

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

VERIFIED PETITION OF NORTHERN INDIANA)
PUBLIC SERVICE COMPANY FOR (1) APPROVAL OF AN)
ADJUSTMENT TO ITS GAS SERVICE RATES)
THROUGH ITS TRANSMISSION, DISTRIBUTION,)
AND STORAGE SYSTEM IMPROVEMENT CHARGE)
("TDSIC") RATE SCHEDULE; (2) AUTHORITY TO)
DEFER 20% OF THE APPROVED CAPITAL)
EXPENDITURES AND TDSIC COSTS FOR RECOVERY IN)
PETITIONER'S NEXT GENERAL RATE CASE; AND (3))
APPROVAL OF PETITIONER'S UPDATED 7-YEAR GAS)
PLAN, INCLUDING ACTUAL AND PROPOSED)
ESTIMATED CAPITAL EXPENDITURES AND TDSIC)
COSTS THAT EXCEED THE APPROVED AMOUNTS, ALL)
PURSUANT TO IND. CODE CH. 8-1-39 AND THE)
COMMISSION'S ORDERS IN CAUSE NOS. 44403 AND)
44403-TDSIC-1.)

CAUSE NO. 44403
TDSIC-004

VERIFIED PETITION OF NORTHERN INDIANA)
PUBLIC SERVICE COMPANY LLC FOR (1) APPROVAL)
OF AN ADJUSTMENT TO ITS GAS SERVICE RATES)
THROUGH ITS TRANSMISSION, DISTRIBUTION, AND)
STORAGE SYSTEM IMPROVEMENT CHARGE ("TDSIC"))
RATE SCHEDULE; (2) AUTHORITY TO DEFER 20% OF)
THE APPROVED CAPITAL EXPENDITURES AND TDSIC)
COSTS FOR RECOVERY IN PETITIONER'S NEXT)
GENERAL RATE CASE; (3) APPROVAL OF)
PETITIONER'S UPDATED 7-YEAR GAS PLAN,)
INCLUDING ACTUAL AND PROPOSED ESTIMATED)
CAPITAL EXPENDITURES AND TDSIC COSTS THAT)
EXCEED THE APPROVED AMOUNTS IN CAUSE NO.)
44403-TDSIC-8, ALL PURSUANT TO IND. CODE CH.)
8-1-39-9, AND (4) APPROVAL OF PETITIONER'S RETURN)
OF EXCESS INCOME TAX REVENUE RECOVERED)
THROUGH ITS BASE RATES BETWEEN JANUARY 1 AND)
APRIL 30, 2018 THROUGH ITS TDSIC FACTOR.)

CAUSE NO. 44403
TDSIC-009

INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR

PUBLIC'S EXHIBIT NO. 1-S SETTLEMENT TESTIMONY OF

OUCW WITNESS MARK H. GROSSKOPF

NOVEMBER 9, 2018

**SETTLEMENT TESTIMONY OF OUCC WITNESS MARK H. GROSSKOPF
CONSOLIDATED CAUSE NOS. 44403 TDSIC-4 AND 44403 TDSIC-9
NORTHERN INDIANA PUBLIC SERVICE COMPANY LLC**

I. INTRODUCTION

1 **Q: Please state your name, business and occupational capacity.**

2 A: My name is Mark H. Grosskopf, Senior Utility Analyst with the Indiana Office of
3 Utility Consumer Counselor (“OUCC”). I previously filed direct testimony in this
4 case on October 30, 2018.

5 **Q: What is the purpose of your testimony?**

6 A: My testimony describes some of the benefits that result from the Settlement
7 Agreement (“SA” or “Settlement”) between the OUCC, Northern Indiana Public
8 Service Company LLC (“NIPSCO” or “Petitioner”), and the NIPSCO Industrial
9 Group (“IG”). The Settlement resolves not only issues in the TDSIC-4 remand
10 case, but also issues appealed in TDSIC-5, -6, -7, -and all outstanding issues in
11 TDSIC -8 and -9. I will also discuss why the Settlement is in the public interest
12 and should be approved by the Commission.

13 **Q: Why does the OUCC believe the Settlement serves the public interest?**

14 A: The Settlement serves the public interest in several ways:

15 1) First and foremost, the Settlement saves ratepayers more than \$9.2M.
16 In combination with the parties’ agreement in NIPSCO’s TDSIC-8
17 proceeding, total customer savings add up to over \$10.4M (see
18 Settlement Testimony of IG Witness Mr. Nick Phillips at pages 7-8);

- 1 2) Customers will pay less going forward as well, based on lower TDSIC
2 tracker charges and 20% deferral amounts;
- 3 3) A revised plan update with new annual and 7-Year caps are beneficial
4 to both customers and NIPSCO.
- 5 4) As recommended by OUCC witness Mr. Leon Golden in his TDSIC-9
6 testimony, bare steel projects will be removed from this and future
7 TDSIC trackers;
- 8 5) NIPSCO will be able to recover future costs for both bare steel
9 projects and its Kokomo Low Pressure System project through its
10 federally mandated compliance ("FMCA") tracker;
- 11 6) All parties receive both certainty and finality after years of litigation
12 before the Commission and appellate courts with a compromise that
13 balances risks and rewards faced by each party; and
- 14 7) Administrative efficiency is well served by resolving all disputes in
15 this single proceeding.

16 **Q: Please explain why the items you set forth above promote the public interest.**

17 A: Cost Savings (Points 1, 2 & 3): The public interest is served when all customers
18 are able to pay lower rates. This is particularly true in settlement agreements,
19 where multiple parties with varied interests have negotiated at arm's length and
20 come to a resolution they believe is reasonably beneficial given the totality of
21 circumstances. The timing of the agreed refunds / credits further promotes the
22 public interest, as ratepayers will receive a larger, immediate benefit rather than

1 multiple smaller amounts over an extended period of time. Additionally, the
2 credits / refunds are allocated proportionally in the amounts originally paid by
3 each customer class, assuring neither costs nor benefits have been unfairly shifted.
4 The revised plan update (sponsored by NIPSCO witness Mr. Donald Bull) brings
5 the collection of remaining projects, costs and estimates into clearer focus
6 immediately. Caps provide customers security against large annual cost increases.
7 The 5% annual flexibility factor frees NIPSCO from rigid spending and project
8 management limitations while still providing safe, adequate, and reliable service.

9 Bare Steel / Kokomo Low Pressure System project (Points 4 & 5): OUCC witness
10 Mr. Golden advocated for the removal of bare steel from the TDSIC as a Multiple
11 Unit Project ("MUP"). The Settlement directly addresses that concern by
12 removing bare steel cost recovery from TDSIC-9 going forward and moving those
13 projects to NIPSCO's FMCA, consistent with both the OUCC's position and
14 other gas utilities' practices. The Settlement gives NIPSCO the certainty that
15 neither the OUCC nor IG will oppose bare steel or the Kokomo Low Pressure
16 System project's eligibility within the FMCA, eliminating both litigation risk and
17 improving the chances for an expeditious order for these important projects.

18 Certainty / Efficiency (Points 6 & 7): Risk is inherent in all litigation, so parties
19 compromise and settle on less than their optimal outcome to avoid the prospects
20 of a potentially more damaging result. Litigation is costly, and parties reasonably
21 settle to avoid those costs. When all parties, each with their divergent views,
22 negotiate at arm's length and arrive at a mutually agreeable result, the public

1 interest is served. Adjudicative bodies have long recognized the benefits of
2 settlements.

3 NIPSCO's Gas TDSIC cases -4, -5, -6, -7 and -8 were all appealed. TDSIC-4 has
4 been remanded to the IURC, while TDSICs -5 through -8 remain before the
5 Indiana Court of Appeals. The public interest is served by the resolution of all
6 issues in these cases, as well as TDSIC-9, that results in cost certainty for the
7 parties, a reasonable balancing of those interests, and administrative / judicial
8 economy.

9 **Q: What is the OUCC's recommendation regarding the Settlement?**

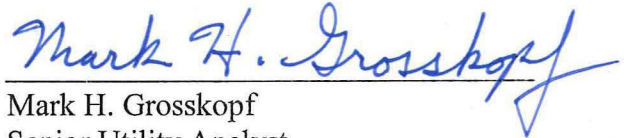
10 A: The Commission should find the Settlement in the public interest and approve it,
11 in its entirety.

12 **Q: Does this conclude your testimony?**

13 A: Yes.

AFFIRMATION

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



Mark H. Grosskopf
Senior Utility Analyst
Indiana Office of Utility Consumer Counsel
Cause No. 44403 TDSIC-009
NIPSCO LLC

11/9/18

Date

Respectfully submitted,


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Deputy Consumer Counselor

Randall C. Helmen, Attorney. No. 8275-49
Chief Deputy Consumer Counselor

CERTIFICATE OF SERVICE

This is to certify that a copy of the foregoing *Indiana Office of Utility Consumer Counselor Public's Exhibit No. 1-S Settlement Testimony of OUCC Witness Mark H. Grosskopf* has been served upon the following counsel of record in the captioned proceeding by electronic service on November 9, 2018.

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