VERIFIED DIRECT TESTIMONY OF ANDREW S. CAMPBELL

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

A1. My name is Andrew S. Campbell. I am the Director of Regulatory Support & Planning for Northern Indiana Public Service Company LLC ("NIPSCO" or "Company"). My business address is 1500 165th Street, Hammond, Indiana 46320.

Q2. Please describe your educational and employment background.

A2. I graduated from Purdue University Calumet with a Bachelor of Science in Mechanical Engineering and graduate studies in Interdisciplinary Engineering. Additionally, I graduated with a Master of Business Administration from the University of Notre Dame. I began my employment with NIPSCO in June of 2009 as an Operations Analysis Engineer. In September of 2011, I was promoted to the Manager of Operations & Market Support and in May of 2013, assumed the role of Manager of Planning & Regulatory Support. In September of 2017, I was promoted to my current role as Director of Regulatory Support & Planning. Prior to joining NIPSCO, I worked as an engineer for an industrial

manufacturing company that specialized in engine attachments for marine and small power generation applications. I am also a veteran of the Army National Guard.

Q3. What are your responsibilities as Director of Regulatory Support & Planning?

A3. As the Director of Regulatory Support & Planning, I am responsible for leading the regulatory support and financial planning functions for the Energy Supply & Optimization ("ES&O") department within NIPSCO, whereby my team supports NIPSCO's operations within the electric and natural gas markets. More specifically, my team is responsible for leading all electric and natural gas rate case related support activities for the ES&O department, supporting the forecast and reconciliation of NIPSCO's Fuel Adjustment Clause, Regional Transmission Organization Adjustment, Resource Adequacy Adjustment, Green Power Rider, Gas Cost Adjustment ("GCA"), leading the development of NIPSCO's natural gas and electric hedging programs, and supporting NIPSCO's financial and business planning cadence. I am also responsible for leading the commercial

execution of NIPSCO's generation strategy outlined within its 2018 Integrated Resource Plan.

Q4. Are you sponsoring any attachments to your direct testimony in this Cause?

A4. No.

Q5. What is the purpose of your testimony?

A5. The purpose of my testimony is to explain NIPSCO's physical gas procurement practice, gas volatility mitigation program, and NIPSCO's storage and transportation portfolio.

Q6. Please explain NIPSCO's gas supply practice.

A6. NIPSCO's gas supply practice has been and continues to be to secure reliable firm gas supply at the lowest reasonable cost, with the objective of meeting current and anticipated customer requirements. NIPSCO meets this objective by managing a balanced and fully diversified gas supply portfolio comprised of a variety of commodity, transportation and storage resources. The commodity portfolio is balanced with a combination of fixed-price (physical and financial) and market based purchases. NIPSCO diversifies its supply by acquiring gas from a number of suppliers from

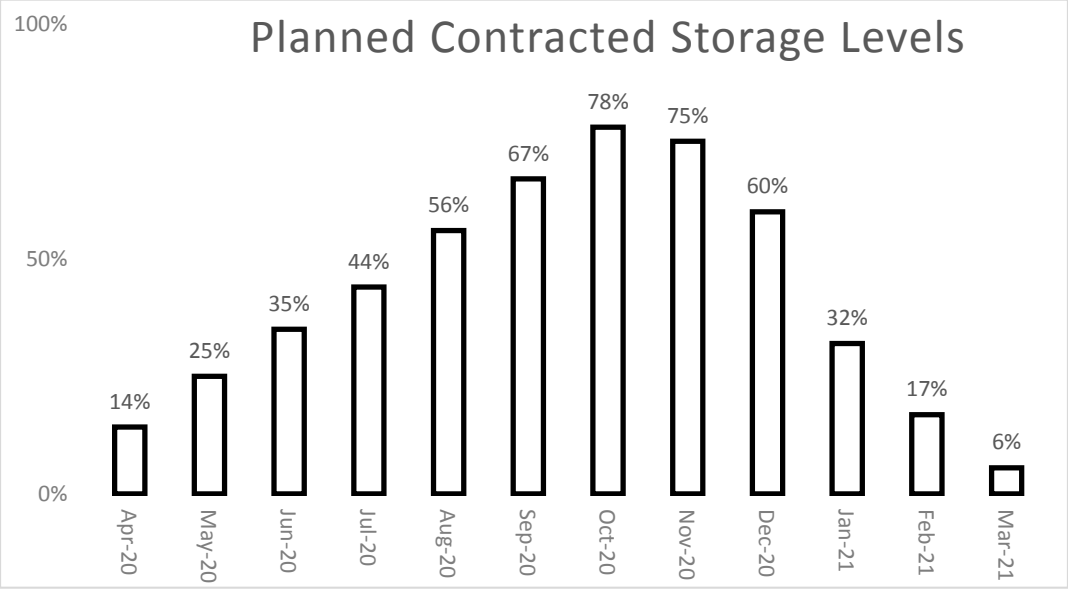
multiple supply areas through a competitive bidding process while utilizing a variety of pricing structures. The gas is delivered to NIPSCO pursuant to firm transportation contracts with seven interstate gas pipelines, providing access to many different supply basins. NIPSCO also has several firm contractual storage services as well as on-system storage capability to meet its gas customers' requirements. The storage portfolio is further diversified through a variety of storage service types in both the market area and producing regions.

Q7. Please describe NIPSCO's sources of gas supply utilized to serve the requirements of its gas customers during a design day.

A7. NIPSCO has firm transportation contracts with Natural Gas Pipeline Company of America ("Natural"), Panhandle Eastern Pipe Line Company ("Panhandle"), Trunkline Gas Company ("Trunkline"), ANR Pipeline Company ("ANR"), Vector Pipeline ("Vector"), and Crossroads Pipeline ("Crossroads"), which give NIPSCO access to a diverse range of supply regions. After allocations to the Choice Suppliers, the long-term, firm, transportation contracts with Natural, Panhandle, Trunkline, ANR, Vector, Crossroads have an aggregate Maximum Daily Quantity ("MDQ") during

the peak season of approximately 798,000 Dth per day. The winter season is defined as the peak season and the summer season is defined as the off-peak season.

Firm storage service contracts with Natural, Panhandle, ANR, Washington 10 Storage Corporation ("Washington 10") and Egan Hub Partners, L.P. ("Egan") provide an annual peak working storage capability of approximately 30,628,000 Dth, with maximum daily withdrawal capability of approximately 535,000 Dth to meet winter peaks, after allocations to the Choice Suppliers. The storage inventory plan for the contracted storage facilities during the 12-month period beginning April 1, 2020, is detailed in the table below.



Actual storage inventory generally will vary from this plan primarily due to weather and changing market conditions. The foregoing contracted supplies are reinforced with Company-owned underground storage (Royal Center Trenton field) with a capacity of 4,000,000 Dth and liquefied natural gas ("LNG") storage with a total capacity of 4,000,000 Dth. Royal Center and NIPSCO's LNG facility are located within NIPSCO's gas service territory. NIPSCO expects, during its design peak day, to meet 67% of projected demand with storage, 29% with long-haul and short-haul transportation contracts, and 4% with supply delivered to its city gate, as shown in the table below:

Portfolio Components	
Storage	67%
Transported Supply	29%
Delivered Supply	4%
Total	100%

Q8. Please describe NIPSCO's competitive bidding process.

A8. Twice a year, NIPSCO conducts a Request for Proposal ("RFP") process to secure bids for term gas supplies. The Company conducts one RFP for the peak season and another for the off-peak season. The RFP process is used

to contract for firm gas supply at specified points, under known pricing methods, for a defined period of time. Typically, as a result of this bidding process, NIPSCO will award contracts to commodity suppliers for a significant portion of NIPSCO's projected gas supply needs.

The RFP process includes a determination of the volume of gas that can be received by NIPSCO each day, month, or season within minimum and maximum system constraints. This evaluation takes into account projected customer demand requirements in addition to storage and transportation rights.

NIPSCO solicits bids from current and potential trading partners on a variety of deal structures and pricing at specific locations. A bidding period timeline is specified. Bids are reviewed, taking into account current market conditions, value to customers, application to portfolio, and supplier financial condition and historical performance. A variety of different structures are combined to create a diversified portfolio, with the objective of achieving reliable, diverse supply at the lowest gas cost reasonably possible.

Q9. Does NIPSCO anticipate any Asset Management Arrangement ("AMA") transactions that will impact the three-month period of December 2020 through February 2021?

A9. Yes. NIPSCO anticipates entering into AMAs. The AMAs will be a combination of storage and / or transportation arrangements. The contracts are currently being finalized and additional detail will be provided in NIPSCO's GCA-57 filing. The existing AMA began on April 1, 2019 and continues through March 31, 2021.

Q10. Does NIPSCO intend to acquire natural gas supplies from multiple suppliers during the winter period of November 2020 through March 2021?

A10. Yes. NIPSCO is soliciting bids from approximately sixty-four (64) different suppliers for the acquisition of natural gas supplies for the winter period of November 2020 through March 2021. Based on the bids received, NIPSCO anticipates purchasing from multiple suppliers.

Q11. Has NIPSCO's executed against its revised storage plan as outlined in GCA 55?

A11. Yes. NIPSCO has taken a more conservative approach to its storage fill for the upcoming winter predominately related to uncertainties surrounding the COVID-19 pandemic. The adjustment to the storage plan results in an approximately 5 Billion Cubic Feet ("BCF") reduction in planned storage injections during the summer fill season. The primary driver for this change is related to demand uncertainty. The 5 BCF represents 7% of NIPSCO's current projected GCA demand for the winter months and if winter demand comes in lower than normal, NIPSCO may need additional flexibility to inject excess gas into storage over the winter months, especially in the early parts of the winter season. The 5 BCF reduction in overall demand also is consistent with previous demand reductions from normal observed during the economic recession during the 2008 – 2009 winter season.

Q12. Since NIPSCO's last GCA filing, have there been any changes that impact NIPSCO's demand factor?

A12. Yes. In addition to the portfolio change below, the allocation of transportation and storage capacity to Choice Suppliers is adjusted seasonally based on projected peak day usage for the Choice Suppliers'

customers. For the upcoming season, NIPSCO will temporarily release approximately 16% of the contracted transport and storage capacity to the Choice Suppliers. In November 2020, NIPSCO will recalculate the capacity to be allocated to those suppliers. The amount of capacity (and associated costs) flowed through the GCA will be net of that released amount and will vary based on NIPSCO's transportation and storage contracts.

Q13. Are any contracts due to expire during the three month period of December 2020 and January and February 2021?

A13. No.

Q14. Since NIPSCO's last GCA filing, have there been any major changes in the Company's contractual agreements for transportation, or storage service?

A14. Yes. Similar to prior winters, NIPSCO has entered into the following contracts for this upcoming winter period. Trunkline contract #15540 in the amount of 20,000 Dth/d has been amended to provide primary receipt capacity at the REX interconnect. NIPSCO has secured DTE contracts #04186-10 and #04186-11 for 25,000 Dth/d each respectively from the Michcon generic purchase point to the Milford interconnection with Vector.

All of the above contracts (except DTE contract #04186-11) support NIPSCO's design day plan and are partially released as part of the Choice program. The DTE contract #04186-11 provides NIPSCO the ability to supplement withdrawals from Washington-10 storage when it is advantageous to purchase gas as opposed to withdrawing from storage. NIPSCO will not release any of the DTE contract #04186-11 capacity to Choice Suppliers, because this capacity does not increase peak day deliverability.

Q15. Please provide an update to the Natural Gas Act Section 5 rate investigation with Panhandle Eastern Pipeline.

A15. In response to the Section 5 Investigation (Docket No. RP19-78-000), on August 30, 2019, PEPL filed a Natural Gas Act Section 4 General Rate Case with FERC (Docket No. RP19-1523-000). FERC combined the Sections 5 and 4 cases into one docket. Because the Section 4 case has the potential to affect future contract rates, NIPSCO intervened and is participating in the Section 4 and Section 5 combined case on behalf of its GCA and Choice customers. An impasse was declared by the Settlement Administrative Law Judge in August 2020. As a result, the formal rate case FERC hearing started August

25, 2020 via a virtual process. The hearings concluded on September 16, 2020. NIPSCO will provide updates in subsequent filings after the Administrative Law Judge issues the Initial Decision.

For reference, information on this case is available to the public and can be found at www.ferc.gov by searching for the above docket number.

Q16. Did NIPSCO release any excess capacity during the months of June through August 2020?

A16. No. NIPSCO needs a majority of the capacity to serve the needs of the system due in part to off-system and on-system maintenance. NIPSCO has worked with the OUCC to create a capacity release workpaper, which details capacity that may be available for release and capacity NIPSCO retains to protect storage activity and maintain flexibility to meet changes in demand. However, it is important to note that NIPSCO must retain some level of daily and monthly operational flexibility as well as optionality to respond to changes in system demand, pipeline operations, or market conditions. On and off-system constraints such as maintenance and force majeure events continue to be potential barriers to the release of capacity. These conditions typically require NIPSCO to retain available capacity for

system balancing. It can be difficult to forecast the impact that an on or off-system constraint can have to flowing supplies of gas. Thus NIPSCO has taken a conservative position to ensure the Company can continue to provide safe and reliable service to its customers. NIPSCO has and will continue to identify opportunities to maximize the value of the pipeline and storage assets, including capacity releases.

Q17. Will NIPSCO continue to provide the OUCC with the capacity release workpaper for future winter season?

A17. Yes. NIPSCO will continue to provide the capacity release workpaper for one additional year during both the summer and winter months as recommended by Mr. Mierzwa in GCA-55. However, in GCA-59, NIPSCO may propose to discontinue providing the workpaper for winter months if: (i) the capacity release workpapers for the winter of 2020-2021 reflect that NIPSCO does not have any available capacity for release; and (ii) NIPSCO continues to believe all available capacity will be required for system use during future winter months.

Q18. Did NIPSCO have any on or off-system constraints that impacted its management of its portfolio during the reconciliation period of June through August 2020?

A18. Yes. As shown in the table below, during the reconciliation period of June through August 2020, there were off-system constraints. NIPSCO was able to reliably supply the system and maintain its storage inventory plan for the portfolio notwithstanding those constraints.

System	Outage	Impact	Off System/On System
NGPL	Multiple Force Majeure and Critical Maintenance events	Restricted Midcon transport	Off System
ANR	Critical Planned Outage and Critical Maintenance events	Restricted ANR South East transport	Off System

Q19. Please describe how the hedging program that is part of NIPSCO's long-term gas supply procurement policy impacts this GCA filing.

A19. Given past price volatility in the marketplace and the possibility that such conditions may occur again, NIPSCO has continued its forward price volatility mitigation program for the upcoming winters. NIPSCO has

established a plan that targets hedging the price on 20% of projected flowing pipeline gas supply purchase requirements for the months of November through March. NIPSCO has elected to achieve its hedge objective through the use of a cost averaging methodology with the pre-planned purchase of NYMEX Futures contracts at pre-planned execution times, spread evenly across the preceding 12-month period. This strategy was selected to satisfy the primary objective of insulating customers from continued price volatility while maintaining a simplified and transparent program with minimal transaction costs. NIPSCO's GCA schedules reflect the gas cost recovery process to allow recovery of financial gains and losses relating to the volatility mitigation hedging activity. In other words, NIPSCO proposes that the full effect of the volatility mitigation hedging activity will be directly passed on to its customers.

Q20. How did NIPSCO establish the 20% hedging target?

A20. As discussed previously, NIPSCO is committed to a diversified and balanced portfolio approach in order to satisfy its firm sales customers' requirements. NIPSCO has applied this same philosophy to its overall gas supply program, hedging approximately 50% to 65% of its firm sales

customers' expected total supply requirements. For example, in prior years, NIPSCO typically physically hedged approximately 40% to 55% of its firm sales customers' expected normal winter requirements through fixed price storage inventories. By establishing a roughly 10% to 20% financial hedge, NIPSCO hedges approximately 50% to 65% of its firm sales customers' expected total normal winter requirements prior to the start of the winter season. NIPSCO also continues to execute fixed monthly purchases prior to the start of each month adding to the overall hedged position. NIPSCO feels this level of hedge strikes an appropriate balance for customers in that it provides an appropriate amount of protection in the event of a price run-up, while allowing customers to receive some benefit in the event of declining prices. This level of hedging also strikes a balance with various weather scenarios so that the Company is not over-hedged during a warmer-than-normal winter or under-hedged during a colder-than-normal winter.

Q21. Is NIPSCO's price volatility mitigation program consistent with the Commission's August 18, 2004 Order in Cause No. 41338-GCA-5?

A21. Yes. The price volatility mitigation program for the five month winter period beginning November 1 is a continuation of the program already in place, as described in supplemental testimony of F. Chico DaFonte filed June 11, 2004 in support of the Stipulation and Settlement Agreement ("Agreement") in Cause No. 41338-GCA-5. This program is entirely consistent with the provisions of Paragraph 4 of the Agreement. This program also is consistent with the hedging program approved by the Commission in Cause No. 41338-GCA-6 and each GCA since then, most recently in Cause No. 43629-GCA-39

Q22. With respect to NIPSCO's discretionary hedge process adopted in response to the Commission's recommendations in its April 29, 2009 Orders in Cause Nos. 37396-GCA-63 and 38431-GCA-51,[1] how is it determined whether NIPSCO will purchase a financial hedge in a future winter period, beyond the non-discretionary hedging period (which is a 12-month period)?

[1] NIPSCO's program remains consistent with the Commission's recommendations in Cause Nos. 37396-GCA-63 and 38431-GCA-51.

A22. NIPSCO tracks historical gas prices over the last 8 years. Using this information, the average prices for a winter strip for the last 3 years, 5 years and 8 years are calculated. If a future winter strip price is below the average winter strip price for each of the last 3-, 5- and 8-year averages, then NIPSCO may exercise its discretion to purchase a portion of the future hedge quantity in advance of the normal hedge purchase plan. The remaining amount still will be purchased under the non-discretionary plan.

Q23. Have any discretionary hedge purchases been made to date?

A23. Yes. NIPSCO has made periodic discretionary hedge purchases for many winters since 2011.[21] The discretionary process allows qualified hedge purchases to be made up to two years earlier than allowed by the non-discretionary hedge plan. NIPSCO did not make discretionary hedge purchases during the reconciliation period of June, July or August, 2020.

Q24. Please provide an overview of NIPSCO's long-term gas hedge agreements.

[2] Winters of 2011-2012 thru 2013-2014 and 2016-2017 thru 2022-2023.

A24. In accordance with the Commission's September 14, 2016 Order in Cause No. 43629-GCA-39 and November 21, 2017 Order in Cause No. 43629-GCA-44, NIPSCO has executed the following financial transactions.

Fixed-Price Futures, Henry Hub, Financial			
Original Term	Volume	Price	Trade Date
Nov 2016 - Oct 2026	10,000 Dth/d	$3.245	9/28/2016
Nov 2016 - Oct 2026	7,000 Dth/d	$3.250	10/26/2016
Jan 2017 - Oct 2026	7,000 Dth/d	$3.180	11/17/2016
Apr 2018 - Dec 2027	5,000 Dth/d	$2.910	2/13/2018
May 2018 - Dec 2027	5,000 Dth/d	$2.940	3/27/2018
May 2019 - Dec 2027	3,000 Dth/d	$2.875	3/28/2019
May 2019 - Dec 2027	3,000 Dth/d	$2.870	3/28/2019

Fixed-Price Basis, Chicago, Financial			
Original Term	Volume	Price	Trade Date
Nov 2016 - Oct 2026	10,000 Dth/d	-$0.0275	9/28/2016
Mar 2017 - Oct 2026	7,000 Dth/d	-$0.1100	2/3/2017
Apr 2018 - Dec 2023	7,000 Dth/d	-$0.2325	1/30/2018

Q25. What criteria are used to determine a design peak day and design peak season?

A25. The criteria used to determine a design peak day is a maximum probability of occurrence of 3%.[3] The statistically determined level of demand associated with 3%, or once in every 33 1/3 years, is detailed in the table below.

[3] See Cause No. 37306-GCA-39-S1.

Design Peak Day Sales - 3% Probability	
Heating Degree Days	80
Sales – 2020-2021 (Dth)	1,351,404

The criteria used to determine a design peak season is a winter forecast of 10% more heating degree days above normal forecast. The statistically determined level of demand associated with this 10% additional forecast is detailed in the table below.

Design Season Sales - 10% Colder	
November -March	
Heating Degree Days	5,379
Sales - 2020/2021 (Dth)	72,378,336

Q26. Does the Variance to Gas Cost, shown on Attachment 1-A, Schedule 13, exceed ± 10%? If so, please explain the major drivers of the variance.

A26. No. The current Variance to Gas Cost is 1.42%.

Q27. Please explain the estimated costs for Contract Gas Storage and Storage Transportation Costs shown on Attachment 1-A, Schedule 1A, Page 4.

A27. The projected costs shown on Attachment 1-A, Schedule 1A, Page 4, are predicated upon discounted, negotiated or tariff based rates filed with FERC for all suppliers.

Q28. How did you derive the estimates used to calculate the costs in this GCA filing?

A28. NIPSCO estimated the requirements of its gas customers using recent historical consumption data, forecast changes in consumption patterns, and normal weather. Then, in order to determine the sources of supply used to serve these requirements, the Company considered operational and contractual requirements, and the availability and price of supply. After satisfying operational and contractual requirements, the source of supply to serve the forecasted load is determined through least cost purchasing practices. Contractual maximums are purchased first from the lowest-cost supplier, including spot-market suppliers, and then from the next-lowest cost supplier, etc. This process ensures that NIPSCO's estimated gas cost and storage costs are predicated upon the lowest reasonable cost of gas.

Q29. Does NIPSCO utilize this same process during the actual purchase of natural gas from its suppliers on a daily basis?

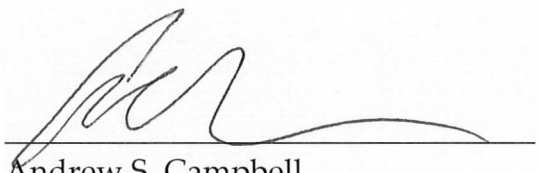
A29. Yes.

Q30. Does this complete your prefiled direct testimony?

A30. Yes.

VERIFICATION

I, Andrew S. Campbell, Director of Regulatory Support & Planning for Northern Indiana Public Service Company LLC, affirm under penalties of perjury that the foregoing representations are true and correct to the best of my knowledge, information and belief.



Andrew S. Campbell

Dated: September 25, 2020