

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

**VERIFIED PETITION OF NORTHERN INDIANA)
PUBLIC SERVICE COMPANY LLC FOR APPROVAL)
OF PETITIONER'S TDSIC PLAN FOR ELIGIBLE)
TRANSMISSION, DISTRIBUTION, AND STORAGE)
SYSTEM IMPROVEMENTS, PURSUANT TO IND.)
CODE § 8-1-39-10(a) INCLUDING TARGETED)
ECONOMIC DEVELOPMENT PROJECTS) CAUSE NO. 45330
PURSUANT TO IND. CODE § 8-1-39-10(c) AND)
EXTENSIONS TO RURAL AREAS PURSUANT TO)
IND. CODE § 8-1-39-11, FOR AUTHORITY TO DEFER)
COSTS FOR FUTURE RECOVERY AND APPROVING)
INCLUSION OF NIPSCO'S TDSIC PLAN PROJECTS)
IN ITS RATE BASE IN ITS NEXT GENERAL RATE)
PROCEEDING PURSUANT TO IND. CODE § 8-1-2-23.)**

VERIFIED PRE-FILED TESTIMONY OF ISAAC R. LEE

ON BEHALF OF

THE STEUBEN COUNTY ECONOMIC DEVELOPMENT CORPORATION

APRIL 9, 2020

I. INTRODUCTION AND QUALIFICATIONS

1. PLEASE STATE YOUR NAME AND ON WHOSE BEHALF YOU ARE TESTIFYING.

A. My name is Isaac Lee. I am the Executive Director of the Steuben County Economic Development Commission (“SCEDC”). My business address is 907 South Wayne Street, Angola, IN 46703. SCEDC is a nonprofit 501c-(3) public-private partnership that exists to lead economic prosperity through collaboration while strengthening employment opportunities to improve the quality of life in Steuben County. SCEDC’s public sector members include the Steuben County Commissioners, the Steuben County Council, the City of Angola, and the Towns of Ashley, Clear Lake, Fremont, Hamilton, Hudson and Orland. SCEDC has several private sector members, including Northern Indiana Public Service Company (“NIPSCO”).

2. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND PROFESSIONAL EXPERIENCE.

A. I have served as the Executive Director of SCEDC since 2016 and worked as an Economic Development Professional for more than 13 years. Prior to joining SCEDC, I served as Chief Operating Officer for the Chamber Partnership and Chamber of Commerce Executives of Ohio (“CCEO”), where I worked with members across Ohio to help move member organizations forward. Before joining CCEO, I served as President/CEO of the Defiance Area Chamber of Commerce and its Foundation. Additionally, I started my career in economic development as the Assistant Director for Defiance County Economic

1 Development. I hold a bachelor's degree in marketing and human resources from the
2 University of Toledo and an MBA from Defiance College.

3 **3. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THIS COMMISSION?**

4 A. No.

5 **4. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

6 A. The purpose of my testimony is to:

- 7 1. Provide the Commission with the background and history that led to SCEDC's current
8 lack of adequate gas supply from NIPSCO;
- 9 2. Explain the impacts of NIPSCO's inability to provide Steuben County with adequate
10 gas supply;
- 11 3. Identify the solutions proposed by NIPSCO compared with the alternatives identified
12 by SCEDC; and
- 13 4. Recommend that the Commission condition approval of NIPSCO's proposed gas
14 TDSIC plan on NIPSCO's identification and implementation of a solution that brings
15 natural gas supply to Steuben County as quickly as reasonably feasible, but in no case
16 later than 2024.

17 **5. WHAT ATTACHMENTS ARE YOU SPONSORING IN THIS CAUSE?**

18 A. I am sponsoring Attachment IRL-1, which is a map NIPSCO provided to SCEDC in
19 February, 2020 showing potential routes for extending additional gas supply to Steuben
20 County.

21 **II. BACKGROUND AND HISTORY OF STEUBEN COUNTY'S GAS NEEDS**

22 **6. PLEASE DESCRIBE STEUBEN COUNTY'S LOCATION RELATIVE TO**
23 **NIPSCO'S INDIANA SERVICE TERRITORY.**

1 A. Steuben County is located in the farthest northeast corner of Indiana, bordering Michigan
2 to the north and Ohio to the east. As such, Steuben County is at the tail end of NIPSCO's
3 natural gas system if one views it as running from west to east. The County's population
4 is approximately 34,500 and the most populous communities are Angola, Fremont and
5 Hamilton. Interstate 90 enters the northwest border of the County running east and west,
6 exiting near the east central region of the County, while Interstate 69 runs north and south
7 throughout the middle of the County. The Labor shed that Steuben County sits within
8 covers three states and includes more than 340,000 people. On any given day, roughly
9 5,500 people commute to Steuben County within a 45-minute radius to go to work.
10 Steuben County also supplies surrounding counties with roughly 5,400 people to support
11 their local workforce. These counties include Noble, LaGrange, Elkhart, Allen, DeKalb,
12 Allen all in Indiana, as well as the counties north into Michigan and east into Ohio.

13 **7. PLEASE PROVIDE THE BACKGROUND AND HISTORY OF NIPSCO'S**
14 **INABILITY TO PROVIDE SUFFICIENT NATURAL GAS SUPPLY TO**
15 **STEUBEN COUNTY.**

16 A. Starting in 2016 (which coincides within my hiring to this role as executive director),
17 Steuben County raised concerns with NIPSCO about the lack of natural gas supply
18 necessary to serve new customers that began to hinder SCEDC's efforts to attract
19 economic development projects that are essential to the survival and growth of the County.
20 Prior to that, SCEDC had few projects that required a specific inquiry to NIPSCO about
21 natural gas supply. In November of 2017, NIPSCO representative Diane Thalmann
22 reported to me that NIPSCO's TDSIC team was working on a possible solution for
23 Steuben County that could be included in NIPSCO's TDSIC plan slated for approval in

1 2020. I had additional meetings in September 2018 and April 2019 with Ms. Thalmann
2 and NIPSCO representative Cindy Admave to discuss SCEDC's concerns with the lack
3 of sufficient natural gas supply. In June 2019, Ms. Thalmann notified me that NIPSCO
4 did not have sufficient gas capacity to serve an economic development project referred to
5 as Project Neptune. In July 2019, Ms. Admave notified me that NIPSCO did not have
6 sufficient gas capacity (and would not have the required supply for several years) to serve
7 another economic development project referred to as Project Carnation that needed 56
8 MBTUH of natural gas. In August 2019, Ms. Thalmann advised that the Steuben County
9 gas capacity inadequacy had been escalated inside NIPSCO where additional discussions
10 would determine proposed solutions. As referenced below, in October 2019 I met with
11 Ms. Thalmann, Ms. Admave and NIPSCO representative Dana Berkes to discuss
12 NIPSCO's annual investment of the SCEDC and growth plans for growing industry and
13 housing as well as the Housing Strategy Implementation Study and the gas capacity issue.
14 In December 2019, NIPSCO invited me to attend a dinner in Indianapolis along with
15 several representatives from the Northeast Indiana Regional Partnership to discuss the
16 Steuben County gas supply inadequacy, however NIPSCO did not offer any substantive
17 short- or long-term plans to solve the problem. In February 2020, NIPSCO met with
18 SCEDC to explain the limited solutions and associated expense to bring additional gas
19 supply to Steuben County in the coming 5 to 8 years. In March 2020, Ms. Admave
20 notified me that NIPSCO had insufficient gas supply for another economic development
21 project referred to as Project Triangle. Later in March 2020, Ms. Thalmann notified me
22 that NIPSCO had insufficient gas supply for another economic development project
23 involving an international manufacturing company.

1 **8. PLEASE IDENTIFY THE ECONOMIC DEVELOPMENT OPPORTUNITIES**
2 **THAT SCEDC HAS MISSED DUE TO NIPSCO'S FAILURE TO SUPPLY**
3 **ADEQUATE NATURAL GAS SUPPLY.**

4 A. In addition to the four projects referenced above, SCEDC has missed the opportunity to
5 secure at least eleven (11) additional economic development projects since 2016 because
6 NIPSCO is unable to provide an adequate supply of natural gas. SCEDC's total estimated
7 lost investment is over \$3.5 billion and the potential of over 2,500 new jobs. This would
8 have had a projected payroll impact of over \$83.2 million annually. Each of these projects
9 is of the type and size that Steuben County could attract if adequate gas supply existed,
10 and all other requirements could have been met based on the initial information provided
11 to us through these project information sheets. These opportunities do not include
12 additional leads we received from the NIRP and through Business Facilities Company.

13 **9. WHAT IS YOUR OPINION ON NIPSCO'S EFFORTS TO PROVIDE**
14 **ADDITIONAL REQUIRED NATURAL GAS SUPPLY TO STEUBEN COUNTY**
15 **IN A TIMELY FASHION?**

16 A. While NIPSCO and SCEDC have enjoyed a good relationship to date and NIPSCO has
17 indicated that it is committed to finding solutions to Steuben County's natural gas supply
18 constraints, NIPSCO's actions and its proposal in this proceeding call into question
19 whether NIPSCO has or will pursue any meaningful solutions to bring much needed
20 additional gas supply to Steuben County in the near term. It is clear that NIPSCO has not
21 made it a priority to provide adequate gas supply to the Steuben County portion of its
22 territory and unfortunately, SCEDC feels it has no other options but to seek consideration
23 from the Commission in this proceeding.

1 **10. PLEASE DESCRIBE STEUBEN COUNTY'S HISTORIC GROWTH IN**
2 **ECONOMIC DEVELOPMENT.**

3 A. Steuben County has a track record for growth and development that extends back several
4 years. Over the last four years, Steuben County has grown from an economic development
5 standpoint to be the highest ranking micropolitan community (defined by Site Selection
6 Magazine which ranks communities of less than 50,000 population) in Indiana which is
7 based on investment, jobs and new construction. Over sixty-five (65) projects have been
8 completed in this time with over \$280 million in investment; over 700 new jobs; and a
9 retention of over 7,900 jobs in the area.

10 **11. HOW HAS STEUBEN COUNTY ACHIEVED THIS GROWTH GIVEN THE**
11 **CONSTRAINED NATURAL GAS SUPPLY?**

12 A. Steuben County has achieved this growth by working with these projects to make sure
13 that all utilities are being used both efficiently and effectively. Many of these investment
14 projects require little additional gas load and were able to use electricity more on some of
15 the major equipment expansions. Additionally, Steuben County had several expansion
16 projects that included the build out of new square feet and most of the gas that would be
17 used on these projects was meant to only heat the facilities which required little significant
18 load.

19 **III.**
20 **IMPACT ON STEUBEN COUNTY OF NIPSCO'S INABILITY TO PROVIDE**
21 **NECESSARY NATURAL GAS**
22

23 **12. WHAT HAVE BEEN THE IMPACTS OF NIPSCO'S INABILITY TO PROVIDE**
24 **ADDITIONAL NATURAL GAS TO STEUBEN COUNTY?**

1 A. Due exclusively or in large part to NIPSCO's failure to supply adequate natural gas where
2 needed in Steuben County, SCEDC has lost the opportunity to secure at least 10 economic
3 development projects valued at an estimated \$3.5 billion over that past four years.
4 NIPSCO's inability to supply necessary natural gas to Steuben County creates a cascading
5 domino effect that effectively paralyzes the County's ability to survive, grow or thrive.
6 The impacts can be seen in a number of ways. First, the constraint has adversely impacted
7 existing customers. Specifically, I understand that there are instances of inadequate gas
8 pressure in Angola and Fremont. Additionally, three Steuben County industries with
9 expansion and growth plans were forced to change their plans because of NIPSCO's lack
10 of gas supply. As an example, in 2016, Cold Heading initiated a project with a total
11 investment of approximately \$15 million that would create 20 new jobs and expand its
12 building to 160,000 square feet. It was a three-phase project that received state and local
13 incentives due to its size. During the middle phase of the project, NIPSCO announced
14 that it would not have sufficient natural gas supply to support the increased load. There
15 was some dialogue between the company and NIPSCO during this time and it resulted in
16 the company having to change its plan drastically. Furthermore, future growth plans for
17 this company at this location are now impacted.

18 Second, we learned in February 2020 that NIPSCO will not have sufficient natural gas to
19 supply the proposed housing developments of up to 250 units, which resulted from the
20 Steuben County Housing Strategy Implementation Study that NIPSCO help to fund.
21 NIPSCO advised that if as few as ten (10) new homes were added in Fremont, NIPSCO
22 would have gas system issues. Given that information, we doubt that the housing
23 developments (that NIPSCO and SCEDC worked to encourage) will proceed.

1 Third, Steuben County expects that it will not even be considered by future economic
2 development prospects because it has become widely known that there is not sufficient
3 natural gas supply. As an example, SCEDC recently learned that Koester Metals is
4 holding off on an expansion that would use gas, but because of the inadequate supply from
5 NIPSCO, Koester Metals may be considering other options and locations. In our
6 February, 2020 meeting, NIPSCO advised SCEDC that the addition of just an additional
7 10 customers in Fremont will strain its system and that there is not likely enough gas
8 capacity to serve beyond that threshold. This leaves Steuben County with the inability to
9 serve new employers and new housing developments that would supply their employees.
10 NIPSCO's inaction leaves Steuben County's economic development prospects stagnant,
11 which in turn threatens the County's continued viability. This bleak outlook continues to
12 be the County's long-term forecast despite the fact that NIPSCO's Steuben County
13 customers will pay higher rates to finance NIPSCO's proposed TDSIC projects that have
14 little or no benefit to Steuben County. Despite this dire situation, NIPSCO is unable to
15 provide SCEDC with any viable remedies that will materialize in the foreseeable future.

16 **13. DID NIPSCO INFORM SCEDC ABOUT POTENTIAL SOLUTIONS**
17 **AVAILABLE TO STEUBEN COUNTY THROUGH ITS TDSIC PLAN OR SEEK**
18 **SCEDC'S INPUT ON ITS PROPOSED GAS TDSIC PLAN BEFORE FILING ITS**
19 **PETITION IN THIS PROCEEDING?**

20 A. No. Although Ms. Thalmann mentioned to me in 2017 that NIPSCO's TDSIC team was
21 working on a possible solution, NIPSCO did not include SCEDC in any stakeholder
22 meetings or provide us with an opportunity to weigh in on the inclusion of a solution as
23 part of its TDSIC plan. I confer regularly with NIPSCO personnel assigned to maintain

1 positive community relations, but no one from NIPSCO invited SCEDC to discuss
2 solutions for Steuben County through NIPSCO's currently proposed gas TDSIC plan.

3 **14. WILL NIPSCO'S PROPOSED TDSIC PLAN SOLVE STEUBEN COUNTY'S**
4 **NATURAL GAS SUPPLY PROBLEM?**

5 A. No. I understand that NIPSCO plans to extend gas supply in stages, and that Steuben
6 County is essentially at the tail end of the system and will therefore not see any extensions
7 for the foreseeable future. NIPSCO's proposed TDSIC plan calls for NIPSCO to extend
8 its gas supply through a small segment from Shipshewana to Howe, which is a fraction of
9 the distance necessary to extend gas supply into Steuben County. Attachment IRL-1 is
10 the map NIPSCO provided to SCEDC in February 2020 showing a solid red line that
11 corresponds to that segment in the proposed TDSIC plan. The dotted red line is the
12 remainder of the extension route that NIPSCO prefers, but it will not occur in this TDSIC
13 cycle and it will not bring supply all the way to Angola and Fremont as needed.
14 Presumably, NIPSCO will not make those extensions until a subsequent TDSIC plan that
15 would be executed in the 2027-2034 timeframe. Unfortunately, existing residential and
16 commercial customers in Steuben County are likely to experience interruptions until
17 NIPSCO extends sufficient gas supply to the area. NIPSCO has also suggested that the
18 project can move forward if SCEDC finds a private investor to fund the \$75 million in
19 costs, which is highly unlikely.

20 **15. IF THE COMMISSION APPROVES NIPSCO'S PROPOSED TDSIC PLAN,**
21 **WHAT WILL BE THE SHORT AND LONG-TERM IMPACTS FOR STEUBEN**
22 **COUNTY'S ECONOMIC DEVELOPMENT?**

1 A. Steuben County's economic development future in the short-term will continue as we
2 have been. This means that we will try to as much as possible encourage our current
3 industries to more electric and encourage new prospects to do the same. Unfortunately,
4 we fear that the electric side of the equation may also have its own issues. Electricity tends
5 to cost more for an industry and for new prospects, this will limit their interest in this
6 corner of the state. For the long-term, the impact could be much worse. Current businesses
7 who realize that we are capped with capacity on either gas or electric will shift growth
8 plans to other locations including outside of our state. With Ohio and Michigan being so
9 close in proximity, this is a logical business move. Additionally, as the word spreads from
10 the local businesses to the site selectors and to other businesses considering moving to the
11 region, this type of information could be detrimental and almost irreversible to remedy.
12 Any work that SCEDC has done in the past as it relates to building a strong reputation of
13 growth, will all but evaporate. All the work that existed prior will be ultimately done for
14 nothing, as we will be limited in one of our most desired and needed utilities.

15 **16. IS THIS AN ACCEPTABLE RESULT?**

16 A. No.

1 **IV. ALTERNATIVES**

2 **17. PLEASE DESCRIBE THE ALTERNATIVES SCEDC HAS IDENTIFIED FOR**
3 **BRINGING NECESSARY ADDITIONAL NATURAL GAS CAPACITY TO**
4 **STEUBEN COUNTY.**

5 A. We have identified five (5) potentially viable alternatives to NIPSCO's proposed TDSIC
6 plan that will extend the necessary gas supply to Steuben County more quickly and
7 effectively from a customer service and economic development perspective:

- 8 1. TDSIC Targeted Economic Development Project
- 9 2. TDSIC Rural Extension Project to Steuben County Using Alternative Routes
- 10 3. TDSIC System Deliverability Project
- 11 4. Convert to 100% Electricity
- 12 5. ANR/Other Interstate Pipeline Extension

13 **18. PLEASE DESCRIBE THE COST TO STEUBEN COUNTY, THE TIMELINESS**
14 **FOR COMPLETION AND THE POTENTIAL EFFECTIVENESS OF EACH OF**
15 **THE FIVE ALTERNATIVES IDENTIFIED ABOVE AS COMPARED TO THE**
16 **NIPSCO SOLUTIONS.**

17 A. The table below summarizes and compares the costs, timeliness and potential
18 effectiveness of each of the alternatives identified by SCEDC alongside NIPSCO's
19 proposed solutions:

Option	SCEDC Position	Time to Achieve New Gas Supply	Cost to SCEDC	Effectiveness
TDSIC Targeted Economic Development Project	Favorable	If fast tracked, 3 years	Could be \$0 depending on contributions from TDSIC funds and/or IEDC	Effective if adequate supply is extended as quickly as possible
TDSIC Rural Extension Project to Steuben County Using Alternative Routes	Favorable depending on cost to Steuben County	Unknown – potential to fast track?	Could range from \$0 to unknown amount for deposit or adequate assurance	Effective if adequate supply is extended as quickly as possible
TDSIC System Reliability Project	Favorable assuming expedited timing	Unknown	Expectation is included in TDSIC	Effective to improve reliability and capacity
Convert to 100% Electricity	Favorable assuming no cost to Steuben County	Unknown	Unknown - expectation is none	If NIPSCO has adequate electricity supply, moderately effective short-term solution until gas supply is extended
ANR/Other Interstate Pipeline Extension	Favorable depending on cost to Steuben County and timing to achieve	Unknown	Unknown	Effective assuming adequate supply extended and no cost to Steuben County
Steuben County finds Developer to Pay for NIPSCO's Red Line Extension Project	Unfavorable – unlikely to find private funding for \$75M+	Unknown	100% born by private investment	Ineffective - unlikely private investment or timely completion
NIPSCO's proposed TDSIC plan	Unfavorable – will not bring needed supply to Steuben County for approximately 7-14+ years	Completion delayed until 2027-2034	TDSIC & base rate contributions by ratepayers	Ineffective – delay untenable

1 **19. PLEASE DESCRIBE THE FIRST ALTERNATIVE – STEUBEN COUNTY’S**
2 **ELIGIBILITY FOR TDSIC FUNDING AS A TARGETED ECONOMIC**
3 **DEVELOPMENT PROJECT.**

4 A. Earlier this week and after SCEDC intervened in this proceeding, NIPSCO alerted
5 SCEDC that a targeted economic development project could be included in and funded at
6 least in part through its TDSIC plan if the project meets certain statutory criteria including
7 approvals from the Indiana Economic Development Corporation (“IEDC”) and this
8 Commission. I understand that in order to exercise this option, Indiana Code § 8-1-39-11
9 requires NIPSCO to apply to the IEDC. I also understand that NIPSCO may have the
10 ability to “fast track” a project and bring the necessary additional gas supply to Steuben
11 County in as little as three (3) years. Given that we have repeatedly, for several years,
12 expressed to NIPSCO our dire need for additional gas supply in Steuben County, I am left
13 wondering why, if it is committed to finding a solution for Steuben County, NIPSCO
14 never before suggested this option, began the process with IEDC, or offered to assist
15 SCEDC with this option. I believe NIPSCO should be required, as a condition of approval
16 of its TDSIC plan in this proceeding, to pursue an extension to Steuben County as a
17 targeted economic development project that brings the necessary volume of gas to the
18 County as quickly as reasonably practicable, but in no case in less than four (4) years.

19 **20. PLEASE DESCRIBE THE SECOND OPTION – A TDSIC RURAL EXTENSION**
20 **PROJECT TO STEUBEN COUNTY USING ALTERNATIVE ROUTES.**

21 A. Based on my discussions with NIPSCO, I understand that outside of TDSIC Rural
22 Extension projects, in order to extend the necessary gas service to Steuben County,
23 NIPSCO’s tariff requires Steuben County to show that the return on NIPSCO’s investment

1 in a service extension (presumably by way of revenues generated by new customers) will
2 need to exceed NIPSCO's cost to extend the facilities over 6 years ("Margin Revenue").
3 I understand that under an approved TDSIC plan, a Rural Extension to new NIPSCO load
4 may occur if Margin Revenues will be generated over a 20-year period. If sufficient
5 Margin Revenues will not be produced, then the customer requesting the service extension
6 must pay all or a portion of the cost to extend service. SCEDC has consistently met with
7 NIPSCO over the past four years and shared information on expected natural gas and
8 electricity load associated with various economic development prospects. Never until
9 April 6, 2020 has NIPSCO signaled that SCEDC needs to identify and quantify the
10 revenues to be produced by prospective new users, nor to date has NIPSCO even disclosed
11 what amount of revenue would be necessary to satisfy NIPSCO's margin test under either
12 the 6-year or 20-year scenario. It is confounding to me that despite SCEDC's repeated
13 pleas to NIPSCO to extend additional gas capacity over the past four years, NIPSCO has
14 never asked us to submit data to justify an extension or point SCEDC in a direction that
15 would create timely and meaningful relief to the gas constraint problem. Simply stated,
16 NIPSCO has not worked earnestly and with any sense of urgency to supply natural gas to
17 Steuben County despite NIPSCO's awareness of the problem for four years. This is even
18 more troubling since SCEDC has missed economic development opportunities in excess
19 of \$3.5 billion.

20 **21. PLEASE EXPLAIN YOUR CONCERNS WITH NIPSCO'S PROPOSED ROUTE**
21 **TO ALLEVIATE STEUBEN COUNTY'S GAS SUPPLY CONSTRAINTS.**

22 A. NIPSCO makes clear that its preferred route is the red line shown on the attached route
23 map. The attached map shows several other routes colored in purple, orange and pink that

1 could bring service to Steuben County (the “Alternative Routes”), but none of those routes
2 has been mentioned or evaluated as part of NIPSCO’s TDSIC plan. NIPSCO has advised
3 SCEDC that the Alternative Routes are expensive and only provide localized solutions.
4 It appears that NIPSCO has decided that since relief to Steuben County will be expensive,
5 that Steuben County must wait (presumably for up to another 14 years or more) until
6 NIPSCO sees fit to make the investment necessary to extend gas supply to the County.
7 While the red route may be in NIPSCO’s corporate and financial interest, it is not in the
8 best interest of customers, and it is especially contrary to SCEDC’s interest in bringing
9 natural gas supply to Steuben County as quickly as reasonably possible.

10 Notably, NIPSCO appears to have selected the red route without fully evaluating
11 the impact on customers (especially customers in Steuben County) of the Alternative
12 Routes. Nowhere in NIPSCO’s testimony is there a discussion of: a) whether the
13 Alternative Routes will actually cost less than the red route; b) whether any of the
14 Alternative Routes could extend desperately needed gas supply to Steuben County more
15 quickly than the red route (which does not even get to the whole of Steuben County); or
16 c) whether any of the Alternative Routes could serve as valuable redundant or backup
17 routes for NIPSCO’s system.

18 I also understand that one of NIPSCO’s justifications for choosing the red route is
19 the need to service to the Howe Industrial Park. While the Howe Industrial Park may be
20 worthy of additional gas supply, its attributes are certainly not superior to the Steuben
21 County communities of Fremont and Angola, which have acres of desirable available
22 development land, entrance to the turnpike and a workforce ready to be deployed.

1 NIPSCO's route choice unreasonably favors the Howe community while prolonging the
2 harm to Steuben County.

3 Finally, I note that there are reliability concerns in Angola and Fremont arising from
4 gas pressure drops for existing customers. Thus, I believe NIPSCO could properly use
5 TDSIC funds to construct a route that provides additional gas supply to Steuben County
6 during the coming 7 years.

7 **22. PLEASE DESCRIBE THE THIRD ALTERNATIVE – A SYSTEM**
8 **DELIVERABILITY PROJECT WITHIN THE PROPOSED TDSIC PLAN.**

9 A. One potential short-term solution is a project within the proposed TDSIC plan that is a
10 System Delivery Project similar to NIPSCO's proposed Project ID DSD10. NIPSCO
11 witness Mr. Bull describes the project at page 53 of his direct testimony and explains that
12 the project is designed to alleviate system reliability and capacity in Angola where he says
13 the distribution system is approaching capacity and is an area that has demonstrated
14 continued population growth. Mr. Bull indicates the project involves the construction of
15 approximately 2.7 miles of 8" plastic distribution main and associated tie-ins to improve
16 reliability and capacity in to this system. Given the reliability and supply constraints in
17 Steuben County, it appears that a similar System Deliverability Project would be
18 appropriate to improve reliability and bring much needed gas supply to the County – even
19 if on a partial basis through a line that is smaller than the line proposed in NIPSCO's
20 proposed dotted red line route. In Exhibit 2-A, Mr. Bull indicates that the project driver
21 for Angola Project DSD010 is safety and reliability. Given the pressure drops that
22 customers are presently experiencing in Fremont, a similar project in Steuben County is
23 necessary to insure reliability.

1 **23. PLEASE DISCUSS THE FOURTH ALTERNATIVE – SUPPLYING EXISTING**
2 **AND NEW CUSTOMERS WITH 100% ELECTRICITY WHERE FEASIBLE.**

3 A. As a short-term solution, SCEDC asked NIPSCO to work toward allowing existing and
4 new customers, to the extent possible, to be supplied 100% by electricity. We believe this
5 solution may allow for some new development and possibly free up some gas capacity for
6 existing and new customers who are constrained. During NIPSCO’s visit with SCEDC
7 in February 2020, we were advised that NIPSCO may only be able to supply a potential
8 customer in Fremont with an additional 2MW to 3MW of electric capacity, so we question
9 whether the conversion of customers to 100% electric supply can provide measurable
10 relief. After learning of NIPSCO’s apparent electric supply constraints, we suggested that
11 NIPSCO agree to transfer a portion of its electric service territory to Steuben County
12 REMC, but to date we have not yet received NIPSCO’s response. Furthermore, we
13 understand the cost difference to the end-user and also feel that converting some users to
14 full electric may have a negative bottom line impact cause these businesses to consider
15 other options and locations.

16 **24. PLEASE DISCUSS THE FIFTH ALTERNATIVE – SEEKING EXTENSIONS**
17 **FROM NEARBY INTERSTATE GAS PIPELINES.**

18 A. SCEDC has noted that there are several interstate pipelines in the area and has asked
19 whether it is possible to obtain supply from any of those pipelines. One such pipeline is
20 an ANR pipeline that has a main line 7 miles south of Fremont and a twelve-inch line 1.5
21 miles east of Fremont. NIPSCO informed SCEDC that it queried ANR regarding
22 available capacity and/or interest in expansion of its nearby pipeline but until very
23 recently, ANR advised that it had no capacity available and had no interest in an expansion

1 project. I understand that NIPSCO is currently waiting for feedback from ANR on
2 whether its interest level has changed. In the meantime, SCEDC has concluded that
3 NIPSCO is not giving this option priority and focused attention, so SCEDC has engaged
4 a consultant to determine whether a direct connection to that or any other nearby interstate
5 pipelines is technically and economically feasible.

6 **25. PLEASE DESCRIBE THE FEASIBILITY OF EACH OF THE ALTERNATIVES**
7 **COMPARED TO NIPSCO'S PROPOSED SOLUTIONS.**

8 A. NIPSCO's two proposed solutions are: (1) the TDSIC Plan's red line that will not bring
9 necessary gas supply to Steuben County until at least 2024; or (2) funding of NIPSCO's
10 dotted red line through a private investor. Neither of these solutions is viable, effective
11 or acceptable to SCEDC. As an initial matter, it is highly unlikely that a private investor
12 will quickly emerge. The proposed NIPSCO TDSIC red line plan is ineffective and
13 unacceptable because it does not provide a timely and complete solution to Steuben
14 County. We simply cannot wait until 2027 for additional gas supply and even if we could,
15 NIPSCO's proposed dotted red line "preferred plan" does not extend additional gas supply
16 into Fremont and Angola.

17 By contrast, I understand that once a project to extend service to Steuben
18 County is approved, a project could be fast tracked so that additional gas could begin
19 flowing to Steuben County within 3 years. Simply stated, Steuben County's economic
20 viability will be dangerously imperiled if growth stagnates for an additional 6 years or
21 more due to the lack of natural gas supply. For this reason, SCEDC respectfully requests
22 that the Commission deny NIPSCO's proposed gas TDSIC plan and reserve approval
23 only on the condition that NIPSCO commit to invest in a solution that brings natural gas

1 supply to Steuben County as quickly as reasonably feasible, but in no case later than
2 2024.

3 **V. RELIEF REQUESTED**

4 **26. WHAT DOES SCEDC RECOMMEND TO THE COMMISSION?**

5 A. SCEDC recommends that the Commission condition approval of NIPSCO's proposed gas
6 TDSIC plan on NIPSCO's identification and implementation of a solution that brings
7 natural gas supply to Steuben County as quickly as reasonably feasible, but in no case
8 later than 2024.

9 **27. DOES THE COMMISSION HAVE DISCRETION TO ADOPT SCEDC'S**
10 **RECOMMENDATION?**

11 A. Yes. I am not a lawyer, but I understand that the provisions of Indiana Code § 8-1-39-10
12 give the Commission discretion to approve a TDSIC plan if it finds: (a) that the public
13 convenience and necessity require or will require the eligible improvements included in
14 the plan; (b) that the estimated costs of the eligible improvements are justified by the
15 incremental benefits attributable to the plan; and (c) the plan is reasonable. Given the
16 facts presented by SCEDC, the Commission has latitude to find that NIPSCO's proposed
17 TDSIC plan is not reasonable in its current form. In order to balance the interests of
18 NIPSCO's shareholders, its customers, and the economic viability of the communities in
19 Steuben County, the Commission has discretion to require a modification to NIPSCO's
20 proposed TDSIC plan to address in a timely fashion Steuben County's need for additional
21 natural gas supply.

22 As the Commission evaluates whether the public convenience and necessity requires
23 or will require NIPSCO's proposed TDSIC plan and whether the plan is reasonable, it

1 is entirely appropriate for the Commission to find that NIPSCO is not currently
2 fulfilling its obligation to provide reasonably adequate gas service to Steuben County,
3 and that the public interest requires that Steuben County's service deficits be remedied
4 in an expedited fashion as part of NIPSCO's gas TDSIC plan. To approve NIPSCO's
5 plan without such a requirement would be unreasonable; imperil Steuben County's
6 economic viability; and improperly balance the needs of NIPSCO's shareholders and
7 other customers above the needs clearly demonstrated by SCEDC.

8 **28. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

9 A. Yes.

1
2
3
4
5
6

VERIFICATION

I affirm under the penalties of perjury that the foregoing Prefiled Verified Direct Testimony is true to the best of my knowledge, information and belief as of the date here filed.

/S/ ISAAC R. LEE
ISAAC R. LEE

CERTIFICATE OF SERVICE

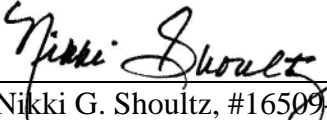
I hereby certify that a copy of the foregoing “Verified Pre-Filed Testimony of Isaac R. Lee” has been served upon the following counsel of record via electronic mail this 9th day of April, 2020, to:

Christopher C. Earle
NiSource Corporate Services – Legal
150 West Market Street, Suite 600
Indianapolis, IN 46204
cearle@nisource.com

Courtesy copy to:
Alison M. Becker
Northern Indiana Public Service Company
150 West Market Street, Suite 600
Indianapolis, IN 46204
abecker@nisource.com

Randall C. Helmen
Jeffrey M. Reed
Office of Utility Consumer Counselor
115 West Washington Street, Suite 1500S
Indianapolis, IN 46204
rhelmen@oucc.in.gov
jreed@oucc.in.gov
infomgt@oucc.in.gov

Todd A. Richardson
Aaron A. Schmoll
Lewis & Kappes, P.C.
One American Square, Suite 2500
Indianapolis, IN 46282-0003
trichardson@lewis-kappes.com
aschmoll@lewis-kappes.com



Nikki G. Shoultz, #16509-41

383737

