89	Benton Twp, Elkhart County	17,999,457	20003	17,999,457	11,972,249	2020	0.3	3,591,675	1.5559%	55,883
90	Bourbon Twp, Marshall County	20,768,604	50001	20,768,604	13,814,133	2020	0.3	4,144,240	1.3717%	56,847
91	Center Twp, Marshall County	22,153,178	50018	2						