
VERIFIED CROSS-ANSWERING TESTIMONY OF TCHAPO NAPOE

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

2 A1. My name is Tchapo Napoe. My business address is 290 W. Nationwide
3 Blvd., Columbus, Ohio 43215. My position is Vice President and Treasurer
4 Corporate Finance for NiSource Inc. ("NiSource") and NiSource Corporate
5 Services Company ("NCSC").

6 **Q2. On whose behalf are you submitting this cross-answering testimony?**

7 A2. I am submitting this cross-answering testimony on behalf of Intervenor
8 Northern Indiana Public Service Company LLC ("NIPSCO").

9 **Q3. Please briefly describe your educational and business experience.**

10 A3. I have a Bachelor of Science in Economics from The University of Wisconsin
11 Green Bay and a Master of Business Administration with a concentration in
12 Finance from the University of Arizona. I hold a Chartered Financial
13 Analyst designation. I joined NiSource as Vice President and Treasurer,
14 Corporate Finance for NiSource in 2023. In that role, I am responsible for
15 managing corporate development, liquidity, and financing and

1 maintaining relationships with banks and rating agencies, as well as
2 oversight of benefit trust administration and investment policy. I also have
3 oversight of NiSource's corporate insurance program. I was previously
4 with WEC Energy Group from 2002 to 2023, where I held various finance
5 and treasury related positions.

6 **Q4. Have you previously testified before the Indiana Utility Regulatory**
7 **Commission ("Commission") or any other regulatory commission?**

8 A4. I have previously testified before the Illinois Commerce Commission and
9 the Public Service Commission of Wisconsin but have not previously
10 testified in Indiana.

11 **Q5. What is the purpose of your cross-answering testimony?**

12 A5. The purpose of my cross-answering testimony is to address the other
13 parties' testimonies regarding financial risks and impacts on NIPSCO that
14 they allege are presented from the creation and use of NIPSCO Generation
15 LLC ("GenCo") to own and operate major capital investments related to
16 interconnecting and serving megaload customers. My cross-answering
17 testimony is limited to a discussion of those issues, and the failure to
18 address each and every issue in each piece of testimony does not imply

1 agreement with the positions taken by any party with respect to other
2 issues.

FINANCIAL RISKS AND IMPACTS ON NIPSCO

3 **Q6. From your review of the testimony of Brian Latham of the Indiana Office**
4 **of Utility Consumer Counselor (“OUCC”) and Michael O’Connell on**
5 **behalf of the Board of Commissioners of LaPorte County (“LaPorte”),**
6 **what arguments do they raise about alleged financial risks or impacts that**
7 **GenCo’s activities or operations could have on NIPSCO?**

8 A6. OUCC Witness Latham (at 6) voices concerns about the debt GenCo may
9 issue, which he alleges could lead to GenCo or its corporate parent not
10 being able to service GenCo’s debt, thereby impacting NIPSCO. His
11 recommendation (at 6-7) is that the “Commission ensure that NIPSCO’s
12 other ratepayers are not potentially subject to GenCo-related debt prior to
13 approving GenCo’s declination requests.”

14 Similarly, LaPorte Witness O’Connell (at 25) argues that there is a risk that
15 existing NIPSCO customers may potentially bear the costs associated with
16 increased financing costs for NIPSCO based on the activities of GenCo.

17 **Q7. How do you respond to these arguments?**

1 A7. In his direct testimony, GenCo Witness Parisi¹ (at 8) explained that “[f]irst
2 and foremost, NIPSCO is focused on ensuring that its existing retail
3 customers are reasonably protected from risks related to serving megaload
4 customers.” He also included a lengthy section on the “Customer
5 Protections” that are part of GenCo’s proposal, which elaborates on this
6 topic. Neither GenCo nor NIPSCO have promised absolute customer
7 protection from any-and-all potential risks, and this would be an
8 unreasonable standard for either company to be held to. Instead, the
9 appropriate standard here is for the Commission to evaluate whether
10 GenCo’s proposal is in the public interest, and an aspect of that is whether
11 NIPSCO and its customers are *reasonably and appropriately* protected from
12 any known, potential risks posed by this arrangement.

13 This concern can largely be addressed and mitigated by ensuring that the
14 revenue NIPSCO recovers under a special contract with a megaload
15 customer is priced at a level that—once NIPSCO pays GenCo under a
16 separate power purchase agreement (“PPA”)—provides GenCo sufficient

¹ Concurrent with NIPSCO’s filing of cross-answering testimony, GenCo Witness Parisi is filing rebuttal testimony, and on April 11, 2025, Mr. Parisi also adopted the direct testimony filed on behalf of GenCo in its case-in-chief.

1 revenue to cover its costs, including its financing costs. This would
2 materially reduce the risk of any default and thereby greatly mitigate the
3 risks OUCC Witness Latham and LaPorte Witness O'Connell raise. And,
4 as further discussed below, this is the way NIPSCO and GenCo are
5 approaching the PPA between the parties and the special contract NIPSCO
6 intends to enter into with a megaload customer.

7 **Q8. Do any other parties offer testimony related to alleged financial risks**
8 **NIPSCO may face?**

9 A8. Yes. Michael Gorman on behalf of NIPSCO Industrial Group ("Industrial
10 Group") raises two arguments related to financial risks.

11 **Q9. What is the first argument Industrial Group Witness Gorman raises?**

12 A9. Mr. Gorman (at 8-9) notes that GenCo's proposal will lead to NIPSCO
13 entering into a PPA with GenCo. He argues that this increases risk to
14 NIPSCO, as NIPSCO will now be signing a special contract with a potential
15 megaload customer, as well as a PPA with GenCo. He supports this claim
16 by pointing to the fact that NIPSCO will now face "default risk" for both
17 contracts—as opposed to only facing default risk related to the special

1 contract if NIPSCO were to own and operate the generation resources to
2 serve megaload customers.

3 **Q10. How do you respond to this argument?**

4 A10. First, I would note that Mr. Gorman fails to acknowledge that if NIPSCO
5 were not proposing to utilize GenCo, NIPSCO itself would be directly
6 undertaking the obligation to build, own, finance, and operate a significant
7 amount of generation. Risks associated with direct NIPSCO ownership of
8 generation are what NIPSCO is mitigating by the creation and use of
9 GenCo. It is NIPSCO's intent and expectation that the terms of any special
10 contract it enters with a megaload customer will correspond with the terms
11 of a corollary PPA between NIPSCO and GenCo, as much as reasonably
12 possible. This strategy significantly and materially mitigates any potential
13 risk NIPSCO faces from entering into a PPA with GenCo, as well as any
14 potential risk from the overall structure GenCo is proposing.

15 Each special contract and PPA will separately and independently be
16 presented to the Commission for approval. Each time this occurs, the
17 Commission and interested parties will be presented with the information
18 and evidence necessary to evaluate both agreements, and for the

1 Commission to ultimately determine whether the agreements are just and
2 reasonable and in the public interest.

3 **Q11. What is the second argument that Industrial Group Witness Gorman**
4 **raises?**

5 A11. Mr. Gorman (at 6) also argues that NIPSCO's "PPA agreements with GenCo
6 will create a debt equivalent financial obligation to NIPSCO. This debt
7 equivalent obligation will impact NIPSCO's leverage risk, credit rating and
8 cost of capital. This financial leverage risk will impact NIPSCO's cost of
9 service to non-megaload customers."

10 **Q12. What is your response to this argument?**

11 A12. I will begin by acknowledging that there is some validity to Mr. Gorman's
12 argument. It is certainly possible that, in the future, a credit rating agency
13 could evaluate a future NIPSCO-GenCo PPA and impute some level of debt
14 to NIPSCO. However, what Mr. Gorman did not acknowledge is that
15 *currently*, no credit rating agency has imputed any level or amount of
16 "debt" to NIPSCO in relation to any of the PPAs NIPSCO currently has with
17 independent power producers or with joint venture owners of generation
18 projects. Thus, this concern is speculative at best.

1 In addition to failing to recognize that this kind of debt imputation is not
2 happening today for NIPSCO, and focusing on a hypothetical that only may
3 occur in the future, Mr. Gorman has not attempted to quantify if this would
4 be material if it did eventually happen, or weigh it against the benefits that
5 GenCo has explained are underlying this filing. Therefore, I continue to
6 believe that the proposed transaction structure is in the public interest and
7 provides reasonable and appropriate protections from financial risk for
8 NIPSCO and its customers.

9 **Q13. In his rebuttal testimony, GenCo Witness Parisi includes several**
10 **commitments or safeguards GenCo is making in response to various**
11 **concerns raised by other parties in their cases-in-chief. Are there any of**
12 **these commitments that NIPSCO is committing to or would like to**
13 **address?**

14 A13. Yes. I will begin by noting that NIPSCO has reviewed and agrees with the
15 testimony offered by GenCo Witness Parisi as to the scope of this
16 proceeding, which should be limited to GenCo's request for limited
17 declination of jurisdiction. However, in the spirit of compromise and in
18 direct response to arguments and concerns raised by other parties in their

1 cases-in-chief, GenCo is offering certain commitments in its rebuttal
2 testimony, some of which reasonably relate to or impact NIPSCO—for
3 example, a commitment relating to the anticipated PPA between NIPSCO
4 and GenCo.

5 As part of my testimony, offered on behalf of NIPSCO, I confirm that
6 NIPSCO agrees with the commitments offered by GenCo in its rebuttal
7 testimony and further agrees to be bound by such commitments to the
8 extent they relate to or impact NIPSCO. Specifically, the following
9 commitments GenCo is offering relate to or impact NIPSCO: (1) NIPSCO
10 intends only to enter into PPAs with GenCo for energy and capacity it
11 reasonably expects to need to serve its megaload customers, (2) NIPSCO
12 will file special contracts with the Commission for approval, (3) GenCo and
13 NIPSCO will file PPAs with the Commission for approval, (4) entering into
14 affiliate guidelines between NIPSCO and GenCo, which will be filed with
15 the Commission, and (5) entering into one or more services agreement
16 establishing shared services and allocation of costs between NIPSCO and
17 GenCo, which will also be filed with the Commission.

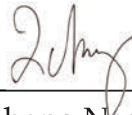
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1 **Q14. Does this conclude your prefiled cross-answering testimony?**

2 **A14. Yes.**

VERIFICATION

I, Tchapo Napoe, Vice President and Treasurer Corporate Finance for NiSource Inc. and 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.



Tchapo Napoe

Date: April 14, 2025