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**VERIFIED SUPPLEMENTAL DIRECT TESTIMONY OF KEVIN J. BLISSMER**

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

2 A1. My name is Kevin J. Blissmer. My business address is 801 E. 86th Avenue,  
3 Merrillville, Indiana 46410. I am Manager of Regulatory for NiSource  
4 Corporate Services Company ("NCSC").

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

6 A2. I am submitting this testimony on behalf of Northern Indiana Public Service  
7 Company LLC ("NIPSCO").

8 **Q3. Are you the same Kevin J. Blissmer who prefiled direct testimony in this**  
9 **Cause?**

10 A3. Yes.

11 **Q4. What is the purpose of your supplemental direct testimony in this**  
12 **proceeding?**

13 A4. The purpose of my supplemental direct testimony is to provide additional  
14 information relating to NIPSCO's shift in the in-service date of its proposed  
15 natural gas combustion turbine ("CT") peaker plant (the "CT Project") on

1 available property at the R.M. Schahfer Generating Station ("Schahfer") site  
2 from end of year 2026 to end of year 2027. Specifically, I provide a new  
3 calculation of gross financing cost savings consistent with Ind. Code § 8-1-  
4 8.8-11(a)(1)(B) under NIPSCO's proposed GCT Mechanism using updated,  
5 projected capital spend based upon a 2027 in-service date. I also update the  
6 proposed GCT Mechanism filing schedule and the estimated monthly bill  
7 impact from the CT Project for an average residential customer. Acronyms  
8 and short form definitions from my original direct testimony also apply to  
9 this supplemental testimony.

10 **Q5. Are you sponsoring any attachments to your supplemental direct**  
11 **testimony in this Cause?**

12 A5. Yes. I am sponsoring Attachment 8-S-A, Attachment 8-S-B, and  
13 Attachment 8-S-D, all of which were prepared by me or under my direction  
14 and supervision.

15 **Q6. Please describe Attachment 8-S-A.**

16 A6. Attachment 8-S-A is the calculation of gross financing cost savings over the  
17 life of the CT Project. It is in the same form as the original Attachment 8-A  
18 except for two changes. First, CT Project capital spend has been updated to

1 coincide with an in-service date of December 2027, instead of December  
2 2026. Second, the implementation of rates through the proposed GCT  
3 Mechanism has been updated to reflect the new anticipated date of an order  
4 in this Cause. NIPSCO is now projecting an effective date of rates under  
5 the GCT Mechanism beginning March 1, 2025, on a bills rendered basis. On  
6 the Summary Tab of Attachment 8-S-A, both the top and bottom sections  
7 assume an in-service date of December 2027, with a general rate case test  
8 year assumed to be calendar year 2027. It is assumed that Step 2 rates in  
9 that case would become effective on a bills rendered basis in March 2028.  
10 From that point forward, the sequence and timing of rate implementation  
11 under the GCT Mechanism and Rate Case Only is the same. The only  
12 difference from March 2028 over the remaining life of the project is the  
13 result of the higher accrued rate base (including regulatory asset) produced  
14 by the accrual of AFUDC and PISCC under the traditional model.

15 **Q7. What is the conclusion of your updated analysis?**

16 A7. The total financing costs over the life of the CT Project are set forth in the  
17 Revenue from Financing Costs line item. Under NIPSCO's CWIP proposal  
18 (the top section), the total revenue from financing costs is \$1,609,808,326.

1 Under the traditional general rate case scenario (the bottom section), the  
2 total revenue from financing costs is \$1,691,794,736. The difference between  
3 these two amounts of \$81,986,410 is the gross financing savings over the life  
4 of the CT Project.

5 **Q8. Does Attachment 8-S-A reveal a customer benefit from the shift in the in-**  
6 **service date?**

7 A8. Yes. Over the next few years, a 2027 in-service date results in substantial  
8 savings in customer rates in the short-term. Through 2028 (the year after  
9 the next rate case), total gross Revenue from Financing Costs drops from  
10 approximately \$232 million (based on a 2026 in-service date) to  
11 approximately \$167 million (based on a 2027 in-service date). This is a  
12 customer savings of approximately \$65 million over the next five years.  
13 Although this was not a driver of NIPSCO's shift in the in-service date, it is  
14 a benefit to customers directly resulting from that decision.

15 **Q9. As reflected in Attachment 8-S-A, what is the customer impact from the**  
16 **change to the in-service date over the 30-year life of the CT Project?**

17 A9. In terms of total gross financing costs, the total cost to customers over the  
18 life of the CT Project is estimated to be slightly higher under the revised in-

1 service date when compared to the original in-service date. As reflected on  
2 the Summary tab of Attachment 8-S-A, the "Total Financing Cost" from the  
3 CT Project is estimated to be \$1,609,808,326. This compares to the same  
4 calculation from Attachment 8-A to my direct testimony, which was  
5 \$1,594,896,529. In total, over the 30-year life, this is a slight increase of  
6 \$14,911,797, or less than 1% of the total gross financing costs.

7 **Q10. Does NIPSCO continue to propose that its GCT Mechanism uses**  
8 **forward-looking CWIP ratemaking?**

9 A10. Yes. As in my direct testimony, NIPSCO's proposal is to reflect the CWIP  
10 financing costs projected to occur over the next respective six-month billing  
11 period in each tracker filing. As such, there will be no AFUDC reflected in  
12 the total cost of the CT Project, except for the very limited AFUDC that has  
13 already been accrued and is expected to be accrued until rates take effect in  
14 March 2025 under the GCT Mechanism. If the GCT Mechanism were  
15 backward-looking and reflected the CWIP financing costs that had been  
16 incurred over the previous six months, the overall gross financing savings  
17 would be reduced and produce ultimately higher rates for NIPSCO's  
18 customers. In comparison, although a backward-looking CWIP proposal

1 would produce gross financing savings over the life of the CT Project, the  
2 savings would be lower, and the result would be higher total cost for  
3 NIPSCO's customers. The calculation of gross financing savings with a  
4 backward-looking CWIP tracker is shown in Attachment 8-S-D. The  
5 backward-looking tracker would produce total gross financing savings of  
6 \$48,019,573, as opposed to the nearly \$82 million of total gross financing  
7 savings utilizing a forward-looking tracker.

8 **Q11. What is NIPSCO's anticipated procedural schedule for the proposed**  
9 **GCT Mechanism?**

10 A11. Because of the need to file supplemental testimony, NIPSCO now  
11 anticipates an order in this Cause in September 2024. Therefore, NIPSCO  
12 anticipates its first GCT filing will be made by October 15, 2024 (reflecting  
13 the forward-looking period of March through August) and its second filing  
14 on April 15, 2025 (reflecting the forward-looking period of September  
15 through February).

16 NIPSCO proposes to file its petition and case-in-chief by October 15 and  
17 April 15 each year with new rates becoming effective for bills rendered  
18 starting on March 1 and September 1, respectively. The petition filed on

1           October 15 will be based on a forecast of the upcoming period of March  
2           through August. The petition filed on April 15 will be based on a forecast  
3           of the upcoming period September through February. A reconciliation of  
4           actual to forecasted expenses will be completed on a 12-month lag (*i.e.*,  
5           forecasted expenses from the GCT-1 tracker filing will be reconciled to  
6           actual expenses in the GCT-3 tracker filing).

7           **Q12. Did NIPSCO include any actual costs as part of this filing?**

8           A12. No. Attachment 8-S-B contains illustrative schedules, which are based on  
9           NIPSCO's proposal to file its first tracker petition on October 15, 2024 or  
10          within 30 days of a final order in this Cause, whichever is later. At that  
11          time, NIPSCO will include average, projected CWIP balances from March  
12          2025 through August 2025 and actual and projected AFUDC through  
13          February 2025.<sup>1</sup> NIPSCO is proposing the first GCT factors become  
14          effective for bills rendered by NIPSCO during the billing cycles of March  
15          2025 through August 2025, or until replaced by different GCT factors that  
16          are approved in a subsequent filing. As noted above, these costs will be

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<sup>1</sup> This initial forecasted period exceeds the typical 6-month test period as NIPSCO is seeking recovery of forecasted amounts in addition to actual costs incurred.

1 reconciled in NIPSCO's GCT-3 tracker filing. Attachment 8-S-B is based  
2 upon NIPSCO's current forecasted costs and timing and is therefore  
3 illustrative. The actual schedule will use actual information at that time.

4 **Q13. What is the estimated bill impact of the CT Project for an average**  
5 **residential customer?**

6 A13. The exact impact will be dependent on a number of different factors.  
7 However, assuming issuance of a CPCN for the CT Project and approval of  
8 the proposed GCT Mechanism as described above, NIPSCO currently  
9 estimates that costs in the first GCT tracker filing after approval would  
10 result in an incremental 2025 charge of approximately \$0.56 to a 668 kWh  
11 per month residential bill. This is significantly lower than the \$1.25/month  
12 impact to a 668 kWh customer that was estimated in my direct testimony  
13 (Question / Answer 35) based on a 2026 in-service date, consistent with the  
14 short-term cost savings I discussed above.<sup>2</sup>

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<sup>2</sup> As explained above, the GCT Mechanism will also be take effect in March 2025, rather than October 2024 under NIPSCO's original proposal, meaning customers will not begin seeing *any* costs related to the CT Project until 5 months later.



1   **Q14. Does this conclude your prefiled supplemental direct testimony?**

2   **A14. Yes.**

## VERIFICATION

I, Kevin J. Blissmer, Manager of Regulatory 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 cursive script that reads "Kevin Blissmer". The signature is written in black ink and is positioned above a horizontal line.

Kevin J. Blissmer

Dated: January 16, 2024

Attachment 8-S-A

[See Excel document filed separately]

**NORTHERN INDIANA PUBLIC SERVICE COMPANY LLC**  
**Typical Residential Customer**  
**Estimated Bill Impact**

**Bill Impact Using 668 kWh**

		<b><u>GCT-1</u></b>
<b>GCT Factor Rate 811</b>	\$	0.000833
<b>Avg. Mo. kWh *</b>		668
<b>Est. Bill Impact</b>	<u>\$</u>	<u>0.56</u>

\* Average Monthly kWh is based on the test year in Cause No. 45772

Attachment 8-S-D

[See Excel document filed separately]