

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF NORTHERN INDIANA PUBLIC SERVICE )  
COMPANY FOR AUTHORITY TO MODIFY ITS RATES )  
AND CHARGES FOR ELECTRIC UTILITY SERVICE AND )  
FOR APPROVAL OF: (1) CHANGES TO ITS ELECTRIC )  
SERVICE TARIFF INCLUDING A NEW SCHEDULE OF )  
RATES AND CHARGES AND CHANGES TO THE )  
GENERAL RULES AND REGULATIONS AND CERTAIN )  
RIDERS; (2) REVISED DEPRECIATION ACCRUAL )  
RATES; (3) INCLUSION IN ITS BASIC RATES AND )  
CHARGES OF THE COSTS ASSOCIATED WITH )  
CERTAIN PREVIOUSLY APPROVED QUALIFIED )  
POLLUTION CONTROL PROPERTY, CLEAN COAL )  
TECHNOLOGY, CLEAN ENERGY PROJECTS AND )  
FEDERALLY MANDATED COMPLIANCE PROJECTS; )  
AND (4) ACCOUNTING RELIEF TO ALLOW NIPSCO TO )  
DEFER, AS A REGULATORY ASSET OR LIABILITY, )  
CERTAIN COSTS FOR RECOVERY IN A FUTURE )  
PROCEEDING. )

CAUSE NO. 44688

INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR

TESTIMONY OF

MICHAEL D. ECKERT – PUBLIC’S EXHIBIT NO. 1

JANUARY 22, 2015

Respectfully submitted,



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Scott C. Franson  
Attorney No. 27839  
Deputy Consumer Counselor

**CERTIFICATE OF SERVICE**

This is to certify that a copy of the *OUCC TESTIMONY OF MICHAEL D. ECKERT* has been served upon the following parties of record in the captioned proceeding by electronic service on January 22, 2015.

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**TESTIMONY OF OUCC WITNESS MICHAEL D. ECKERT**  
**CAUSE NO. 44688**  
**NORTHERN INDIANA PUBLIC SERVICE COMPANY**

**I. INTRODUCTION**

1 **Q: Please state your name, employer, current position, and business address.**

2 A: My name is Michael D. Eckert. I am employed by the Indiana Office of Utility  
3 Consumer Counselor ("OUCC") as a Senior Utility Analyst in the Electric Division.  
4 My business address is 115 W. Washington St., Suite 1500 South Tower,  
5 Indianapolis, Indiana 46204. For a summary of my educational and professional  
6 experience, and my preparations for this case, please see Appendix A attached to my  
7 testimony.

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

9 A: I will first briefly introduce the OUCC witnesses in this rate case. I will also  
10 briefly overview the OUCC's process to review and analyze Northern Indiana  
11 Public Service Company's ("NIPSCO" or "Petitioner") electric utility revenue  
12 requirements. I will also explain and support specific OUCC adjustments to rate  
13 case expense and amortization expense.

14 **Q: Who are the OUCC's witnesses in this Cause?**

15 A: The following OUCC Witnesses provide testimony in this Cause:

16 **Mr. Lafayette Morgan** testifies about revenue requirements and the overall  
17 results of the OUCC's rate analysis. Mr. Morgan also supports specific  
18 adjustments to Petitioner's employee labor-related and other operating expenses.  
19 Mr. Morgan has incorporated the recommendations of other OUCC witnesses  
20 regarding certain adjustments to revenues and expenses, capital structure, original  
21 cost rate base, and cost of equity capital. He summarizes the overall results of the  
22 OUCC's analysis of Petitioner's revenue requirements. (Public's Exhibit No. 2.)

23 **Mr. Wes Blakley** addresses the OUCC's concerns about NIPSCO's requests for  
24 rate base treatment of certain regulatory assets. 1) Federally Mandated Cost

1 Adjustment ("FMCA") regulatory assets; 2) Transmission Distribution Storage  
2 System Improvement Charge ("TDSIC") program regulatory assets; and 3)  
3 Mercury and Air Toxins Standards ("MATS") regulatory assets. (Public's Exhibit  
4 No. 3.)

5 **Ms. Stacie Gruca** provides an analysis and makes recommendations on certain  
6 proposed changes to NIPSCO's Regional Transmission Organization ("RTO")  
7 Tracker, including Off System Sales ("OSS") Margins, and its Resource  
8 Adequacy ("RA") Tracker. (Public's Exhibit No. 4.)

9 **Ms. Margaret Stull** provides testimony recommending the rejection of  
10 NIPSCO's proposal to include its net pre-paid pension asset in its rate base as of  
11 December 31, 2014. She testifies that the prepaid pension asset is neither used  
12 nor useful utility property nor does it qualify as working capital. (Public's Exhibit  
13 No. 5.)

14 **Mr. Ed Rutter** recommends the Commission deny Petitioner's depreciation  
15 adjustment related to the premature retirement of Bailly Unit 8. He also discusses  
16 the OUCC concerns with NIPSCO's use of a Replacement Cost New Less  
17 Depreciation methodology in developing the current value of NIPSCO's electric  
18 utility assets. (Public's Exhibit No. 6.)

19 **Ms. Cynthia Armstrong** testifies about the OUCC's concerns regarding 1) The  
20 impact of the premature retirement of Bailly Unit 8 on depreciation rates; 2)  
21 O&M adjustments for environmental operating expenses for Bailly Units 7 and 8  
22 and Schahfer Units 14 and 15, and 3) NIPSCO's request to eliminate the  
23 Environmental Expense Recovery Mechanism ("EERM") and to track  
24 environmental equipment O&M and depreciation expenses through the  
25 Environmental Cost Recovery Mechanism ("ECRM") instead. (Public's Exhibit  
26 No. 7.)

27 **Mr. Eric Hand** addresses NIPSCO's proposed Low Income Program and funding  
28 mechanism and provides an alternative funding mechanism to provide bill  
29 assistance to NIPSCO's low-income electric utility customers. He also discusses  
30 the OUCC concerns with NIPSCO's proposed waiver of existing Economic  
31 Development Rider 677 provisions on EDR contract terminations and requested  
32 revenue deferral as a regulatory asset for recovery in a following rate case.  
33 (Public's Exhibit No. 8.)

34 **Mr. Dwight Etheridge** adjusts test year operating expenses to reflect the  
35 operation and maintenance cost savings expected from Petitioner's Automated  
36 Meter Reading ("AMR") Project in the 12 months following the end of the test  
37 year. He also presents a benchmarking study of NIPSCO's administrative and  
38 general operation and maintenance expenses. (Public's Exhibit No. 9.)

1 Dr. Randall J. Woolridge analyzes NIPSCO's requested cost of equity of  
2 10.75% and recommends the Commission adopt the OUCC's proposed cost of  
3 equity of 8.70%. Additionally, Dr. Woolridge discusses the low financial risk  
4 associated with NIPSCO's equity-heavy capital structure as well as the  
5 appropriate debt cost rate for NIPSCO. (Public's Exhibit No. 10.)

6 Mr. Glenn Watkins testifies about the accuracy and reasonableness of  
7 NIPSCO's retail cost of service study and the allocation of revenue requirements  
8 to the various rate classes. He also addresses NIPSCO's proposed rate design,  
9 including the proposed increases to residential fixed monthly charges. (Public's  
10 Exhibit No. 11.)

## II. OUCC REVIEW AND ANALYSIS

11 **Q: Please briefly overview the OUCC's process to evaluate NIPSCO's revenue**  
12 **requirements.**

13 **A:** As an investor-owned utility, Petitioner's rates and charges are regulated under  
14 Ind. Code § 8-1-2-1 *et seq.* The OUCC reviewed NIPSCO's actual operating  
15 revenues, operating expenses, rate base figures, capital structure, and net  
16 operating income. Adjustments to the actual test year revenue and expense data  
17 were made generally to reflect fixed, known, and measurable changes that will  
18 occur within twelve months following the end of the test year. The OUCC has  
19 also made adjustments to Petitioner's proposed original cost rate base and  
20 proposed rate of return ("ROR") on rate base.

21 In developing its own positions, the OUCC reviewed Petitioner's case-in-  
22 chief, including both the original and updated testimony, along with related  
23 exhibits, accounting schedules, attachments, and workpapers. OUCC staff and  
24 witnesses issued data requests and gathered financial information about NIPSCO  
25 through discovery. The OUCC also participated in the public field hearing in this  
26 Cause and reviewed written comments from NIPSCO's ratepayers.

**III. OVERVIEW OF PETITIONER'S CASE AND REVENUE REQUIREMENTS**

1 **Q: Please describe NIPSCO.**

2 A: NIPSCO is a wholly-owned subsidiary of NiSource, Inc. which is a publicly  
3 traded energy holding company listed on the New York Stock Exchange.  
4 NiSource and its affiliates serve nearly four million natural gas and electric  
5 customers in seven states under the NIPSCO and Columbia Gas brands.  
6 NiSource Corporate Services Company ("NCSC") is a service corporation that  
7 provides services to the NiSource operating companies.

8 **Q: Please describe the regulated utility services NIPSCO provides.**

9 A: NIPSCO is a combination electric and gas utility. This case focuses on  
10 NIPSCO's retail electric rates. NIPSCO provides electric service to 461,000  
11 residential, commercial, and industrial customers in 20 counties in northern  
12 Indiana. NIPSCO owns, operates, and maintains generation, transmission, and  
13 distribution assets for the provision of electric service to its utility customers.

14 **Q: What rate relief does Petitioner seek in this Cause?**

15 A: In its case-in-chief, Petitioner seeks an overall increase in revenue of  
16 \$126,587,616 based on a Net Original Cost Rate Base of \$3,437,796,443.<sup>1</sup>

17 **Q: What is the total base rate revenue requirement proposed in Petitioner's**  
18 **case-in-chief?**

19 A: Petitioner seeks a base rate revenue requirement of \$1.736 billion.<sup>2</sup>

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<sup>1</sup> See Petitioner's Exhibit No. 6, Attachment 6-A, page 3 of 3.

<sup>2</sup> See Petitioner's Exhibit No. 6, Attachment 6-A, page 1 of 3.

1 **Q: What base rate revenue requirement was approved in Petitioner's last**  
2 **electric rate case?**

3 A: The Commission's Order in Cause No. 43969, dated December 21, 2011,  
4 approved the Stipulation and Settlement Agreement which provided for a base  
5 rate revenue requirement of \$1.401 billion.<sup>3</sup> Thus, the base rate revenue  
6 requirement proposed by NIPSCO in this Cause exceeds the amount approved by  
7 the Commission in Cause No. 43969 by more than \$300 million.

8 **Q: What is the test year in the current rate case and what level of electric**  
9 **operating revenue did NIPSCO achieve in the test year?**

10 A: The test year in this Cause is the twelve months ending March 31, 2015 and  
11 NIPSCO's test year electric operating revenues were \$1.621 million.<sup>4</sup> Thus, test  
12 year electric operating revenue exceeded the base rate revenue approved in Cause  
13 No. 43969 by more than \$200 million.

14 **Q: Why are NIPSCO's test year revenues in this Cause so much higher than the**  
15 **base rate revenue requirement approved in 2011 in Cause No. 43969?**

16 Q: The large revenue increase incurred by NIPSCO can be explained by changes that  
17 have taken place since base rates were approved in 2011. For example,  
18 NIPSCO's rates have been rising steadily over the last few years due to its various  
19 automatic rate adjustment mechanisms (i.e. trackers).

20 **Q: Have you performed a calculation to show how NIPSCO's various trackers**  
21 **impact a residential customer's bill based on 1,000 kWh usage?**

22 A: Yes. That calculation, excluding taxes, is shown in Table 1 below. The base rate  
23 portion of the bill equals \$107.93 or 10.793 cents per kWh. The total bill,  
24 including trackers, equals \$123.34 or 12.334 cents per kWh. It is important to  
25 note that the rate increase sought by NIPSCO in this Cause goes above and

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<sup>3</sup> See Cause No. 43969, Order of the Commission, dated December 21, 2011, page 7(A) (a).

<sup>4</sup> See Petitioner's Exhibit No. 6, Attachment 6-A, page 1 of 3.

1 beyond the rate increases it has obtained through its various trackers since its last  
2 base rate case.

**Table 1: Customer Bill Calculation**

<b>Description:</b>	<b>kWh</b>	<b>Rate</b>	<b>\$</b>	<b>% of Bill</b>
Customer Charge			\$11.00	8.92%
Energy Charge	1,000 *	\$0.096927	96.93	78.58%
ECRM Charge	1,000 *	\$0.006431	6.43	5.21%
EERM Charge	1,000 *	\$0.002346	2.35	1.90%
RTO Charge	1,000 *	\$0.001321	1.32	1.07%
RA Charge	1,000 *	\$0.002813	2.81	2.28%
DSM Charge	1,000 *	\$0.001741	1.74	1.41%
FMCA Charge	1,000 *	\$0.000066	0.07	0.05%
TDSIC Charge	1,000 *	\$0.000000	0.00	0.00%
Sub-Total			122.65	99.43%
FAC Charge	1,000 *	\$0.000698	0.70	0.57%
Total Billing Amount			<u>\$123.34</u>	<u>100.00%</u>
<b>Description:</b>				
Base and Energy Charge			\$107.93	87.50%
Other Trackers (Except FAC)			14.72	11.93%
FAC			0.70	0.57%
Total			<u>\$123.34</u>	<u>100.00%</u>
* NIPSCO's Tariffs as of January 19, 2016 ( <a href="https://www.nipsco.com/about-us/rates-tariffs/electric-service-tariff">https://www.nipsco.com/about-us/rates-tariffs/electric-service-tariff</a> )				

3 **Q: Does the OUCC's review indicate some need for additional revenue in this**  
4 **Cause?**

5 A: Yes. The OUCC recommends NIPSCO's base rate revenue be increased by no  
6 more than \$15.613 million as shown in OUCC witness Lafayette Morgan's

1 testimony. This amount is \$110.975 million less than Petitioner's request. The  
2 OUCC's proposed total base rate revenue of \$1.625 billion is more than \$200  
3 million greater than the base rate revenue amount approved in Petitioner's last  
4 base rate case.

5 **Q: Are there other parties in this case that may propose revenue or expense**  
6 **adjustments in addition to those proposed by the OUCC?**

7 A: Yes, there are numerous intervenors in this Cause, including various industrial  
8 customers and municipalities. Revenue or expense adjustments proposed by these  
9 intervenors should be considered along with those proposed by the OUCC.

#### IV. FUEL ADJUSTMENT CLAUSE

10 **Q: Does the OUCC have any recommendations regarding the Fuel Adjustment**  
11 **Clause ("FAC")?**

12 A: Yes. The OUCC recommends the Commission allow the continuation of the  
13 Stipulation and Agreement with NIPSCO that allows the OUCC and intervenors  
14 to file their FAC testimony and report 35 days after NIPSCO files its FAC  
15 application and testimony.<sup>5</sup>

#### V. ADJUSTMENT TO RATE CASE EXPENSE

16 **Q: What rate case expense adjustments did Petitioner propose?**

17 A: Petitioner's witness Mr. Derric J. Isensee proposed two adjustments to rate case  
18 expense, Adjustment DA-3 and DA-4. Regarding Adjustment DA-3, Mr. Isensee  
19 recommends decreasing "...test year operating expenses in the amount of  
20 \$577,621 to reflect the elimination of the amortization of 2010 Rate Case Costs

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<sup>5</sup> See Cause No. 38706-FAC-67, Stipulation and Agreement attached as Petitioner's Exhibit 5, to the Additional Direct Testimony of Thomas W. Pysh, filed on June 15, 2005.

1 (Cause 43969).”<sup>6</sup> Additionally, Mr. Isensee testified that Adjustment DA-4  
2 increased “...test year operating expenses in the amount of \$943,720 for the  
3 amortization of rate case costs for the current case.”<sup>7</sup>

4 **Q: Do you agree with Petitioner’s Adjustment DA-3?**

5 A: Yes. I agree with Petitioner’s adjustment to remove the expense amortization of  
6 the Cause No. 43969 rate case costs as it will be fully amortized before the new  
7 rates are in effect.

8 **Q: Did you review Petitioner’s rate case expense adjustment DA-4?**

9 A: Yes. The initial rate case expense estimate included with Petitioner’s case-in-  
10 chief filing as of October 1, 2015 was \$1,887,440.<sup>8</sup> Petitioner subsequently  
11 revised its estimated rate case expense in response to OUCC Data Request No.  
12 29-2. Petitioner’s revised estimate is \$2,075,647 as of December 29, 2015.  
13 Attachment MDE-1 presents a comparison of Petitioner’s initial rate case expense  
14 amount and the revised rate case expense amount provided in response to OUCC  
15 Data Request No. 29-2.

16 **Q: Is there a difference between the items included in Petitioner’s initial rate**  
17 **case expense amount and the revised expense amount provided in response to**  
18 **OUCC discovery?**

19 A: Yes. In its December 29, 2015 revised rate case expense estimate, Petitioner  
20 added a new rate case expense item labeled “Billing System New Rate  
21 Implementation” in the amount of \$420,000.

22 **Q: Did Petitioner provide any support for the “Billing System New Rate**  
23 **Implementation” amount of \$420,000?**

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<sup>6</sup> See Petitioner’s Exhibit No. 6, page 27.

<sup>7</sup> See Petitioner’s Exhibit No. 6, pages 27 and 28.

<sup>8</sup> See Petitioner’s Exhibit No. 6, page 28, line 2.

1 A: No. Petitioner did not provide support for this new rate case expense item. It did  
2 not provide any description or detailed calculation supporting this number.  
3 Therefore, the amount of \$420,000 for "Billing System New Rate  
4 Implementation" should not be included in rate case expense in this Cause.

5 **Q: What is the OUCC's recommendation regarding rate case expense for Cause**  
6 **No. 44688?**

7 A: The OUCC recommends the Commission use the December 29 revised estimate  
8 of \$2,075,647 less the Billing System New Rate Implementation of \$420,000 or  
9 \$1,655,647. Additionally, I recommend that rate case expense be amortized over  
10 4 years, which I will discuss in more detail later in this testimony. This results in  
11 \$413,912 being included for rate case expense in the OUCC's proposed revenue  
12 requirement.

## **VI. ADJUSTMENT TO AMORTIZATION EXPENSES**

13 **Q: What amortization period did Petitioner propose for certain deferred**  
14 **regulatory assets?**

15 A: Petitioner proposed a two year amortization period for the following deferred  
16 assets:

- 17 1) Adjustment DA-4, Rate Case Expense;
- 18 2) Adjustment DA-6, Sugar Creek Stub Amortization;
- 19 3) Adjustment DA-7, Sugar Creek Amortization Reset;
- 20 4) Adjustment DA-11, Federally Mandated Charges (Electric);
- 21 5) Adjustment DA-12, Transmission and Distribution Costs; and
- 22 6) Adjustment DA-13, Mercury and Air Toxins (MATS) Standards.

23 **Q: What is Petitioner's reasoning for choosing a two year amortization period?**

24 A: In its direct testimony, Petitioner does not give a reason for using a two year  
25 period. Petitioner's witness Isensee simply states Petitioner proposes a "...two-

1 year amortization period...” and “NIPSCO proposes to update its base rates after  
2 this two year amortization period to reflect the roll off of this amortization.”<sup>9</sup>

3 **Q: Did the OUCC ask NIPSCO to provide a general time frame (year and**  
4 **quarter) when NIPSCO anticipates filing its next rate case?**

5 A: Yes. The OUCC asked this question in Data Request No. 29-1, to which the  
6 Petitioner responded:

7 For purposes of this response NIPSCO, assumes the Requests  
8 relates to when NIPSCO anticipates filing its next electric rate  
9 case. NIPSCO anticipates filing its next electric base rate case  
10 some time following the expiration of the 15 month rule set out in  
11 Ind. Code § 8-1-2-42(a). If NIPSCO’s proposed 2016-2022  
12 TDSIC plan is not approved as proposed, it is probable that rate  
13 cases will be filed approximately every 15 months. If NIPSCO’s  
14 2016-2022 TDSIC Electric Plan receives Commission approval  
15 under Ind. Code 8-1-39, NIPSCO will file a new rate case prior to  
16 conclusion of that plan. It is unlikely that NIPSCO would wait  
17 until 2022 to file its next base rate case.

18 **Q: Did the OUCC ask for the NIPSCO’s rationale for amortizing these various**  
19 **deferred regulatory assets over two years as opposed to four or five years?**

20 A: Yes. The OUCC asked this question in Data Request No. 29-4 and NIPSCO  
21 provided the same response as it did to Data Request No. 29-1, which is restated  
22 above. There is uncertainty about the timing of NIPSCO’s next base rate case.  
23 However, Petitioner has no track record of frequent base rate changes, such as  
24 every 15 months or every two years. With or without a TDSIC tracker, NIPSCO  
25 will have several trackers that allow rates to rise between rate cases. This  
26 certainly reduces the need for frequent base rate filings.

27 **Q: What does the OUCC recommend related to the amortization periods for**  
28 **these deferred regulatory assets?**

29 A: Petitioner has not filed a rate case in nearly 5 years. Accordingly, the OUCC

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<sup>9</sup> See Petitioner’s Exhibit No. 6, pages 28 through 30 and 33 through 35.

1 recommends Petitioner amortize rate case expense and the other deferred assets  
2 identified above over four years. This amortization period is more consistent with  
3 the Petitioner's past history and generally more consistent with the frequency of  
4 electric rate case proceedings.

5 The OUCC also recommends NIPSCO make a filing to reduce base rates  
6 by the amount of the various amortization expenses included in base rates once  
7 these regulatory assets have been fully amortized. This will ensure ratepayers do  
8 not pay more in amortization expenses than the amount required to fully recover  
9 the deferred regulatory assets. Finally, please see the testimony of OUCC witness  
10 Mr. Wes Blakley who provides additional recommendations regarding regulatory  
11 assets for which NIPSCO seeks a "return on" by including them in rate base, in  
12 addition to the "return of" the asset through amortization expense.

13 **Q: What is your overall recommendation regarding amortization expense?**

14 A: NIPSCO's proposed amortization expense adjustment was a reduction in  
15 operating expenses of \$7,387,233. My recommended adjustment is a decrease in  
16 operating expenses for amortization expense of \$13,927,740.<sup>10</sup> The difference in  
17 the two amounts reflects the revised estimate of Petitioner's rate case expense less  
18 "Billing System New Rate Implementation" of \$420,000 and the amortization of  
19 the six deferred assets identified below over a four year period rather than the two  
20 year period proposed by NIPSCO:

- 21 1) Adjustment DA-4, Rate Case Expense;
- 22 2) Adjustment DA-6, Sugar Creek Stub Amortization;
- 23 3) Adjustment DA-7, Sugar Creek Amortization Reset;

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<sup>10</sup> See Attachment MDE-2.

- 1                   4)    Adjustment DA-11, Federally Mandated Charges (Electric);
- 2                   5)    Adjustment DA-12, Transmission and Distribution Costs; and
- 3                   6)    Adjustment DA-13, Mercury and Air Toxins Standards.

**VII.    CONCLUSION**

4    **Q:    Does this complete your direct testimony?**

5    **A:    Yes, it does.**

**APPENDIX A**

1 **Q: Please state your name and business address.**

2 A: My name is Michael D. Eckert and my business address is 115 W. Washington St.,  
3 Suite 1500 South, Indianapolis, Indiana 46204.

4 **Q: By whom are you employed and in what capacity?**

5 A: I am employed by the Indiana Office of Utility Consumer Counselor ("OUCC") as a  
6 Senior Utility Analyst in the Electric Division.

7 **Q: Please describe your educational background and experience.**

8 A: I graduated from Purdue University in West Lafayette, Indiana in December  
9 1986, with a Bachelor of Science degree, majoring in Accounting. I am licensed  
10 in the State of Indiana as a Certified Public Accountant. Upon graduation, I  
11 worked as a Field Auditor with the Audit Bureau of Circulation in Schaumburg,  
12 Illinois until October 1987. In December 1987, I accepted a position as a Staff  
13 Accountant with the OUCC. In May 1995, I was promoted to Principal  
14 Accountant and in December 1997, I was promoted to Assistant Chief  
15 Accountant. As part of the OUCC's reorganization, I accepted the position of  
16 Assistant Director of its Telecommunications Division in July 1999. From  
17 January 2000 through May 2000, I was the Acting Director of the  
18 Telecommunications Division. As part of an OUCC reorganization, I accepted a  
19 position as a Senior Utility Analyst. As part of my continuing education, I have  
20 attended the National Association of Regulatory Utility Commissioner's  
21 ("NARUC") two-week seminar in Lansing, Michigan. I attended NARUC's  
22 spring 1993 and 1996 seminar on system of accounts. In addition, I attended

1 several CPA sponsored courses and the Institute of Public Utilities Annual  
2 Conference in December 1994 and December 2000.

3 **Q: Please describe the review and analysis you conducted in order to prepare**  
4 **your testimony.**

5 A: I read NIPSCO's Petition and prefiled testimony in this proceeding, as well as  
6 relevant Commission Orders. I have reviewed Petitioner's workpapers and its  
7 Minimum Standard Filing Requirements ("MSFR") filing. I participated in  
8 numerous internal meetings with various members of the OUCC staff regarding  
9 this proceeding. In addition, I participated in the preparation of discovery  
10 questions, both formal and informal, and reviewed Petitioner's responses to  
11 OUCC questions and Intervenors' (Industrial Group-NIPSCO, Citizens Action  
12 Coalition of Indiana, LaPorte County, Indiana, NLMK-Indiana/Beta Steel  
13 Corporation, Praxair, United States Steel Corporation, United Steel Workers,  
14 Wal-Mart, Indiana Municipal Utility Group) data requests.

Northern Indiana Public Service Company  
Cause No. 44688

2015-2016 Estimated Electric Rate Case Expense (Cause No. 44688)

Description: Rate Case Expense Components	Initial Estimate *	Revised Estimate as of 12/29/2015 **	Difference
Concentric - RCNLD Study	\$110,000	\$173,000	\$63,000
Concentric - COS Study	515,000	700,000	185,000
Gannett Fleming Inc. - Depreciation Study	55,000	75,500	20,500
Paul Moul - Cost of Equity Study	58,000	58,000	0
Burns & McDonnell - Decommissioning Study	150,000	79,800	(70,200)
Ice Miller - External Legal Consulting	750,000	500,000	(250,000)
Barnes & Thornburg - External Legal Consulting	0	27,250	27,250
Jack Steffen - External Consulting	5,000	0	(5,000)
Steve Farmer - External Consulting	5,000	6,800	1,800
Customer Notification - Print & Postage	200,000	5,417	(194,583)
Aon Hewitt - Pension and OPEB Consulting	2,500	2,500	0
Witness Travel	17,380	17,380	0
Employee Travel	19,560	10,000	(9,560)
Sub-Total (Comparison of Original and Rate Case Components)	1,887,440	1,655,647	(231,793)
Rate Case Expense Component added in Revised Estimate as December 29, 2015			
Billing System New Rate Implementation	0	420,000	420,000
Total Rate Case Expense	\$1,887,440	\$2,075,647	\$188,207

\* Petitioner's Exhibit No. 6, Attachment B, Workpaper DA-4

\*\* Petitioner's response to OUCC Data Request Set No. 29, question 2.

Northern Indiana Public Service Company  
Cause No. 44688

Deferred Amortization Expense

Description	Petitioner Schedule Reference	Petitioner Deferred Amortization Calculation	OUCS Deferred Amortization Calculation (4 Years)	Difference
MISO expenses Cause No. 43969 Removal	DA2	(\$9,608,159)	(\$9,608,159)	\$0
Rate Case Expenses Cause No. 43969 Removal	DA3	(577,621)	(577,621)	0
Rate Case Expense	DA4	943,720	413,912	(529,808)
Unit 18 Def Depr & Carrying Charge Removal	DA5	(1,515,862)	(1,515,862)	0
Sugar Creek Stub Amortization	DA6	(11,334,759)	(12,826,175)	(1,491,416)
Sugar Creek Amortization Reset	DA7	6,944,814	3,472,407	(3,472,407)
Sugar Creek Acquisition Adjustment Reclassification	DA8	2,538,958	2,538,958	0
Intangible Assets	DA9	2,914,075	2,914,075	0
Electric Vehivle	DA10	213,849	213,849	0
Federally Mandated Charges - Electric	DA11	150,107	75,053	(75,054)
Transmission and Distribution Costs	DA12	1,771,802	885,901	(885,901)
Mercury and Air Toxics Standards	DA13	171,843	85,922	(85,922)
<b>Total Amortization Expense</b>		<b>(\$7,387,233)</b>	<b>(\$13,927,740)</b>	<b>(\$6,540,507)</b>

**AFFIRMATION**

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



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Michael D. Eckert  
Senior Utility Analyst  
Indiana Office of Utility Consumer Counselor

January 22, 2016

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Date

Cause No. 44688  
NIPSCO