

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, IND. CODE § 8-)
1-2.5-6 FOR (1) AUTHORITY TO MODIFY ITS)
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,) CAUSE NO. 45159
AND RIDERS; (3) APPROVAL OF REVISED)
COMMON AND ELECTRIC DEPRECIATION RATES)
APPLICABLE TO ITS ELECTRIC PLANT IN)
SERVICE; (4) APPROVAL OF NECESSARY AND)
APPROPRIATE ACCOUNTING RELIEF; AND (5))
APPROVAL OF A NEW SERVICE STRUCTURE FOR)
INDUSTRIAL RATES.)

INDUSTRIAL GROUP'S NOTICE OF REVISED TESTIMONY

The NIPSCO Industrial Group ("Industrial Group"), by counsel, makes the following revisions to the Direct Testimony of James R. Dauphinais;

Pages 17-20: There are eight references to Cause No. 45074, that have been changed to the correct Cause No. 45078.

The Industrial Group makes the following revision to the Cross-Answering Testimony of Nicholas Phillips, Jr.;

Page 6: Line 12 the reference to Cause No. 38054 should be changed to Cause No. 38045.

We are attaching redlined pages only. Clean versions will be included in the Court Reporter's copies offered into evidence.

Respectfully submitted,

/s/ *Bette J. Dodd*

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CERTIFICATE OF SERVICE

The undersigned counsel hereby certifies that a copy of the foregoing document was served via electronic mail this 24th day of July, 2019:

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Bette J. Dodd

1 **Q** **RIDER 876 IS ONLY AVAILABLE TO RATE 831 CUSTOMERS. HOW IS BACKUP,**
2 **MAINTENANCE AND TEMPORARY SERVICE PROVIDED TO CUSTOMERS WHO**
3 **EITHER CHOOSE RATE 830 SERVICE INSTEAD OF RATE 831 SERVICE OR ARE**
4 **REQUIRED TO TAKE RATE 830 SERVICE BECAUSE THEY ARE NOT ELIGIBLE**
5 **FOR RATE 831 SERVICE?**

6 **A** Backup, maintenance and temporary power provisions have been directly incorporated
7 into Rate 830 in order to provide these services to Rate 830 customers.

8 **IV Definition of Premise**

9 **Q** **DO YOU HAVE ANY OTHER RECOMMENDATIONS WITH REGARD TO TARIFF**
10 **LANGUAGE PROPOSED BY NIPSCO?**

11 **A** Yes. In its General Rules and Regulations, NIPSCO has proposed added language in
12 the definition of "Premise" at Rule 1.76 that is specific to Industrial Customers. The
13 new language is not necessary to the implementation of the new industrial rate
14 structure, but instead appears to reflect NIPSCO's position in a pending dispute that is
15 currently before the Commission in Cause No. 4507⁴⁸. My recommendation is that
16 the definition of "Premise" be amended in a manner that would accommodate whatever
17 ruling the Commission makes in the pending case, rather than in a way that may or
18 may not be consistent with the Commission's determination in that separate
19 proceeding.

20 **Q** **WHAT IS THE NEW LANGUAGE PROPOSED BY NIPSCO FOR THE DEFINITION**
21 **OF "PREMISE"?**

22 **A** The revision proposed by NIPSCO is highlighted below:

23 "1.76 Premise. The main residence, or living quarters for the use of a
24 single family Residential Customer, or main building of a Commercial

1 Customer, or the main building or customer-owned transmission,
2 distribution, primary or secondary voltage electric system (if existing) of
3 an Industrial Customer. For Residential Customers and Commercial
4 Customers the Premise includes the outlying or adjacent buildings used
5 by the Customer provided the use of the service in the outlying or
6 adjacent buildings is supplemental to the service used in the main
7 residence or building. All non-IDR metered Industrial Customer
8 Premises will be eligible for Summary Billing."

9 **Q HOW DOES THAT LANGUAGE RELATE TO THE DISPUTE IN THE PENDING**
10 **COMMISSION PROCEEDING?**

11 A Based on my review of the evidence submitted in Cause No. 4507⁴⁸, the question in
12 that proceeding is whether a particular industrial location should be treated as one
13 "Premise" or two. NIPSCO's existing electric tariff does not have a definition of
14 "Premise" specific to industrial customers. The customer's position in Cause No.
15 4507⁴⁸ is that a single industrial operation conducted by a single customer at a single
16 location should be treated as a single "Premise" for purposes of service and billing.
17 NIPSCO's position is that each electrical system owned by a customer is a separate
18 "Premise." The new proposed tariff language is specific to industrial customers, and
19 reflects NIPSCO's litigation position in Cause No. 4507⁴⁸ by adding a new definition
20 by requiring each "customer-owned transmission, distribution, primary or secondary
21 voltage electric system" to be served as a separate "Premise."

22 **Q WHAT DO YOU RECOMMEND?**

23 A The Commission's determination in Cause No. 4507⁴⁸ is not known at the present time,
24 but the conclusion in that dispute should not be disregarded in this case. At very least,
25 the Commission should preserve the merits of its ultimate order in Cause No. 4507⁴⁸ in
26 this docket. One option would be simply to deny the proposed revision to Rule 1.76,
27 leaving the definition of "Premise" unchanged from NIPSCO's current tariff language,

1 allowing the outcome of Cause No. 4507⁴⁸ to control. This would be a reasonable
2 approach given the existing definition has been functioning effectively for many years with
3 NIPSCO's large industrial customer base.

4 **Q DO YOU HAVE ANY ALTERNATIVE SUGGESTION?**

5 A Yes. If the Commission concludes that added language defining an industrial
6 "Premise" is appropriate, my recommendation is guided by a statutory provision
7 referencing a "single industrial operation." The term is used in Indiana Code Section
8 8-1-2.3-6(a)(3), which is the provision in the Service Area Assignments Act that
9 addresses split-sites. One specified circumstance concerns a "single industrial
10 operation" that overlaps the boundaries of two electric suppliers. In that instance, the
11 Commission is authorized to determine which of the two should provide the service.
12 The policy there is that a "single industrial operation" should be treated as a unit for
13 purposes of electric service. In this case, accordingly, the Commission could adopt the
14 statutory phrase "single industrial operation" for purposes of the tariff definition.

15 **Q WHAT SPECIFIC LANGUAGE WOULD YOU PROPOSE?**

16 A I recommend the following revisions to NIPSCO's proposed language:

17 "1.76 Premise. The main residence, or living quarters for the use of a
18 single family Residential Customer, or main building of a Commercial
19 Customer, or the main building or customer-owned transmission,
20 distribution, primary or secondary voltage electric system facilities (if
21 existing) connected to a single industrial operation of an Industrial
22 Customer. For Residential Customers, and Commercial Customers and
23 Industrial Customers with a main building, the Premise includes the
24 outlying or adjacent buildings used by the Customer provided the use of
25 the service in the outlying or adjacent buildings is supplemental to the
26 service used in the main residence or building. All non-IDR metered
27 Industrial Customer Premises will be eligible for Summary Billing."

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1 Those revisions would tie the definition to the statutory term “single industrial operation”
2 consistent with the customer position in Cause No. 4507~~4~~8.

3 **Q DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

4 **A Yes, it does.**

1 **Q ARE THERE ANY RESPECTS IN WHICH LARGE INDUSTRIAL CUSTOMERS**
2 **HAVE MITIGATED THE MAGNITUDE OF NIPSCO'S EXISTING LEVEL OF**
3 **GENERATION COSTS?**

4 A Yes. Two factors are of particular significance. First, the interruptible service received
5 by industrial customers has reduced the capacity that NIPSCO has needed to build and
6 maintain to meet firm service demand on its system. Second, the cogeneration and
7 self-supply facilities installed by large industrials have similarly offset the need for
8 NIPSCO to construct or procure additional capacity.

9 **Q HAS THE COMMISSION RECOGNIZED THE ROLE OF INTERRUPTIBLE SERVICE**
10 **IN MITIGATING THE AMOUNT OF CAPACITY THAT NIPSCO HAS NEEDED TO**
11 **MAINTAIN?**

12 A Yes, repeatedly. In the July 15, 1987 order in Cause No. 3805445, at page 76, the
13 Commission noted both the UCC and staff witnesses agreed that interruptible
14 customers "theoretically place no demands on the system for capacity." At page 77 of
15 the same order, the Commission stated that "if some of NIPSCO's customers enter into
16 long-term contracts for interruptible power, NIPSCO can delay the building of
17 generating capacity to serve those customers." Similarly, at pages 67-69 of the
18 December 21, 2011 order in Cause No. 43969, the Commission found that interruptible
19 service provides "benefits to all customers in the form of avoided capital costs for
20 additional generation and lower fuel costs flowing through the FAC" and that such
21 service "protects all of NIPSCO's customers by potentially avoiding the costs to build
22 new generation that would ultimately be recovered through base rates." The same
23 point was reiterated in the July 18, 2016 order in Cause No. 44688, where the
24 Commission stated at page 89 that interruptible service "will continue to be beneficial