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INDIANA UTILITY  
REGULATORY COMMISSION

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**VERIFIED DIRECT TESTIMONY OF NICK BLY**

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1 **Introduction**

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

3 A1. My name is Nick Bly. My business address is 290 W Nationwide Blvd,  
4 Columbus, Ohio 43215. I am the Manager of Accounting for NiSource  
5 Corporate Services Company ("NCSC"), a wholly owned subsidiary of  
6 NiSource Inc. Previously, I was a manager within Financial Planning &  
7 Analysis ("FP&A") focused on budget development and support for  
8 Corporate O&M, of which NCSC is the largest component.

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

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

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

13 A3. I received a Bachelor of Science degree in Business Administration with a  
14 concentration in Accounting and minor in Philosophy and Religious  
15 Studies from Winthrop University in Rock Hill, South Carolina in May  
16 2006. My career began in the audit practice of Deloitte in Columbus, Ohio,

1 where I first was exposed to the utility industry, as my main client from  
2 2008-2010 was an electric utility. In 2010, I began working for NCSC as a  
3 Senior Financial Analyst in a Consolidation Accounting role. In the  
4 following years, I also served as a Lead Analyst in Corporate Development,  
5 Lead Analyst in Corporate Budgeting, Manager in Corporate FP&A, and  
6 the Corporate Finance Manager before leaving NCSC in 2016. From 2017  
7 to 2020, I served in a multifunctional finance and operations role for  
8 JadeTrack, Inc., a Software-As-A-Service company that provides Enterprise  
9 Energy Management Software. In October 2020, I re-joined NCSC in FP&A.  
10 In January 2024, I transferred into my current role.

11 **Q4. What were your responsibilities as Manager of Financial Planning &**  
12 **Analysis, and what are your current responsibilities?**

13 A4. As Manager of Financial Planning & Analysis, my principal responsibilities  
14 included budgeting and forecasting operations and maintenance ("O&M")  
15 expenses for the corporate functions and the overhead costs of total NCSC.  
16 In carrying out these duties, I was responsible for a number of activities,  
17 including developing formal financial plans with budget owners, monthly  
18 reporting and variance analysis, updating the current year forecast through

1 the present estimate process, and other *ad hoc* financial support for the  
2 corporate functions of NCSC.

3 As Manager of Accounting for NCSC, my responsibilities include  
4 maintaining the processes and controls to identify and record transactions  
5 related to NCSC and the corresponding allocations to the NiSource  
6 operating companies, including NIPSCO.

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

9 A5. Yes. I previously testified before the Commission in NIPSCO's prior gas  
10 rate cases in Cause Nos. 45621 and 45967 and NIPSCO's last electric rate  
11 case in Cause No. 45772. I have also testified before the Pennsylvania Public  
12 Utility Commission on behalf of Columbia Gas of Pennsylvania, Inc. in  
13 Docket Nos. R-2022-3031211 and R-2024-30465219.

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

16 A6. Yes. I am sponsoring Attachments 5-A through 5-E, all of which were  
17 prepared by me or under my direction and supervision. I also sponsor a

1 portion of the workpapers included in Petitioner's Confidential Exhibit No.  
2 18-S2.

3 **Q7. What is the purpose of your testimony?**

4 A7. The purpose of my direct testimony is to provide background on the  
5 relationship between NCSC and NIPSCO. I also support the actual  
6 operation and maintenance ("O&M") expenses associated with services  
7 provided by NCSC to NIPSCO for the period beginning January 1, 2023 and  
8 ending December 31, 2023 (the "Historic Base Period"), as well as certain  
9 normalization adjustments to those expenses (which when taken together,  
10 comprise the "Normalized Historic Base Period"). The same underlying  
11 allocation methodologies applied during the Historic Base Period are used  
12 for the expected NCSC services provided to NIPSCO for the period  
13 beginning January 1, 2024 and ending December 31, 2024 (the "2024  
14 Forecast Period"), and the period beginning January 1, 2025 and ending  
15 December 31, 2025 (the "Forward Test Year"). I also support the projected  
16 O&M expenses associated with services provided by NCSC to NIPSCO,  
17 and any adjustments to those expenses for the 2024 Forecast Period and the  
18 Forward Test Year.

1 Relationship between NCSC and NIPSCO

2 **Q8. Please explain the structure and role of NCSC.**

3 A8. NCSC was established to provide centralized services to the individual  
4 operating companies within NiSource and coordinates the allocation and  
5 billing of charges to the NiSource operating companies for services  
6 provided by both NCSC directly and by third-party vendors. The  
7 rendering of services on a centralized basis enables the affiliates to realize  
8 benefits from economies of scale by leveraging the use and specialized  
9 expertise of personnel and equipment across the entire enterprise. Thus,  
10 NCSC offers NIPSCO, as well as the other individual NiSource distribution  
11 companies, access to the depth and breadth of professional experience that  
12 may not otherwise be available, or available from consultants at much  
13 higher costs. NIPSCO Witness Baryenbruch evaluates the reasonableness  
14 of and necessity for the costs of services provided by NCSC to NIPSCO  
15 Electric and compares the cost of services provided to NIPSCO to market-  
16 based costs. A list of the NCSC associate billing companies is shown in  
17 Attachment 5-A.

18 **Q9. How are costs billed to affiliates?**

19 A9. There are two types of billings made to affiliates, including NIPSCO: (1)

1 contract billing and (2) convenience billing.

2 **Q10. Please explain the difference between contract and convenience billings.**

3 A10. Contract billings represent NCSC labor and costs billed to the respective  
4 affiliates and are identified by billing pools. Contract billings may be direct-  
5 billed (billed directly to a single affiliate or function, including NIPSCO  
6 Electric, NIPSCO Gas or NIPSCO Common), or allocated (split between or  
7 among several affiliates), depending upon the nature of the expense. Of  
8 note, the total amount of costs reflected in the Historic Base Period and the  
9 Normalized Historic Base Period (as shown in Attachment 5-D) are all  
10 contract billings.

11 Convenience billings reflect payments that are routinely made on behalf of  
12 affiliates on an ongoing basis, including employee benefits, corporate  
13 insurance, leasing, and external audit fees. Each affiliate is billed for its  
14 proportional share of the payments made in that respective month. As the  
15 name implies, convenience billing is intended as a convenience to vendors  
16 because it eliminates the need for a separate invoice to be generated for each  
17 affiliate entity receiving the same services. NCSC makes the payment to  
18 the vendor and the charges for the services are recorded directly on the

1 books of the affiliate.

2 **Q11. Is contract billing rendered pursuant to an executed contract?**

3 A11. Yes. NCSC has executed an individual Service Agreement with each  
4 affiliate, which designates the types of services to be performed and the  
5 method of calculating the charges for those services. The Service  
6 Agreement is updated from time to time so all affiliates that receive service  
7 from NCSC are subject to the same Service Agreement. A copy of the  
8 current Service Agreement, effective January 1, 2015 between NCSC and  
9 NIPSCO, was submitted to this Commission as an affiliate agreement on  
10 January 15, 2015 (the "Service Agreement"). A copy of the Service  
11 Agreement is attached hereto as Attachment 5-B. The services provided to  
12 NIPSCO are described in the Service Agreement in Article 1 and in  
13 Appendix A (Article 2) and further described below.

14 **Q12. Is NCSC responsible for appropriately assessing the split between costs**  
15 **attributable to NIPSCO's Electric and Gas operations?**

16 A12. No, not unless the costs are directly billed to NIPSCO Electric or NIPSCO  
17 Gas. NCSC has been direct billing expenses, where possible, to NIPSCO  
18 Electric and NIPSCO Gas since 2009. As NIPSCO Witness Weatherford

1 explains, allocations between NIPSCO Electric and NIPSCO Gas are done  
2 using a similar methodology as the NCSC allocation bases. The NCSC  
3 allocation methodology is described below.

4 **NCSC Cost Allocation to NIPSCO**

5 **Q13. How does NCSC determine charges applicable to NIPSCO?**

6 A13. NCSC is regulated by the Federal Energy Regulatory Commission  
7 ("FERC"). Pursuant to FERC Order No. 684 issued October 19, 2006,  
8 centralized service companies (like NCSC) must use a cost accumulation  
9 system, provided such system supports the allocation of expenses to the  
10 services performed and readily identifies the source of the expense and the  
11 basis for the allocation. In compliance with FERC, NCSC uses a billing pool  
12 system to collect costs that are applicable and billable to affiliates, including  
13 NIPSCO. The cost allocation policy requires all expenses (labor related or  
14 otherwise) to be charged directly to an affiliate whenever possible and  
15 practicable. Some projects or services necessarily involve more than one  
16 affiliate, and in that case, the billing pool system details how expenses are  
17 allocated among the participating affiliates.

18 **Q14. Are charges for services rendered to NIPSCO billed at cost?**

19 A14. Yes. In accordance with the Service Agreement (Section 2.2), all services are



1 provided at cost, including compensation for use of capital.

2 **Q15. What controls are in place to ensure that an affiliate is consistently and**  
3 **appropriately billed?**

4 A15. NCSC allocates costs for a particular billing pool in accordance with the  
5 bases of allocation filed annually with FERC. A description of the basis of  
6 each allocation is included within the Service Agreement. NCSC updates  
7 the statistical data used in the approved allocation bases, at minimum, on a  
8 semi-annual basis. Prior to publishing the updated allocation percentages,  
9 NCSC provides NIPSCO's leadership team the opportunity to review,  
10 discuss, and provide feedback on the changes from the previous allocation  
11 percentages. There are system controls in place that restrict certain  
12 departments, or groups of departments, to only use billing pools that  
13 allocate to companies benefitting from the services those departments  
14 provide. Essentially, a department that supports only the operating  
15 affiliates would only be allowed to use billing pools that include the  
16 operating affiliates. If an individual would attempt to use a different billing  
17 pool, the related accounting systems would prompt an immediate error and

1 not allow data to be input. NCSC continues to use the same allocation  
2 methods reviewed and tested during its last FERC Audit.<sup>1</sup>

3 **Q16. What are the Bases of Allocation?**

4 A16. NCSC allocates costs for a particular billing pool in accordance with the  
5 following Bases of Allocation that are filed annually with the FERC:

- |    |          |  |
|----|----------|--|
| 6  | BASIS 1  | Gross Fixed Assets and Total Operating Expenses          |
| 7  | BASIS 2  | Gross Fixed Assets                                       |
| 8  | BASIS 3  | Number of Meters Serviced (Not used for NIPSCO)          |
| 9  | BASIS 4  | Number of Accounts Payable Invoices Processed            |
| 10 | BASIS 7  | Gross Depreciable Property & Total Operating Expense     |
| 11 | BASIS 8  | Gross Depreciable Property (Not used for NIPSCO)         |
| 12 | BASIS 9  | Automotive Units   |
| 13 | BASIS 10 | Number of Retail Customers                               |
| 14 | BASIS 11 | Number of Regular Employees                              |
| 15 | BASIS 13 | Fixed Allocation   |
| 16 | BASIS 14 | Number of Transportation Customers (not used for NIPSCO) |
| 17 | BASIS 15 | Number of Commercial Customers (not used for NIPSCO)     |
| 18 | BASIS 16 | Number of Residential Customers (not used for NIPSCO)    |

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<sup>1</sup> NiSource Inc., including NCSC, underwent a FERC audit, Docket No. FA11-5-000 covering the period January 1, 2009 through December 31, 2010. The Final Audit Report was issued by the FERC on October 24, 2012, which is provided in response to 170 IAC 1-5-7(5).

1 BASIS 17 Number of High Pressure Customers (not used for NIPSCO)

2 BASIS 20 Service Company Billing (direct and allocated) Costs

3 A description of each Basis of Allocation is included in Attachment 5-B  
4 (Exhibit A of Appendix A to the Service Agreement). Each basis of  
5 allocation has one or more allocation codes under it that include different  
6 groupings of the benefitting operating companies. Allocation bases along  
7 with their respective allocation codes included in the Historic Base Period  
8 for NIPSCO are shown in Attachment 5-C. As NIPSCO Witness  
9 Weatherford discusses, a similar methodology is used to allocate NIPSCO  
10 Common costs between NIPSCO Electric and Gas and these allocation  
11 percentages are included in NIPSCO Witness Weatherford's Attachment 3-  
12 E.

13 **Q17. Please explain each affiliate's rights regarding bills issued by NCSC.**

14 A17. In accordance with the Service Agreement (Section 4.1), NIPSCO has the  
15 right to meet with NCSC to review and assess the quality, costs, and/or  
16 allocations of the services being provided pursuant to the Service  
17 Agreement. The NCSC accounting team performs a review of the bill and  
18 makes selections to test individual charge details for reasonableness and

1 accuracy. A monthly report summarizing the contract billings is sent out  
2 to the utility planning group for review and informational purposes.

3 **Historic Base Period NCSC Allocation to NIPSCO**

4 **Q18. What is the actual amount of NCSC O&M expenses billed to NIPSCO**  
5 **Electric in the Historic Base Period?**

6 A18. The actual amount of NCSC O&M expenses in the Historic Base Period for  
7 NIPSCO Electric is \$114,193,347 as shown on Attachment 5-D, Page 1, Line  
8 1.<sup>2</sup> To arrive at a comparable, ongoing level of allocated expenses, certain  
9 adjustments are made to the Historic Base Period, resulting in a Normalized  
10 Historic Base Period total expense of \$105,706,395, as shown on Attachment  
11 5-D, Page 1, Line 6.

12 **Q19. Please explain the adjustments to the Historic Base Period to arrive at the**  
13 **Normalized Historic Base Period.**

14 A19. As shown on Attachment 5-D, and as further discussed below, adjustments  
15 were made to the Historic Base Period for (1) Long Term Incentive ("LTI")  
16 Plan Normalization Adjustment, (2) Short Term Incentive ("STI") Plan

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<sup>2</sup> Petitioner's Exhibit No. 3, Attachment 3-C-S2, OM 6 (line 1).

1 Normalization Adjustment, and (3) Non-Recurring Work and Asset  
2 Management ("WAM") program expenses.

3 **Q20. Please explain the LTI Adjustment on Attachment 5-D, Page 1, Line 3.**

4 A20. The LTI Adjustment normalizes the Historic Base Period by increasing  
5 NCSC expenses in the amount of \$128,169 to reflect a payout consistent  
6 with target levels included in the 2024 Forecast Period and Forward Test  
7 Year. LTI is a form of stock compensation granted to employees for two  
8 reasons: first, to align employee interests with those of NiSource, and  
9 second, to ensure NiSource is competitive in the marketplace to attract and  
10 retain highly qualified and capable employees. LTI represents restricted  
11 and contingent stock compensation that was granted to leaders at the  
12 Director level and higher prior to and during the Normalized Historic Base  
13 Period that vests over multiple years. If this adjustment is not included, the  
14 Normalized Historic Base Period O&M expenses would be understated as  
15 recorded LTI expense was below target in 2023.<sup>3</sup>

16 **Q21. Please explain the STI Adjustment on Attachment 5-D, Page 1, Line 4.**

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<sup>3</sup> Petitioner's Exhibit No. 3, Attachment 3-C-S2, Adjustment OM 6 (line 2).

1 A21. The STI Adjustment normalizes the Historic Base Period by decreasing  
2 NCSC expenses in the amount of \$3,588,251 to reflect a payout consistent  
3 with target levels included in the 2024 Forecast Period and Forward Test  
4 Year. The target level represents on-target compensation (i.e., expected  
5 compensation) for employees. If this adjustment is not included, the  
6 Normalized Historic Base Year O&M expenses would be overstated, as  
7 recorded STI expense was above target.<sup>4</sup>

8 **Q22. Please explain the Non-Recurring WAM Adjustment on Attachment 5-D,**  
9 **Page 1, Line 5.**

10 A22. The WAM Adjustment normalizes the Historic Base Period by decreasing  
11 NCSC expenses in the amount of \$5,026,870 to reflect removal of the non-  
12 recurring expenses associated with the WAM program currently pending  
13 pre-approval in Cause No. 46025. In that filing, NIPSCO requested to defer  
14 all WAM program expenses until completion of the project. If this  
15 adjustment is not included, the Normalized Historic Base Year O&M

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<sup>4</sup> Petitioner's Exhibit No. 3, Attachment 3-C-S2, Adjustment OM 6 (line 3).

1 expenses would be overstated, as the non-recurring expenses are expected  
2 to be deferred.<sup>5</sup>

3 **Q23. Is the updated allocation of service costs to NIPSCO reasonable?**

4 A23. Yes. The cost allocation to NIPSCO is reasonable, both in the percentage  
5 and the amount. The methodology to calculate the allocation percentages  
6 has been consistently applied. As a public utility, the Company's  
7 responsibility is to provide safe, reliable electric service to its customers at  
8 reasonable and prudent costs. The amount of NCSC costs allocated to  
9 NIPSCO Electric is prudent and reasonable when comparing to what  
10 similar service costs would be if provided by an outside third party – or  
11 provided solely to NIPSCO. NIPSCO Witness Baryenbruch provides a  
12 detailed analysis that supports the reasonableness and prudence of the  
13 NCSC service costs.

14 **NCSC Forecast Overview**

15 **Q24. Please describe the process used to forecast NCSC expenses for the 2024**  
16 **Forecast Period and Forward Test Year.**

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<sup>5</sup> Petitioner's Exhibit No. 3, Attachment 3-C-S2, Adjustment OM 6 (line 4).

1 A24. NCSC expenses are grounded in the Historic Base Period expenses with  
2 headcount updates and inflation adjustments each year thereafter for  
3 employee compensation, as well as known increases related to technology.  
4 Specifically, average compensation expense per employee is calculated for  
5 2023 and applied to actual headcount as of June 30, 2024, and open roles  
6 actively being recruited in July 2024, to update compensation for current  
7 headcount. Lastly, salaries, wages, and STI compensation are increased for  
8 the actual pay increase of 4% in 2024 and the expected pay increase of 3%  
9 in 2025. Technology increases are described in more detail below. No other  
10 increases are forecasted.

11 **NCSC O&M Expenses in the 2024 Forecast Period**

12 **Q25. What is the level of NCSC O&M expenses in the 2024 Forecast Period for**  
13 **NIPSCO Electric?**

14 A25. The level of NCSC O&M expenses in the 2024 Forecast Period for NIPSCO  
15 Electric is \$114,685,300 as shown on Attachment 5-E, Page 1, Line 5.

16 **Q26. Please explain the variance in NCSC O&M expenses between the**  
17 **Normalized Historic Base Year and the 2024 Forecast Period on**  
18 **Attachment 5-E, Page 1, Line 3.**



1 A26. The variance in NCSC O&M expenses between the Normalized Historic  
2 Base Year and the 2024 Forecast Period is an increase of \$8,978,906 or 8.5%.  
3 As previously mentioned, the increases are for headcount, compensation,  
4 and technology. See Attachment 5-E, Pages 3 and 8 for the underlying  
5 calculations and detail.

6 **Q27. Please explain the increase in NCSC headcount contributing to the**  
7 **Salaries & Wages Baseline Adjustment shown on Attachment 5-E, Page**  
8 **3, Line 15.**

9 A27. NCSC headcount increased approximately 20% in 2023 and the first half of  
10 2024. At the highest level, the increases are consistent with NiSource Inc.'s  
11 publicly published rate base growth estimate of 8-10% per year.<sup>6</sup> A  
12 historical validation for estimated future rate base growth is NiSource Inc.'s  
13 Net Property, Plant, and Equipment, which has increased 12% per year  
14 from \$17.9 billion as of December 31, 2021 to \$22.3 billion as of December  
15 31, 2023. Specific drivers for headcount increases are:

16 a. Transfers from Affiliates – In 2023 and 2024 (through June 30, 2024),  
17 101 roles transferred from affiliates to NCSC on a net basis (i.e.  
18 represents in/out)

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<sup>6</sup> See supplemental slides to NiSource Inc. Q2 2024 Earnings Release at [https://s1.q4cdn.com/829981032/files/doc\\_financials/2024/q2/2Q24-Earnings-Slides-Final-V2.pdf](https://s1.q4cdn.com/829981032/files/doc_financials/2024/q2/2Q24-Earnings-Slides-Final-V2.pdf).

- 1           b.     Right-sizing / Catch-up Hiring – Subsequent to the sale of Columbia  
2                     Gas of Massachusetts in 2020, NCSC reduced staff in an effort to  
3                     right-size (see Attachment 5-E, Page 9 for headcount history).  
4                     However, over the following years, it became apparent that this  
5                     lower level of staffing could not adequately support NCSC  
6                     operations. NCSC also experienced difficulty hiring roles in the post-  
7                     COVID labor market tightness of 2021 and 2022 and is now catching  
8                     up to reflect needed staffing.
- 9           c.     Information Technology (“IT”) – IT had a particularly difficult time  
10                    hiring and retaining personnel in 2021 and 2022. Additionally,  
11                    headcount increases are related to the Work Asset Management  
12                    (“WAM”) program and other modernization projects.
- 13          d.     Cybersecurity – Cybersecurity was separated from IT in 2022 to  
14                    ensure an adequate and dedicated focus to combat growing cyber  
15                    based threats to critical infrastructure. Additionally, as technology  
16                    at NiSource is transformed, NiSource is adapting and advancing its  
17                    cybersecurity program to meet new technology needs.
- 18          e.     Data & Analytics (“D&A”) – The D&A department was added in  
19                    2023 to provide NCSC with new functionality related to data  
20                    governance and modern data analytics techniques.
- 21          f.     Operational Excellence – Operational Excellence increased  
22                    headcount in Site Start-up & Commission to ensure the orderly and  
23                    safe turnover of major gas projects from Construction to Gas  
24                    Operations, which included developing project commissioning  
25                    plans, coordinating facility and pipeline odorant conditioning, and  
26                    verifying the design basis and installed assets were functional before  
27                    transferring care and control to Gas Operations. Headcount was also  
28                    increased in Human Organizational Performance (HOP) to enhance  
29                    focus on reducing consequential errors and building system  
30                    resilience. Lastly, Technical Training was able to successfully fill  
31                    vacant roles.

32   **Q28. Please explain the Vacancy Update Adjustment shown on Attachment 5-**  
33   **E, Page 3, Line 16.**

1 A28. NCSC is actively hiring for the 114 roles presented in Attachment 5-E, Page  
2 11. The full year value of those roles to NIPSCO Electric is approximately  
3 \$2.8 million, with a 5 month estimate for 2024 of \$1.2 million. This list  
4 represents roles that: (1) have been open less than 180 days, (2) are actively  
5 being recruited, (3) will be allocated to NIPSCO Electric, and (4) are not  
6 removed elsewhere (e.g. Aviation).

7 **Q29. Please describe NCSC updates that are related to NiSource's various**  
8 **technology additions.**

9 A29. Attachment 5-E, Page 8 shows the calculation of technology additions,  
10 described as follows:

11 a. Advanced Metering Infrastructure ("AMI") – AMI rollout in 2024  
12 and 2025 in accordance with the TDSIC filing will require additional  
13 technology costs. AMI, or smart metering, facilitates seamless  
14 transmission of meter reads back to the utility through a  
15 sophisticated network of telecommunications assets and integrated  
16 IT systems. Beyond enabling automatic and remote meter reading  
17 functionality, AMI fosters two-way communications and controls,  
18 facilitating remote service connections and disconnections,  
19 firmware/software upgrades for field devices, on-demand reading,  
20 and furnishing customers with comprehensive usage data.

21 b. Renewables Data Integration – As renewable facilities are completed  
22 and brought online, there are critical data integrations and  
23 application support costs needed to consolidate, report, and analyze  
24 renewable energy usage.

25 c. VMWare / Broadcom – VMware is a product that allows for

1 virtualization of servers to enable dynamic scalability and resource  
2 optimization. A software product formerly owned by VMWare was  
3 acquired by Broadcom and the existing agreement was renegotiated  
4 due to a change in control provision.

5 d. Onshored Help Desk – The primary service desk hours were brought  
6 onshore to improve language proficiency and employee satisfaction.  
7 The effort also enabled automation capabilities to streamline the end  
8 user experience and service desk agent workspace with needed tools  
9 and technologies.

10 e. Cyber Disaster Recovery Modernization – NiSource has invested in  
11 modernizing its Cyber Disaster Recovery program to move away  
12 from outdated recovery methods that no longer meet its Recovery  
13 Time Objective / Recovery Point Objective. As the cloud is taking a  
14 more prominent role in the technology footprint, this investment  
15 also enables NiSource to address a Hybrid Disaster Recovery model  
16 to cover all aspects of unplanned events. NiSource has introduced  
17 storage replication, virtual machine replication, and various security  
18 enhancements to protect against cyber incidents (e.g., Ransomware,  
19 etc.). This modernization effort moves NiSource from an internally  
20 supported model to a modern cloud-based model.

21 f. Removal of Service Level Agreement (“SLA”) Credits – Certain  
22 contracts include provisions where poor performance from service  
23 providers result in credits back to NiSource. The level of NCSC  
24 expense in the Forward Test Year does not include any SLA credits  
25 because any amount of credits is not fixed or known. NiSource  
26 expects service providers to perform the contracted services at a high  
27 performance level.

28 g. Managed Service Provider Contract Growth – As new technologies  
29 are enabled, NiSource requires more licenses and additional support  
30 from existing service providers.

31 h. Managed Service Provider Cost of Living Adjustments – Managed  
32 service provider contracts include cost of living adjustments for  
33 inflationary increases.

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2 **NCSC Forecasted O&M Expenses in Forward Test Year**

3 **Q30. What is the level of NCSC O&M expenses in the Forward Test Year for**  
4 **NIPSCO Electric?**

5 A30. The level of NCSC O&M expenses in the Forward Test Year for NIPSCO  
6 Electric is \$120,958,127 as shown on Attachment 5-E, Page 1, Line 9.

7 **Q31. Please explain the variance in O&M expenses between the 2024 Forecast**  
8 **Period and the Forward Test Year on Attachment 5-E, Page 1, Line 7.**

9 A31. The variance in NCSC O&M expenses between the 2024 Forecast Period  
10 and the Forward Test Year is an increase of \$6,272,827 or 5.5%. As  
11 previously discussed, these increases relate to headcount, compensation,  
12 and technology additions. See Attachment 5-E, Pages 3 and 8 for the  
13 underlying calculations.

14 **Q32. Please explain the ratemaking adjustment to the Forward Test Year on**  
15 **Attachment 5-E, Page 1, Line 17.**

16 A32. The ratemaking adjustment to the Forward Test Year is a decrease of  
17 \$2,310,426 or 1.9%.<sup>7</sup> The NCSC expenses expected to be allocated to

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<sup>7</sup> Petitioner's Exhibit No. 3, Attachment 3-C-S2, Adjustment OM 6-25R (line 11).

1 NIPSCO Electric in the Forward Test Year (after ratemaking adjustments)  
2 (the "Normalized Forward Test Year") are \$118,647,701, as shown on  
3 Attachment 5-E, Page 1, Line 19. The specific ratemaking adjustments are:

- 4 • Employee Benefits Update – adjustment to increase the Forward Test  
5 Year to reflect an update provided by AON Hewitt, a third-party  
6 actuarial firm (Attachment 5-E, Page 1, Line 12). See Attachment 5-  
7 E, Page 4 for the underlying calculations.
- 8 • Non-Recoverable Expenses – adjustment to decrease the Forward  
9 Test Year to remove expense items such as charitable donations,  
10 lobbying, advertising, and membership fees (Attachment 5-E, Page  
11 1, Line 13). See Attachment 5-E, Page 5 for the underlying  
12 calculations.
- 13 • Allocation Update – adjustment to reflect the addition of renewable  
14 projects in 2024 and 2025, offset by the retirement of Schahfer Units  
15 17 and 18 in 2025, for a net increase to Forward Test Year expense.  
16 (Attachment 5-E, Page 1, Line 14). See Attachment 5-E, Page 6 for  
17 the underlying calculations. The net impact of these major projects is  
18 an additional \$816 million of gross fixed assets, which impacts  
19 allocation basis 1, 2, and 7. On a percentage basis, the allocation to  
20 NIPSCO increases by 0.07%.
- 21 • Aviation – adjustment to decrease the Forward Test Year to remove  
22 costs associated with passenger travel on the corporate jet, NCSC  
23 helicopter, and charter flights. (Attachment 5-E, Page 1, Line 15). See  
24 Attachment 5-E, Page 7 for the underlying calculations. The  
25 Forward Test Year expense includes NCSC aviation costs directly  
26 allocated to NIPSCO companies to operate and maintain the  
27 NIPSCO-owned helicopter, which is used for utility operations, not  
28 travel. The Aviation Department is an NCSC department and all  
29 pilots are NCSC employees; there is not a NIPSCO Aviation  
30 Department.
- 31 • Profit Sharing – adjustment to decrease the Forward Test Year to

1 remove costs associated with profit sharing. (Attachment 5-E, Page  
2 1, Line 16). Profit Sharing, which is a component of the Employee  
3 Benefits Update, is removed in its entirety, as can be seen on  
4 Attachment 5-E, Page 4.

5 **Q33. Is the Normalized Forward Test Year level of \$118,647,701 shown on**  
6 **Attachment 5-E, Page 1, Line 19, representative of the NCSC O&M**  
7 **expenses necessary to provide ongoing safe and reliable service at**  
8 **reasonable rates?**

9 A33. Yes. The Normalized Forward Test Year level of NCSC O&M expenses is  
10 reasonable and representative of NIPSCO's ongoing cost of providing  
11 service. The Normalized Forward Test Year level of NCSC O&M expense  
12 is justified by the projected needs of NIPSCO to serve its customers. The  
13 increase versus the 2023 Historic Base Year represents an annual growth  
14 rate of 5.9%, which appears high in relation to what might be expected from  
15 broader inflation of 4.0% per year (refer to Attachment 5-E, Page 2 for  
16 inflation data); however, utilizing a longer timeline to assess the  
17 reasonableness of increases shows that the 2025 Normalized Forward Test  
18 Year is 6.1% below an inflation adjusted 2021 Normalized Historic Base  
19 Year. Attachment 5-E, Page 12 contains supportive calculations.

20

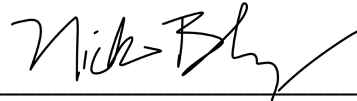
1 Q34. Does this conclude your pre-filed direct testimony?

2 A34. Yes.



**VERIFICATION**

I, Nick Bly, Manager of Accounting of NiSource Corporate Services Company, affirm under penalties of perjury that the foregoing representations are true and correct to the best of my knowledge, information, and belief.

A handwritten signature in black ink that reads "Nick Bly" with a checkmark-like flourish at the end.

---

Nick Bly

Date: September 12, 2024

**NiSource Corporate Services Company  
List of Associate Billing Companies**

Company Name	Billing Company No.
Columbia Gas of Kentucky, Inc.	32
Columbia Gas of Maryland, Inc.	35
Columbia Gas of Massachusetts	80 (a)
Columbia Gas of Ohio, Inc.	34
Columbia Gas of Pennsylvania, Inc.	37
Columbia Gas of Virginia, Inc.	38
Columbia Gas of Ohio Receivables Corporation	93
Columbia Gas of Pennsylvania Receivables Corporation	94
Energy USA TPC Corporation	24
NiSource Development Company, Inc.	60
NiSource Energy Technologies, Inc.	78
NiSource Inc.	58
NiSource Insurance Corporation, Inc.	22
Northern Indiana Public Service Company	59
Rosewater Wind Generation LLC	500
Rosewater Wind Farm LLC	550
Indiana Crossroads Wind Generation LLC	501
Indiana Crossroads Wind Farm LLC	551
NIPSCO Holdings I	469
NIPSCO Holdings II	470

(a) Bay State Gas d/b/a Columbia Gas of Massachusetts ("CMA").

Service Agreement  
BETWEEN  
NISOURCE CORPORATE SERVICES COMPANY  
AND  
NORTHERN INDIANA PUBLIC SERVICE COMPANY

Dated January 1, 2015

(To Take Effect Pursuant to Article 3 Hereof)

## SERVICE AGREEMENT

This SERVICE AGREEMENT (the "Service Agreement" or "Agreement") is made and entered into effective the 1<sup>st</sup> day of January, 2015 by and between Northern Indiana Public Service Company, its subsidiaries, affiliates and associates ("Client", and together with other associate companies that have or may in the future execute this form of Service Agreement, the "Clients") and NiSource Corporate Services Company ("Company").

### WITNESSETH:

WHEREAS, each Company and Client is a direct or indirect wholly owned subsidiary of NiSource Inc., a Delaware corporation and a "holding company" as defined in the Public Utility Holding Company Act of 2005 ("Act") that is subject to regulations adopted by the Federal Energy Regulatory Commission ("FERC") pursuant to the Act;

WHEREAS, the Client is an affiliate of the Company; and

WHEREAS, the Company and Client agree to enter into this Service Agreement whereby the Client may seek certain services from the Company and the Company agrees to provide such services upon request and upon the Company's conclusion that it is able to perform such services. Further, the Client agrees to pay for the services as provided herein at cost; and

WHEREAS, the rendition of such services set forth in Article 2 of Appendix A on a centralized basis enables the Clients to realize economic and other benefits through (1) efficient use of personnel and equipment, (2) coordination of analysis and planning, and (3) availability of specialized personnel and equipment which the Clients cannot economically maintain on an individual basis.

NOW THEREFORE, in consideration of the premises and the mutual agreements herein contained, the parties to this Service Agreement covenant and agree as follows:

## ARTICLE 1

### SERVICES

1.1 The Company shall furnish to Client, as requested by Client, upon the terms and conditions hereinafter set forth, such of the services described in Section 2 of Appendix A hereto (the "Services"), at such times, for such periods and in such manner as Client may from time to time request and that the Company concludes it is able to perform. The Company shall also provide Client with such services, in addition to those services described in Appendix A hereto, as may be requested by Client and that the Company concludes it is able to perform. In supplying such services, the Company may arrange, where it deems appropriate in consultation with Client, for the services of such experts, consultants, advisers, and other persons with necessary qualifications as are required for or pertinent to the provision of such services ("Additional Services").

1.2 Client shall take from the Company such of the Services, and such Additional Services, whether or not now contemplated, as are requested from time to time by Client and that the Company concludes it is able to perform.

1.3 The cost of the Services described herein or contemplated to be performed hereunder shall be allocated to Client in accordance with Exhibit A, which is filed annually with the FERC. Client shall have the right from time to time to amend or alter any activity, project, program or work order provided that (i) Client pays and remunerates the Company the full cost for the services covered by the activity, project, program or work order, including therein any expense incurred by the Company as a direct result of such amendment or alteration of the activity, project, program or work order, and (ii) Client accepts that no amendment or alteration of an activity, project, program or work order shall release Client from liability for all costs already incurred by or contracted for by the Company pursuant to the activity, project, program or work order, regardless of whether the services associated with such costs have been completed.

1.4 The Company shall hire, train and maintain an experienced staff able to perform the Services, or shall obtain experience through third-party resources, as it shall determine in consultation with Client.

1.5 The Company routinely makes payments on behalf of affiliates on an ongoing basis, including payroll, employee benefits, corporate insurance, leasing, and external audit fees. Each affiliate receives on a monthly basis a Convenience Bill for its proportional share of the payments made in that respective month. As the name implies, convenience billing is intended as a convenience to vendors because it eliminates the need for a separate invoice to be generated for each affiliate entity receiving the same services. Therefore, the Company makes the payment to the vendor and the charges for the services are recorded directly on the books of the affiliate and not by the Company.

## ARTICLE 2

### COMPENSATION

2.1 As compensation for the Services to be rendered hereunder, Client shall compensate and pay to the Company all costs, reasonably identifiable and related to particular Services performed by the Company for or on Client's behalf. The methods for allocating the Company costs to Client, as well as to other associate companies, are set forth in Appendix A.

2.2 It is the intent of this Service Agreement that charges for Services shall be billed, to the extent reasonably possible, directly to the Client or Clients benefiting from such Service. Any amounts remaining after such direct billing shall be allocated using the methods identified in Appendix A. The methods of allocation of cost shall be subject to review annually, or more frequently if appropriate. Such methods of allocation of costs may be modified or changed by the Company without the necessity of an amendment to this Service Agreement; provided that, in each instance, all services rendered hereunder shall be at actual cost and include compensation for use of capital thereof, fairly and equitably allocated. The Company shall review with the

Client any proposed change in the methods of allocation of costs hereunder and the parties must agree to any such changes before they are implemented.

2.3 The Company shall make available monthly billing information to the Client that shall reflect all information necessary to identify the costs charged and Services rendered for that month. Client shall undertake a review of the charges and identify all questions or concerns regarding the charges reflected within a reasonable period of time. Client shall remit to the Company all charges billed to it within a period of time not exceeding 30 days of receipt of the monthly billing information.

2.4 Client agrees to provide the Company, from time to time, as requested such financial and statistical information as the Company may need to compute the charges payable by Client consistent with the method of allocation set forth on Appendix A.

2.5 It is the intent of this Service Agreement that the payment for services rendered by the Company to Client under this Service Agreement shall cover all the costs of its doing business including, but not limited to, salaries and wages, office supplies and expenses, outside services employed, insurance, injuries and damages, employee and retiree pensions and benefits, taxes, miscellaneous general expenses, rents, maintenance of structures and equipment, depreciation and amortization, and reasonable compensation for use of capital.

### **ARTICLE 3**

#### **TERM**

3.1 This Service Agreement shall become effective as of the date first written above, subject only to the receipt of any required regulatory approvals from the State Commissions and federal agencies as needed, and shall continue in force until terminated by the Company or Client, upon not less than one year's prior written notice to the other party. This Service Agreement shall also be subject to termination or modification at any time, without notice, if and to the extent performance under this Service Agreement may conflict with (1) the Act or with any rule, regulation or order of the FERC adopted before or after the date of this Service Agreement, or (2) any state or federal statute, or any rule, decision, or order of any state or federal regulatory agency having jurisdiction over one or more Clients. Further, this Service Agreement shall be terminated with respect to the Client immediately upon the Client ceasing to be an associate company of the Company. The parties' obligations under this Service Agreement which by their nature are intended to continue beyond the termination or expiration of this Service Agreement shall survive such termination or expiration.

### **ARTICLE 4**

#### **SERVICE REVIEW**

4.1 Upon request of the Client, the Company shall meet with the Client to review and assess the quality, costs, and/or allocations of the services being provided pursuant to this

Service Agreement. The Client shall also have the right to amend the scope of services as it determines to be necessary or desirable.

4.2 NiSource maintains an Internal Audit Department that will conduct periodic audits of the Company administration and accounting processes ("Audits"). The Audits will include examinations of Service Agreements, accounting systems, source documents, methods of allocation of costs and billings to ensure all Services are properly accounted for and billed to the appropriate Client. In addition, the Company's policies, operating procedures and controls will be evaluated annually. Copies of the reports generated by the Company as part of the Audits will be provided to Client upon request.

## ARTICLE 5

### MISCELLANEOUS

5.1 All accounts and records of the Company shall be kept in accordance with the FERC's Uniform System of Accounts ("USofA") for centralized service companies .

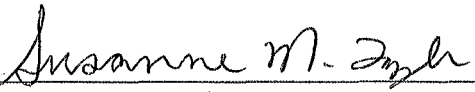
5.2 New direct or indirect subsidiaries of NiSource Inc., which may come into existence after the effective date of this Service Agreement, may become additional Clients of the Company and subject to a service agreement with the Company. The parties hereto shall make such changes in the scope and character of the services to be rendered and the method of allocating costs of such services as specified in Appendix A, subject to the requirements of Section 2.2, as may become necessary to achieve a fair and equitable allocation of the Company's costs among all Clients including any new subsidiaries. The parties shall make similar changes if any Client ceases to be associated with the Company.

5.3 The Company shall permit Client reasonable access to its accounts and records including the basis and computation of allocations.

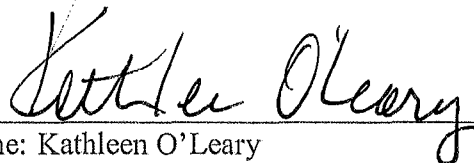
5.4 The Company and Client shall comply with the terms and conditions of all applicable contracts managed by the Company for the Client, individually, or for one or more Clients, collectively, including without limitation terms and conditions preserving the confidentiality and security of proprietary information of vendors.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date and year first above written.

NISOURCE CORPORATE SERVICES  
COMPANY

By:   
Name: Susanne M. Taylor  
Its: Controller

NORTHERN INDIANA PUBLIC SERVICE  
COMPANY

By:   
Name: Kathleen O'Leary  
Its: President



APPENDIX A

NISOURCE CORPORATE SERVICES COMPANY

Services Available to Clients  
Methods of Charging Therefor and  
Miscellaneous Terms and Conditions of Service Agreement

ARTICLE 1

DEFINITIONS

1 The term "Company" shall mean NiSource Corporate Services Company and its successors.

2 The term "Service Agreement" shall mean an agreement, of which this Appendix A constitutes a part, for the rendition of services by the Company.

3 The term "Client" shall mean any corporation to which services may be rendered by the Company under a Service Agreement.

ARTICLE 2

DESCRIPTION OF SERVICES

Descriptions of the expected services to be provided by the Company are detailed below. The descriptions are deemed to include services associated with, or related or similar to, the services contained in such descriptions. The details listed under each heading are intended to be illustrative rather than inclusive and are subject to modification from time to time in accordance with the state of the art and the needs of the Clients.

1 *Accounting and Statistical Services.* The Company will advise and assist the Clients in all aspects of accounting, including financial accounting, asset accounting, regulatory accounting, tax accounting, maintenance of books and records, safeguarding of assets, accounts payable, accounts receivable, reconciliations, accounting research, reporting, operations and maintenance analysis, payroll services, business applications support, and other related accounting functions. The Company will also provide services related to developing, analyzing and interpreting financial statements, directors' reports, regulatory reports, operating statistics and other financial reports. The Company will ensure compliance with generally accepted accounting principles and provide guidance on exposure drafts, financial accounting standards, and interpretations issued by the Financial Accounting Standards Board. The Company will advise and assist the Clients in the formulation of accounting practices and policies and will conduct special studies as may be requested by the Clients.

2 *Auditing Services.* The Company will conduct periodic audits of the general records of the Clients, will supervise the auditing of local and field office records of the Client, and will coordinate the audit programs of the Clients with those of the independent accountants

in the annual examination of their accounts. The Company will ensure compliance, monitor business risk, and coordinate internal control structure.

3 *Budget Services.* The Company will advise and assist the Clients in matters involving the preparation and development of forecasts, budgets and budgetary controls, and other financial planning activities.

4 *Business Services.* The Company will advise and assist the Clients in the preparation and use of educational and advertising materials; in the development of processes to increase residential, commercial and industrial customers, as well as maintenance of business in those areas; and providing information to customers regarding Clients' products and services.

5 *Corporate Services.* The Company will advise and assist the Clients in connection with corporate matters including corporate secretary services, business continuity planning, shareholder services, corporate records management, proceedings involving regulatory bodies, and other corporate matters.

6 *Customer Billing, Collection, and Contact Services.* The Company will render calculating, bill exception processing, back office processing, posting, printing, inserting, mailing and related services to Client associated with the preparation and issuance of customer bills, notices, inserts and similar mailings. The Company will provide cash processing, revenue recovery, account reconciliations and adjustments, and related services to Client associated with the collection of revenue and management of accounts receivable. The Company will provide customer contact and related services to Client, including alternative pricing services, customer contact center management, operation and administration; management of key customer relationships; communications associated with the commencement, transfer, maintenance and disconnection of service; sales of optional products and services; the receipt and processing of emergency calls; the handling of customer complaints; and responses to customer billing, credit, collection, order take and inquiry, outage, meter reading, retail choice and other inquiries.

7 *Depreciation Services.* The Company will advise and assist the Clients in matters pertaining to depreciation practices, including (1) the making of studies to determine the estimated service life of various types of plant, annual depreciation accrual rates, salvage experience, and trends in depreciation reserves indicated by such studies; (2) assistance in the organization and training of the depreciation departments of the Clients; and (3) dissemination to the Clients of information concerning current developments in depreciation practices.

8 *Economic Services.* The Company will advise and assist the Clients in matters involving economic research and planning and in the development of specific economic studies.

9 *Electronic Communications Services.* The Company will advise and assist the Clients in connection with the planning, installation and operation of radio networks, remote control and telemetering devices, microwave relay systems and all other applications of electronics to the fields of communication and control.

10 *Employee Services.* The Company will advise and assist the Clients in connection with organizational, leadership, and strategic development, employee relations matters, including recruitment, employee placement and retention, training, compensation, safety, labor relations

and health, welfare and employee benefits. The Company will also advise and assist the Clients in connection with temporary labor matters, including assessment, selection, contract negotiation, administration, service provider relationships, compliance, review and reporting.

11 *Engineering and Research Services.* The Company will advise and assist the Clients in connection with the engineering phases of all construction and operating matters, including estimates of costs of construction, preparation of plans and designs, engineering and supervision of the fabrication of natural gas facilities, standardization of engineering procedures, and supervision and inspection of construction. The Company will also conduct both basic and specific research in fields related to the operations of the Clients.

12 *Facility Services.* The Company will manage and effectively execute facility operations, facility maintenance, provide suitable space in its offices for the use of the Clients and their officers and employees, provide delivery services, security services, print services, and other facility services.

13 *Gas Dispatching Services.* The Company will advise and assist the Clients in the dispatching of the gas supplies available to the Clients, and in determining and effecting the most efficient routing and distribution of such supplies in the light of the respective needs therefor and the applicable laws and regulations of governmental bodies. If requested by the Clients, the Company will provide a central dispatcher or dispatchers to handle the routing and dispatching of gas.

14 *Information Services.* The Company will advise and assist the Clients in matters involving the furnishing of information to customers, employees, investors and other interested groups, and to the public generally, including the preparation of booklets, photographs, motion pictures and other means of presentation, and assistance to Clients in their advertising programs.

15 *Information Technology Services.* The Company will advise and assist Clients in matters involving information technology, including management, operations, control, monitoring, testing, evaluation, data access security, disaster recovery planning, technical research, and support services. The Company will also provide and assist the Client with application development, maintenance, modifications, upgrades and ongoing production support for a portfolio of systems and software that are used by the Clients. In addition, the Company will identify and resolve problems, ensure efficient use of software and hardware, and ensure that timely upgrades are made to meet the demands of the Clients. The Company will also maintain information concerning the disposition and location of Information Technology assets.

16 *Insurance Services.* The Company will advise and assist the Clients in general insurance matters, in obtaining policies, making inspections and settling claims.

17 *Land/Surveying Services.* The Company will provide land asset management, land contract management, and surveying services in connection with Clients' acquisition, leasing, maintenance, and disposal of interests in real property, including the maintenance of land records and the recording of instruments relating to such interests in real property, where necessary.

18 *Legal Services.* The Company will provide Clients with legal services (including legal services, as necessary or advisable, in connection with or in support of any of the other services provided hereunder), including, but not limited to, general corporate matters and internal corporate maintenance, contract drafting and negotiation, litigation, liability and risk assessment, financing, securities offerings, state and federal regulatory compliance, state and federal regulatory support and rule interpretation and advice, including, without limitation, interpretation and advice concerning the regulations or orders of the Securities and Exchange Commission, the Federal Energy Regulatory Commission, the Environmental Protection Agency, and the Pipeline and Hazardous Materials Safety Administration, bankruptcy and collection matters, employment and labor relations investigations, union contracting, Equal Employment Opportunity Commission issues, compliance with state and federal legislative requirements, and all other matters for which Clients require legal services.

19 *Officers.* Any Client may, with the consent of the Company, elect to any office of the Client any officer or employee of the Company whose compensation is paid, in whole or in part, by the Company. Services rendered to the Client by such person as an officer shall be billed by the Company to the Client and paid for as provided in Articles 3 and 4, and the Client shall not be required to pay any compensation directly to any such person.

20 *Operations Support and Planning Services.* The Company will advise and assist the Clients in connection with operations support and planning, including logistics, scheduling & dispatching; workforce planning; corrosion and leakage programs; estimates of gas requirements and gas availability; gas transmission, measurement, storage and distribution; construction requirements; construction management; operating standards and practices; regulatory and environmental compliance; pipeline safety and compliance; employee and system safety programs; sustainability; training; management of transportation and sales programs; negotiation of gas purchase and sale contracts; energy marketing and trading, including off-system sales and capacity release activities contemplated in a Client's revenue sharing mechanism; security services; measurement, regulation and conditioning equipment; meter testing, calibration and repair; hydraulic gas network modeling, facility mapping and GIS technologies; and other operating matters.

21 *Purchasing, Storage and Disposition Services.* The Company will render advice and assistance to the Clients in connection with supply chain activities, including the standardization, purchase, lease, license and acquisition of equipment, materials, supplies, services, software, intellectual property and other assets, as well as shipping, storage and disposition of same. The Company will also render advice and assistance to the Client in connection with the negotiation of the purchase, sale, acquisition or disposition of assets and services and the placing of purchase orders for the account of the Client.

22 *Regulatory Services.* The Company will advise and assist the Clients in all regulatory and rate matters, including the design and preparation of schedules and tariffs, the analysis of rate filings, the preparation and presentation of testimony and exhibits to regulatory authorities, and other regulatory activities.

23 *Tax Services.* The Company will advise and assist the Clients in tax matters, in the preparation of tax returns and in connection with proceedings relating to taxes.

24 *Transportation Services.* The Company will advise and assist the Clients in connection with the purchase, lease, operation and maintenance of motor vehicles and the operation of aircraft owned or leased by the Company or the Clients.

25 *Treasury Services.* The Company provides services such as risk management, cash management, long and short term financing for all Clients, investment of temporarily available cash, retirement of long term debt, investment management oversight of all benefits plans, and special economic studies as requested.

26 *Miscellaneous Services.* The Company will render to any Client such other services, not hereinabove described, , as from time to time the Company may be equipped to render and such Client may desire to have performed.

### ARTICLE 3

#### ALLOCATION METHODS

1 *Specific Direct Salary Charges to Clients.* To the extent that time spent by the officers and employees of the Company rendering services hereunder is related to services rendered to a specific Client, a direct salary charge, computed as provided in Article 4, shall be made to such Client.

2 *Apportioned Direct Salary Charges to Clients.* To the extent that the time spent by such officers and employees is related to services rendered to the Clients generally, or to any specified group of the Clients, a direct salary charge, computed as provided in Article 4, shall be made to the Clients generally, or to such specified group of the Clients, and allocated to each such Client using an allocation method as set forth on Exhibit A hereto.

3 *Direct Salary Charges for Services to the Company.* To the extent that time spent by any officer or employee of the Company is related to services rendered to the Company, a direct salary charge computed as provided in Article 4 shall be allocated among the Clients in the same proportions which the direct salary charges to such Clients made pursuant to Sections 1 and 2 of this Article III, for services of officers and employees, bear to the aggregate of such direct salary charges.

4 *Apportionment of Employee Benefits.* The employee benefit expenses that are related to direct salary charges made pursuant to sub-paragraphs (1), (2) and (3) of Article 3 shall be apportioned among the Clients, as applicable, in the proportions that the respective direct salary charges made pursuant to the rendering of such services to each such Client bear to the aggregate of such direct salary charges.

5 *Other Expenses.* All expenses, other than salaries and employee benefit expenses incurred by the Company in connection with services rendered to a specific Client shall be charged directly to such Client. All such expenses incurred by the Company in connection with services rendered to the Clients generally or to any specified group of Clients shall be apportioned in the manner set forth in Section 2 of this Article 3 for the apportionment of salary charges. All such expenses incurred by the Company in connection with services rendered to the

Company shall be apportioned in the manner set forth in Section 3 of this Article 3 for the apportionment of salary charges.

**ARTICLE 4**

**COMPUTATION OF SALARY CHARGES**

*Direct Salary Charges* The direct salary charge per hour which shall be made for the time of any officer or employee for services rendered in any calendar month shall be computed by dividing his total compensation for such month by the aggregate of (1) the number of scheduled working hours for which he was compensated, including hours paid for but not worked, and (2) hours worked in excess of his regular work schedule, whether or not compensated for.

*Exhibit A****DIRECT BILLING AND BASES OF ALLOCATION***

The Company will bill charges directly to a Client to the extent possible while any remaining costs are then allocated. When it is impractical or inappropriate to charge a Client directly, the Company allocates costs in accordance with the following Bases of Allocation which are filed annually with the FERC. The Company works cooperatively with department sponsors or project leaders through meetings and discussions to ensure costs are properly allocated to the Clients that will benefit from the service provided. Provided below are the Bases of Allocation for the Company, including a description of each basis and its numerator and denominator.

---

**BASIS 1****GROSS FIXED ASSETS AND TOTAL OPERATING EXPENSES**

- Fifty percent of the total charges will be allocated on the basis of the relation of the affiliate's gross fixed assets to the total gross fixed assets of all benefited affiliates; the remaining 50% will be allocated on the basis of the relation of the affiliate's total operating expenses to the total operating expenses of all benefited affiliates. All companies may be included in this allocation.

**BASIS 2****GROSS FIXED ASSETS**

- Charges will be allocated to each benefited affiliate on the basis of the relation of its total gross fixed assets to the sum of the total gross fixed assets of all benefited affiliates. All companies may be included in this allocation.

**BASIS 3****NUMBER OF METERS SERVICED**

- Charges will be allocated to each benefited affiliate on the basis of the relation of its number of meters serviced to the total number of all meters serviced of the benefited affiliates. This allocation may only be used by the following companies: Columbia Gas of Virginia, Columbia Gas of Kentucky, Columbia Gas of Ohio, Columbia Gas of Pennsylvania, Columbia Gas of Maryland, and Bay State Gas Company.

**BASIS 4**

NUMBER OF ACCOUNTS PAYABLE INVOICES PROCESSED

- Charges will be allocated to each benefited affiliate on the basis of the relation of its number of accounts payable invoices processed (interface invoices excluded) to the total number of all accounts payable invoices processed of the benefited affiliates. All companies may be included in this allocation.

**BASIS 7**

GROSS DEPRECIABLE PROPERTY AND TOTAL OPERATING EXPENSE

- Fifty percent of the total charges will be allocated on the basis of the relation of the affiliate's total operating expenses to the total of all the benefited affiliates' total operating expense; the remaining 50% will be allocated on the basis of the relation of the affiliate's gross depreciable property to the gross depreciable property of all benefited affiliates. All companies may be included in this allocation.

**BASIS 8**

GROSS DEPRECIABLE PROPERTY

- Charges will be allocated to each benefited affiliate on the basis of the relation of its total depreciable property to the sum of the total depreciable property of all benefited affiliates. All companies may be included in this allocation.

**BASIS 9**

AUTOMOBILE UNITS

- Charges will be allocated to each benefited affiliate on the basis of the relation of its number of automobile units to the total number of all automobile units of the benefited affiliates. All companies may be included in this allocation.

**BASIS 10**

NUMBER OF RETAIL CUSTOMERS

- Charges will be allocated to each benefited affiliate on the basis of the relation of its number of retail customers to the total number of all retail customers of the benefited affiliates. All companies may be included in this allocation.



**BASIS 11**

NUMBER OF REGULAR EMPLOYEES

- Charges will be allocated to each benefited affiliate on the basis of the relation of its number of regular employees to the total number of all regular employees of the benefited affiliates. All companies may be included in this allocation.

**BASIS 13**

FIXED ALLOCATION

- Charges will be allocated to each benefited affiliate on the basis of fixed percentages on an individual project basis. All companies may be included in this allocation.

**BASIS 14**

NUMBER OF TRANSPORTATION CUSTOMERS

- Charges will be allocated to each benefited affiliate on the basis of the relation of its Transportation Customers to the total of all Transportation Customers of the benefited affiliates. This allocation is only used by the following companies: Columbia Gas of Virginia, Columbia Gas of Kentucky, Columbia Gas of Ohio, Columbia Gas of Pennsylvania, Columbia Gas of Maryland, and Bay State Gas Company.

**BASIS 15**

NUMBER OF COMMERCIAL CUSTOMERS

- Charges will be allocated to each benefited affiliate on the basis of the relation of its Commercial Customers to the total of all Commercial Customers of the benefited affiliates. This allocation is only used by the following companies: Columbia Gas of Virginia, Columbia Gas of Kentucky, Columbia Gas of Ohio, Columbia Gas of Pennsylvania, Columbia Gas of Maryland, and Bay State Gas Company.

**BASIS 16**

NUMBER OF RESIDENTIAL CUSTOMERS

- Charges will be allocated to each benefited affiliate on the basis of the relation of its Residential Customers to the total of all Residential Customers of the benefited affiliates. This allocation is only used by the following companies: Columbia Gas of Virginia, Columbia Gas of Kentucky, Columbia Gas of Ohio, Columbia Gas of Pennsylvania, Columbia Gas of Maryland, and Bay State Gas Company.

**BASIS 17**

**NUMBER OF HIGH PRESSURE CUSTOMERS**

- Charges will be allocated to each benefited affiliate on the basis of the relation of its High Pressure Customers to the total of all High Pressure Customers of the benefited affiliates. This allocation is only used by the following companies: Columbia Gas of Virginia, Columbia Gas of Kentucky, Columbia Gas of Ohio, Columbia Gas of Pennsylvania, Columbia Gas of Maryland, and Bay State Gas Company.

**BASIS 20**

**SERVICE COMPANY BILLING (DIRECT AND ALLOCATED) COSTS**

- Charges will be allocated to each benefited affiliate on the basis of the relation of its Service Corporation billing costs, in total or by functional group (e.g. IT, Legal, HR, Finance, Audit), to the corresponding total of all Service Company billing costs, (i.e. in total or by functional group). The calculation of Basis 20 will include only those billings for services provided to all NiSource affiliates, excluding Business Unit specific shared service functions (i.e. functions that serve only one particular Business Unit). All companies may be included in this allocation.

**NiSource Corporate Service Company Allocation Percentages which impact NIPSCO**  
**Historic Base Period - Twelve Months Ended 12/31/2023**

Allocation Basis <sup>1</sup>	Allocation Code <sup>2</sup>	January 2023 - January 2023		February 2023 - July 2023		August 2023 - December 2023	
		NCSC	Total NIPSCO	NCSC	Total NIPSCO	NCSC	Total NIPSCO
Basis 1	AG	0.00%	52.60%	0.00%	52.13%	0.00%	53.75%
	AN	15.58%	44.87%	14.88%	44.87%	14.28%	46.21%
	AR	0.00%	26.39%	0.00%	26.18%	0.00%	27.20%
	AV	0.00%	52.72%	0.00%	51.88%	0.00%	52.78%
	ZG	0.00%	84.53%	0.00%	84.90%	0.00%	85.28%
	ZI	0.00%	97.29%	0.00%	97.08%	0.00%	97.20%
	ZK	0.00%	52.72%	0.00%	51.89%	0.00%	52.78%
Basis 2	BN	0.94%	51.58%	1.05%	51.17%	0.97%	52.52%
Basis 4	DB	21.72%	0.00%	22.16%	0.00%	21.07%	0.00%
	DE	9.45%	56.49%	9.29%	58.07%	8.85%	57.97%
Basis 7	GG	0.00%	52.34%	0.00%	52.04%	0.00%	53.19%
Basis 9	IG	0.00%	35.99%	0.00%	36.32%	0.00%	36.99%
Basis 10	JE	0.00%	36.13%	0.00%	35.98%	0.00%	36.06%
	JL	0.00%	28.63%	0.00%	28.47%	0.00%	28.57%
	JN	0.00%	26.52%	0.00%	26.42%	0.00%	26.47%
Basis 11	KF	27.41%	37.04%	27.24%	36.84%	28.43%	36.97%
	KG	0.00%	51.04%	0.00%	50.63%	0.00%	51.67%
	KS	43.55%	0.00%	43.13%	0.00%	45.11%	0.00%
	KU	0.00%	35.87%	0.00%	35.63%	0.00%	35.75%
Basis 13	MA	0.00%	43.74%	0.00%	45.19%	0.00%	44.81%
	MD	0.00%	43.93%	0.00%	43.93%	0.00%	43.93%
	MK	0.00%	56.01%	0.00%	56.01%	0.00%	56.01%
	MM	0.00%	49.96%	0.00%	49.96%	0.00%	49.96%
	MR	1.32%	38.58%	1.31%	39.34%	1.98%	39.14%
	MZ	0.00%	26.71%	0.00%	28.03%	0.00%	27.90%
Basis 20	TA	0.00%	42.40%	0.00%	42.51%	0.00%	42.48%
	TI	0.00%	45.25%	0.00%	45.06%	0.00%	44.57%
	TL	0.00%	41.32%	0.00%	41.27%	0.00%	39.86%

\* Please note that some allocations bill a portion of a percentage to NCSC, thus all companies are billed a portion of NCSC costs in these allocation factors.

In order to calculate the NIPSCO portion of the NCSC allocation, the NCSC values above are multiplied by the NCSC allocation to NIPSCO Common on page 2.

\*\* At a minimum, allocations are updated on a semi-annual basis in February and August.

1) Allocation Basis are defined in Appendix A of the Service Agreement included as Petitioner's Exhibit Attachment B

2) Allocation codes are merely subgroupings of companies under an Allocation Basis that benefit from services offered by NCSC. They are alphanumeric in nature and normally the first letter of the allocation code follows the Allocation Basis number (i.e. Basis 1 has "A" allocation codes).

**NiSource Corporate Service Company Allocation Percentages which impact NIPSCO  
Historic Base Period - Twelve Months Ended 12/31/2023**

<b>Month</b>	<b>NIPSCO Common</b>
Jan-23	31.29%
Feb-23	32.05%
Mar-23	30.28%
Apr-23	31.91%
May-23	30.78%
Jun-23	32.10%
Jul-23	32.47%
Aug-23	33.38%
Sep-23	32.22%
Oct-23	32.34%
Nov-23	32.53%
Dec-23	31.93%

Please note that some allocation factors bill a percentage to NCSC, thus all companies are billed a portion of NCSC costs in these specific allocation factors.

**Northern Indiana Public Service Company - Electric**  
**NiSource Corporate Services Company (NCSC) Test Year Expenses - with Pro-forma Adjustments**  
**Normalized Historic Base Period - Twelve Months Ended 12/31/2023**

<u>Line No.</u>	<u>Ref</u>	<u>Description</u>	<u>Amount</u>
1		2023 Historic Base Period	\$ 114,193,347
2		<i>Adjustments:</i>	
3	[.2]	LTI Normalization Adjustment	128,169
4	[.3]	STI Normalization Adjustment	(3,588,251)
5	[.4]	Non-Recurring WAM Spend	(5,026,870)
6		2023 Normalized Historic Base Period	<u>\$ 105,706,395</u>

**Northern Indiana Public Service Company - Electric  
NiSource Corporate Services Company - Long-Term Incentive Plan Grants (LTIP)  
For The Twelve Months Ended December 31, 2023**

<u>Line No.</u>	<u>Description</u>	<u>Dollars</u>
1	NCSC Historic Base Year LTIP Expense	\$ 18,272,773
2	NIPSCO Electric Historic Base Year LTIP Expense	4,318,102
3 = Line 2 / Line 1	NIPSCO Electric Historic Base Year LTIP Allocation %	23.63%
4	NCSC LTIP Expense at Target	18,815,143
5 = Line 4 x Line 3	NIPSCO Electric LTIP Expense at Target	4,446,272
6 = Line 5 - Line 2	Total LTIP Adjustment	<u>128,169</u>

**Northern Indiana Public Service Company - Electric  
NiSource Corporate Services Company - Short-Term Incentive (STI) Compensation  
For The Twelve Months Ended December 31, 2023**

<u>Line No.</u>	<u>Description</u>	<u>Dollars</u>	<u>%</u>
1	NIPSCO Electric Historic Base Year STI Expense - Total	\$ 11,766,091	100.0%
2	NIPSCO Electric Historic Base Year STI Expense - Capital	(3,443,908)	-29.3%
3 = Line 1 + Line 2	NIPSCO Electric Historic Base Year STI Expense - O&M	8,322,183	70.7%
4	NCSC Total STI Expense at Target	30,941,840	
5	NIPSCO Electric Average Percentage of STI	22.738%	
6 = Line 4 x Line 5	NIPSCO Electric STI Expense at Target - Total	7,035,439	
7 = Line 6	NIPSCO Electric STI Expense at Target - Total	7,035,439	
8 = Line 6 x Line 2 %	NIPSCO Electric STI Expense at Target - Capital	(2,059,257)	
9 = Line 7 + Line 8	NIPSCO Electric STI Expense at Target - O&M	4,976,182	
10 = Line 9 - Line 3	Adjustment to Normalize NIPSCO Electric STI Expense - O&M	(3,346,001)	
11	Payroll Tax Rate	7.24%	
12 = Line 10 x Line 11	Payroll Tax Adjustment	(242,250)	
13 = Line 10 + Line 12	Total NIPSCO Electric STI Normalization Adjustment	(3,588,251)	

**Northern Indiana Public Service Company - Electric  
NiSource Corporate Services Company - Non-Recurring WAM Spend  
For The Twelve Months Ended December 31, 2023**

<u>Line No.</u>	<u>Description</u>	<u>Dollars</u>
1	Outside Services	\$ 4,986,737
2	Employee Expenses	\$ 38,449
3	Other	\$ 1,684
4	WAM Non-Recurring Spend	\$ <b>5,026,870</b>
5		
6		
7		



**Northern Indiana Public Service Company**  
**NiSource Corporate Services Company (NCSC) Test Year Expenses - Normalized with Pro-forma Adjustments**  
**Historical Base Period - Twelve Months Ended 12/31/2023**  
**Forecast Period - Twelve Months Ended 12/31/2024**  
**Forward Test Year - Twelve Months Ended 12/31/2025**

<u>Line No.</u>	<u>Ref</u>	<u>Description</u>	<u>Amount</u>	
1	Attachment 5-D, Line 6	2023 Normalized Historic Base Year	\$ 105,706,395	
2				
3	= [.3] Line 19 + [.8] Line 21	<i>Increase(Decrease) to Budget Period</i>	\$ 8,978,906	8.5%
4				
5		2024 Forecast Period	\$ 114,685,300	
6				
7	= [.3] Line 28 + [.8] Line 21	<i>Increase(Decrease) to Forward Test Year</i>	\$ 6,272,827	5.5%
8				
9		2025 Forward Test Year	\$ 120,958,127	
10				
11		<u>Ratemaking Adjustments</u>		
12	[.4]	Employee Benefits Update	\$ 706,009	
13	[.5]	Non-Recoverable Expenses	\$ (848,417)	
14	[.6]	Allocation Update	\$ 360,070	
15	[.7]	Aviation	\$ (2,183,199)	
16	[.4]	Profit Sharing	\$ (344,890)	
17		Ratemaking Increase / (Decrease)	\$ (2,310,426)	-1.9%
18				
19		2025 Normalized Forward Test Year	\$ 118,647,701	
20		<i>Annual growth rate from 2023 Normalized Historic Base Year</i>		5.9%



**Northern Indiana Public Service Company  
Headcount and Compensation Update  
December 31, 2024 and 2025**

<b>Line No.</b>	<b>Ref</b>	<b>Description</b>	<b>Amount</b>
1		<i>Baseline Update</i>	
2		2023 Actual Salaries & Wages Expense	\$ 27,641,582
3	Schedule X-D .3 Line 9	2023 Normalized Short Term Incentive Expense	\$ 4,976,182
4	A	Subtotal Compensation Expense	\$ 32,617,764
5		2023 Average Headcount	2,069
6		2023 Average Compensation Expense per Person	\$ 15,768
7		June 2024 Actual Headcount	2,334
8	B	Adjusted Salaries & Wages	\$ 36,801,415
9	C = B - A	Salaries & Wages Baseline Adjustment	\$ 4,183,651
10			
11			
12		<i>2024 Compensation Update</i>	
13	D	2024 Merit Percentage	4%
14	E = B * D	2024 Merit Value	\$ 1,472,057
15	= C	Salaries & Wages Baseline Adjustment	\$ 4,183,651
16	[.11] Line 4	Vacancy Update	\$ 1,162,743
17		Subtotal 2024 Compensation Update	\$ 6,818,451
18	Schedule X-D .3 Line 11	Payroll Taxes	7.24%
19		2024 Compensation Update	\$ 7,312,107
20			
21			
22		<i>2025 Compensation Update</i>	
23	F	2025 Merit Percentage	3%
24	= (B + E) * F	2025 Merit Value	\$ 1,148,204
25	[.11] Line 3	Vacancy Update	\$ 2,790,584
26		Subtotal 2025 Compensation Update	\$ 3,938,788
27		Payroll Taxes	7.24%
28		2025 Compensation Update	\$ 4,223,957
29			
30			

**Northern Indiana Public Service Company  
Ratemaking Adjustment for Employee Benefits & Profit Sharing  
December 31, 2024 and 2025**

Line No.	Ref	Category	2023.A	2024.E	2025.E
1		Other Benefits	\$ (10,160)	\$ 35,000	\$ 40,000
2		OPEB - Service Cost	\$ 550,679	\$ 559,000	\$ 500,000
3		OPEB - Non-Service Costs	\$ 2,031,813	\$ 2,094,000	\$ 2,289,000
4		Pension - Service Cost	\$ 2,841,970	\$ 3,069,000	\$ 3,061,000
5		Pension - Non-Service Costs	\$ 4,758,187	\$ 3,833,000	\$ 2,874,000
6		Employee Medical Health Insurance	\$ 22,187,464	\$ 22,065,000	\$ 27,408,000
7		401K	\$ 14,578,494	\$ 14,451,000	\$ 16,528,000
8		Dental	\$ 1,265,679	\$ 1,239,000	\$ 1,351,000
9		Group Life Active	\$ 875,832	\$ 749,000	\$ 841,000
10		Long Term Disability	\$ 1,275,608	\$ 1,148,000	\$ 1,355,000
11		Profit Sharing	\$ 3,528,342	\$ 2,129,000	\$ 2,560,000
12		Vision	\$ 200,122	\$ 284,000	\$ 306,000
13		Benefit Administration	\$ 1,433,885	\$ 1,423,440	\$ 1,645,380
14		<b>Subtotal NCS Gross Benefits</b>	<b>\$ 55,517,916</b>	<b>\$ 53,078,440</b>	<b>\$ 60,758,380</b>
15		Capitalization	30.2%	30.2%	30.2%
16		<b>NCS Net Benefits</b>	<b>\$ 38,738,756</b>	<b>\$ 37,036,562</b>	<b>\$ 42,395,397</b>
17					
18		NIPSCO Electric Allocation of Net Benefits	7,479,521	\$ 7,150,869	\$ 8,185,531
19		NIPSCO Electric Allocation Rate	19.3%	19.3%	19.3%
20					
21		<b>Ratemaking Adjustment for Annual Benefits Update</b>	n/a	n/a	<b>\$ 706,009</b>
22					
23		<b>Ratemaking Adjustment for Net Profit Sharing</b>	n/a	n/a	<b>(344,890)</b>

**Northern Indiana Public Service Company  
Ratemaking Adjustments for Non-Recoverable Expenses  
December 31, 2023, 2024 and 2025**

**Line  
No.**

**Ref.**

1	<b>2023</b>	
2	Charitable Contribution	\$ 48,879
3	Gifts	\$ 73,815
4	Lobbying Activity	\$ 49,173
5	Miscellaneous CE	\$ 11,816
6	Non-Deductible Expense	\$ 8,887
7	Non-Recoverable Advertising	\$ 435,225
8	Non-Recoverable Vendor	\$ 173,293
9	Non-Recoverable Work Order	\$ (17,056)
10	Promotional Advertising	\$ -
11	Dues & Memberships	\$ -
12	<b>Grant Total</b>	<b>\$ 784,032</b>

13  
14

15	<b>2024</b>	
16	Inflation Rate	4.0%
17	Inflation Adjustment	\$ 31,557
18	<b>Total</b>	<b>\$ 815,589</b>

[.2] line 15

19  
20

21	<b>2025</b>	
22	Inflation Rate	4.0%
23	Inflation Adjustment	\$ 32,827
24	<b>Total</b>	<b>\$ 848,417</b>

[.2] line 15

**Northern Indiana Public Service Company  
Ratemaking Adjustment for Allocation Update  
December 31, 2025**

Line No.	Description		Amount	Ref.
1	2023 Historic Base Period, NCS Fee Allocated to NIPSCO Electric	A	\$ 114,193,347	Attachment 5-D page 1 line 1
2	2023 Historic Base Period, NIPSCO Electric NCS Fee Transfers	B	\$ 1,067,364	
3	2023 Historic Base Period, NCS Fee initially allocated to NIPSCO Electric	A+B = C	\$ 115,260,711	
4				
5	2023 Historic Base Period, Total NCS Fee	D	\$ 507,279,194	
6				
7	2023 Historic Base Period Allocation Percentage to NIPSCO Electric	C / D = E	23%	
8	2025 Forward Test Year	F	\$ 120,958,127	Page 1, Line 9
9	Implied/Calculated Total NCS Fee for 2025	E * F	\$ 532,354,352	
10				
11				
12	Estimated increase in NIPSCO Allocation based on 2023 data	G	\$ 343,110	Described in testimony narrative
13	Calculated percent increase	G / D = H	0.07%	
14	2025 Forward Test Year Adjustment	G * H	\$ 360,070	
15				
16				
17				
18				

Northern Indiana Public Service Company  
 Ratemaking Adjustment for Aviation  
 December 31, 2023

Line No.	Description		Amount	Ref.
1	2023 NCSC Aviation Costs	A	\$ 2,569,415	
2	Less: Costs billed directly to NIPSCO, not via an allocator	B	\$ 690,179	
3	2023 NCSC Aviation cost estimate for non-utility operations	A - B = C	\$ 1,879,235	
4				
5	2023 NCSC estimated financing costs for corporate jet	D	\$ 1,337,790	
6	NIPSCO Electric Allocation Percentage	E	23%	Page 6, Line 7
7	Allocation to NIPSCO for corporate jet financing costs	D * E = F	\$ 303,964	
8				
9	2023 NCSC Aviation Costs allocated to NIPSCO Electric	C + F	\$ 2,183,199	
10				
11				
12				
13				
14				
15				
16				
17				
18				

Northern Indiana Public Service Company  
Information Technology Update  
December 31, 2024 and 2025

Line No.	Ref.	Description	2024 Amount	2025 Amount	Allocation
1		Advanced Metering Infrastructure	\$ 350,000	\$ 1,200,000	Direct
2		Renewables Data Integration	\$ -	\$ 350,000	Direct
3		VMWare / Broadcom	\$ 940,000	\$ 2,450,000	TI
4		Onshored Help Desk	\$ 1,550,000	\$ 1,550,000	TI
5		Disaster Recovery Modernization	\$ 340,000	\$ 1,240,000	TI
6		Service Level Agreement Credits	\$ 800,000	\$ 1,080,000	TI
7		Managed Service Provider Contract Growth	\$ 400,000	\$ 400,000	TI
8		Managed Service Provider Cost of Living Adjustment (COLA)	\$ 360,000	\$ 500,000	TI
9		<b>Subtotal</b>	<b>\$ 4,740,000</b>	<b>\$ 8,770,000</b>	
10					
11		<i>Subtotal by Allocation</i>			
12	A	Direct Allocation	\$ 350,000	\$ 1,550,000	
13					
14		TI Allocation	\$ 4,390,000	\$ 7,220,000	
15		<i>NIPSCO TI Allocation</i>	44.53%	44.53%	
16		<i>Electric CSA Allocation</i>	67.36%	67.36%	
17		<i>Allocation to NIPSCO Electric</i>	30.00%	30.00%	
18	B	Allocated TI Allocation	\$ 1,316,798	\$ 2,165,668	
19					
20	= A + B	<b>Total IT Update</b>	<b>\$ 1,666,798</b>	<b>\$ 3,715,668</b>	
21		<i>IT Update by Year for Page 1</i>	<i>\$ 1,666,798</i>	<i>\$ 2,048,870</i>	
22					
23					
24					
25					
26					





Northern Indiana Public Service Company  
Headcount Adjustments

Month	01/01/23	02/28/23	03/31/23	04/30/23	05/31/23	06/30/23	07/31/23	08/31/23	09/30/23	10/31/23	11/30/23	12/31/23	01/31/24	02/29/24	03/31/24	04/30/24	05/31/24	06/30/24
Products & Services	0	0	0	0	0	0	0	0	0	0	0	0	0	3	3	3	3	3
Corporate Security	9	10	10	13	14	13	13	13	12	13	14	14	14	14	14	14	15	15
Environmental Permitting	9	9	10	16	16	22	46	48	47	51	55	58	58	58	57	55	56	58
Aviation Services	3	3	4	3	3	3	3	5	6	7	8	8	11	10	10	10	12	12
<b>Subtotal Adjustments</b>	<b>21</b>	<b>22</b>	<b>24</b>	<b>32</b>	<b>33</b>	<b>38</b>	<b>62</b>	<b>66</b>	<b>65</b>	<b>71</b>	<b>77</b>	<b>80</b>	<b>83</b>	<b>85</b>	<b>84</b>	<b>82</b>	<b>86</b>	<b>88</b>

**Northern Indiana Public Service Company**  
**Vacancies Actively Being Recruited**

1	<b>Total roles actively being recruited</b>	<b>114</b>	<b>\$ 14,453,300</b>
2	<b>NIPSCO Electric Allocation</b>		<b>19.3% [.4] Line 19</b>
3	<b>Vacancy Update - Full Year Value for 2025</b>		<b>\$ 2,790,584</b>
4	<b>Vacancy Update - Partial Year Value for 2024 (Aug-Dec)</b>		<b>\$ 1,162,743</b>

6	<b>Open Position Title</b>	<b>Salary Midpoint</b>	<b>Count of Roles</b>	<b>Value of Roles</b>
7	Director Risk & Insurance (hybrid)	\$ 188,600	1	\$ 188,600
8	Insurance Systems Analyst-hybrid	\$ 82,400	1	\$ 82,400
9	Counsel	\$ 157,200	1	\$ 157,200
10	Legal Assistant	\$ 82,400	1	\$ 82,400
11	Senior Counsel-Labor and Employment (hybrid)	\$ 188,600	1	\$ 188,600
12	Senior Paralegal (hybrid)	\$ 96,800	1	\$ 96,800
13	Energy Infrastructure, Capital Markets and Investor Relations Manager (hybrid)	\$ 133,800	1	\$ 133,800
14	Data Governance Lead - Platform Administration	\$ 133,800	1	\$ 133,800
15	Lead Data Quality Analyst	\$ 133,800	1	\$ 133,800
16	Lead MDM Architect	\$ 133,800	1	\$ 133,800
17	Reference Data Application Analyst	\$ 82,400	1	\$ 82,400
18	Sr Data Quality Analyst	\$ 96,800	1	\$ 96,800
19	Senior Data Product Owner - Remote	\$ 113,800	1	\$ 113,800
20	Sr Data Engineer - Remote	\$ 113,800	1	\$ 113,800
21	Emergency Management Specialist	\$ 70,200	3	\$ 210,600
22	Emergency Manager	\$ 157,200	1	\$ 157,200
23	Sustainability Principal-hybrid	\$ 133,800	1	\$ 133,800
24	VP Public Affairs & Sustainability	\$ 283,100	1	\$ 283,100
25	Safety Program Specialist- Content Creation	\$ 96,800	1	\$ 96,800
26	Safety Program Specialist-4	\$ 96,800	1	\$ 96,800
27	Internal Audit Project Manager (hybrid)	\$ 157,200	1	\$ 157,200
28	Lead Auditor (hybrid)	\$ 113,800	1	\$ 113,800
29	Sr Auditor	\$ 96,800	1	\$ 96,800
30	SVP Customer Operations	\$ 353,800	1	\$ 353,800
31	Energy Supply Operations Analyst (hybrid)	\$ 82,400	1	\$ 82,400
32	Manager Gas Accounting	\$ 133,800	1	\$ 133,800
33	Dir Finance & Strategy Communications	\$ 188,600	1	\$ 188,600
34	Executive Coordinator	\$ 82,400	1	\$ 82,400
35	Senior Director Stakeholder Engagement	\$ 226,400	1	\$ 226,400
36	Sr Director Reputation Management	\$ 226,400	1	\$ 226,400
37	Senior Director Business Alignment	\$ 226,400	1	\$ 226,400
38	Leader Technical Training	\$ 113,800	1	\$ 113,800
39	Mgr Technical Training	\$ 133,800	1	\$ 133,800
40	Technical Trainer - M&R	\$ 96,800	1	\$ 96,800
41	Technical Trainer - Plant	\$ 96,800	1	\$ 96,800
42	Welding Technical Trainer	\$ 96,800	1	\$ 96,800
43	Instructional Program Designer	\$ 82,400	1	\$ 82,400
44	Content Specialist	\$ 70,200	1	\$ 70,200
45	Lead Training Coordinator	\$ 82,400	1	\$ 82,400
46	Transformation Program Manager	\$ 133,800	2	\$ 267,600
47	Process Safety Specialist	\$ 113,800	3	\$ 341,400
48	Human and Organizational Performance Program Manager	\$ 133,800	1	\$ 133,800
49	Director Real Estate Services	\$ 188,600	1	\$ 188,600
50	Real Estate Services System Administrator	\$ 82,400	1	\$ 82,400
51	Engineer Level II	\$ 96,800	1	\$ 96,800
52	Integrity Mgmt Engineer 2	\$ 113,800	1	\$ 113,800
53	Ldr Capital Close Out	\$ 133,800	1	\$ 133,800
54	Sr Dir Asset Knowledge Management	\$ 226,400	1	\$ 226,400
55	Operational Excellence - Corrective Action Governance Specialist	\$ 82,400	1	\$ 82,400
56	Supervisor, Operational Excellence – Corrective Action Program (CAP) Execution	\$ 113,800	2	\$ 227,600
57	Technical Support Specialist 2 - Measurement and Regulation M&R	\$ 113,800	1	\$ 113,800
58	Technical Support Specialist 2- Measurement and Regulation M&R	\$ 113,800	1	\$ 113,800
59	Standards Engineer	\$ 113,800	1	\$ 113,800
60	Executive Admin Assistant	\$ 82,400	1	\$ 82,400
61	Sr Forecasting & Modeling Analyst	\$ 96,800	1	\$ 96,800
62	FLL Operator Qualification	\$ 113,800	1	\$ 113,800
63	Gas Qualification Specialist	\$ 96,800	1	\$ 96,800
64	Mgr Operator Qualification	\$ 133,800	1	\$ 133,800
65	Facility Damage Coordinator	\$ 70,200	1	\$ 70,200
66	Principal Engineer	\$ 133,800	1	\$ 133,800
67	Construction Superintendent	\$ 113,800	2	\$ 227,600

68	Project Manager	\$	113,800	1	\$	113,800
69	Project Manager - Execution	\$	113,800	1	\$	113,800
70	Scheduling Leader - Work Management	\$	96,800	1	\$	96,800
71	Manager Strategy and Risk (hybrid)	\$	157,200	1	\$	157,200
72	Sr Billing Specialist	\$	53,100	2	\$	106,200
73	Revenue Recovery Senior	\$	70,200	1	\$	70,200
74	Scheduling Leader	\$	96,800	1	\$	96,800
75	Sr Work Coordinator - MRC	\$	70,200	1	\$	70,200
76	Team Ldr Gas Operations	\$	113,800	1	\$	113,800
77	Work Coordinator	\$	53,100	1	\$	53,100
78	Sr Director Work Management	\$	226,400	1	\$	226,400
79	Dir Financial Planning & Analysis	\$	188,600	1	\$	188,600
80	Director Financial Analysis & Projects	\$	188,600	1	\$	188,600
81	Financial Analysis & Projects Manager	\$	157,200	1	\$	157,200
82	Manager Financial Planning & Analysis	\$	157,200	1	\$	157,200
83	Manager Financial Planning & Analysis-Revenue	\$	157,200	1	\$	157,200
84	Senior Director Financial Planning & Analysis	\$	226,400	1	\$	226,400
85	Senior or Lead Financial Analyst (hybrid)	\$	113,800	1	\$	113,800
86	Transformation Manager	\$	133,800	1	\$	133,800
87	Senior Financial Analyst - Corporate Finance (hybrid)	\$	96,800	1	\$	96,800
88	IT Analyst - Executive Support	\$	96,800	1	\$	96,800
89	ITIL Change and Knowledge Process Owner	\$	133,800	1	\$	133,800
90	Lead Architect	\$	157,200	1	\$	157,200
91	Lead Architect	\$	157,200	1	\$	157,200
92	Manager of IT Applications	\$	157,200	1	\$	157,200
93	Cybersecurity Project Manager	\$	133,800	1	\$	133,800
94	Cybersecurity Project Manager - Remote	\$	133,800	1	\$	133,800
95	IT PMO Analyst - Finance	\$	96,800	1	\$	96,800
96	Lead Cybersecurity Architect - Remote	\$	157,200	1	\$	157,200
97	Lead IT Security Analyst - Cloud and Endpoint	\$	133,800	1	\$	133,800
98	Senior Cybersecurity Engineer - Power BI - Remote	\$	113,800	1	\$	113,800
99	Infrastructure, Capital Markets and Investor Relations Financial Analyst (hybrid)	\$	82,400	1	\$	82,400
100	Project Specialist New Business	\$	113,800	1	\$	113,800
101	VP Supply Chain & Chief Procurement Officer	\$	283,100	1	\$	283,100
102	Mgr Category Management	\$	157,200	1	\$	157,200
103	Supply Chain Procurement Specialist	\$	105,300	2	\$	210,600
104	Senior Reporting & Analytics Analyst - Power BI	\$	96,800	1	\$	96,800
105	Supply Chain Systems Lead	\$	113,800	1	\$	113,800
106	Vendor Risk Manager	\$	133,800	1	\$	133,800
107	Manager Category Management	\$	157,200	1	\$	157,200
108	Fleet Analyst	\$	96,800	1	\$	96,800
109	Local Fleet Supv	\$	113,800	1	\$	113,800
110	Executive Admin Assistant	\$	82,400	1	\$	82,400
111	Manager, Talent Sourcing & Engagement	\$	133,800	1	\$	133,800
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Northern Indiana Public Service Company  
Reasonableness Review of NCSC Fee

	<u>Reference</u>
<b>2021 Normalized Historic Base Year</b>	\$ 104,887,666 Cause 45772 - Gode Testimony, Attachment 6-A, Page 1, Line 1
<b><i>Inflation</i></b>	
2022	6.2% [.2] line 11
2023	4.8% [.2] line 12
2024	4.0% [.2] line 15
2025	4.0% [.2] line 15
<b><i>Expected NCSC Fee considering inflation</i></b>	
2022	\$ 111,390,701
2023	\$ 116,737,455
2024	\$ 121,436,138
2025	\$ 126,323,942
<b><i>Comparison to forecast periods</i></b>	
2024 Forecast Period	\$ 114,685,300
difference to expected value	\$ (6,750,837) -5.6%
2025 Forward Test Year	\$ 120,958,127
difference to expected value	\$ (5,365,815) -4.2%
2025 Normalized Forward Test Year	\$ 118,647,701
difference to expected value	\$ (7,676,241) -6.1%