

ORIGINAL

Commissioner	Yes	No	Not Participating
Zay			√
Deig	√		
Swinger	√		
Veleta	√		
Ziegner	√		

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

**REQUEST OF THE PIPELINE SAFETY DIVISION OF THE)
INDIANA UTILITY REGULATORY COMMISSION AND)
NORTHERN INDIANA PUBLIC SERVICE COMPANY LLC,)
FOR APPROVAL OF A STIPULATION, CONSENT)
AGREEMENT, AND WAIVER OF EVIDENTIARY)
HEARING RESOLVING PROBABLE VIOLATIONS OF)
MINIMUM PIPELINE SAFETY STANDARDS AND NOTICE)
OF THE COMMISSION’S INTENT TO APPROVE THE)
AGREEMENT.)**

CAUSE NO. 46372

APPROVED: APR 29 2026

ORDER OF THE COMMISSION

**Presiding Officers:
Andy Zay, Chairman
Steve Henke, Administrative Law Judge**

On February 25, 2026, the Indiana Utility Regulatory Commission (“Commission”) issued an Order concerning its intent to approve a February 3, 2026 Stipulation, Consent Agreement, and Waiver of Evidentiary Hearing (“Consent Agreement”) between the Commission’s Pipeline Safety Division (“Division”) and Northern Indiana Public Service Company LLC (“NIPSCO”) regarding alleged pipeline safety violations by NIPSCO unless an objection or request for hearing was filed under this Cause within 20 days.

Twenty days have passed and no objection or request for a hearing has been received.

1. Commission Jurisdiction. Under Ind. Code § 8-1-22.5-7(b), the Commission may, after notice and opportunity to be heard, impose a civil penalty against a person that violates Ind. Code ch. 8-1-22.5 or any rules issued under that chapter. NIPSCO is a person as defined by Ind. Code § 8-1-22.5-1(e). Therefore, the Commission has jurisdiction over NIPSCO and the subject matter of this proceeding.

2. Background and Procedural History. On July 15, 2025, the Division issued a Notice of Probable Violation to NIPSCO alleging 190 violations during 2024 of NIPSCO failing to follow its procedures to timely or accurately locate its facilities under Ind. Code § 8-1-26-18. The Division entered into the Consent Agreement that resolves the probable violations identified by the Division.

In the Consent Agreement, NIPSCO agrees to pay a civil penalty of \$463,400. NIPSCO received a mitigated penalty due to training more than 25% of the excavators causing at fault damages, and a 0.03 reduction in fault rate from 2023 to 2024. None of the penalty will be recoverable through NIPSCO’s Commission-authorized rates. NIPSCO also waives the right to a public hearing pursuant to Ind. Code §§ 8-1-22.5-7(b) and 8-1-22.5-10.

3. Commission Decision. Based upon the information submitted by the Commission's General Counsel Division, the Commission finds the Consent Agreement reasonably resolves the alleged violations. Accordingly, the Commission approves the Consent Agreement entered into between the Division and NIPSCO.

IT IS THEREFORE ORDERED BY THE INDIANA UTILITY REGULATORY COMMISSION that:

1. The Consent Agreement entered into between the Division and NIPSCO, a copy of which is attached to this Order, is approved.

2. Within 90 days of this Order, NIPSCO shall pay a civil penalty of \$463,400 to the Treasury of the State of Indiana through the Secretary of the Commission.

3. This Order shall be effective on and after the date of its approval.

DEIG, SWINGER, VELETA, AND ZIEGNER CONCUR; ZAY ABSENT:

APPROVED: APR 29 2026

**I hereby certify that the above is a true
and correct copy of the Order as approved.**

**Dana Kosco
Secretary of the Commission**

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

CONSENT AGREEMENT OF NORTHERN
INDIANA PUBLIC SERVICE COMPANY, LLC
AND THE PIPELINE SAFETY DIVISION OF
THE INDIANA UTILITY REGULATORY
COMMISSION FOR APPROVAL OF MONETARY
CIVIL PENALTIES UNDER IND. CODE CH. 8-1-
22.5 FOR VIOLATIONS OF MINIMUM
PIPELINE SAFETY STANDARDS

CAUSE NO.

**STIPULATION, CONSENT AGREEMENT,
AND WAIVER OF EVIDENTIARY HEARING**

Northern Indiana Public Service Company LLC (“NIPSCO”) and the Pipeline Safety Division (“Division”) of the Indiana Utility Regulatory Commission (“Commission”) voluntarily enter into this Stipulation, Consent Agreement, and Waiver of Evidentiary Hearing (“Agreement”) pertaining to the violations and penalties described herein.

A. Jurisdiction and Procedural Posture

1. The Division is responsible for the administration and enforcement of compliance with pipeline safety standards applicable to transportation and related pipeline facilities established under the Natural Gas Pipeline Safety Act of 1968 and the Hazardous Liquid Pipeline Safety Act of 1979 (49 U.S.C. 60101 et seq.) (the “PHMSA Standards”) and under Indiana Code Ch. 8-1-22.5. The Division is also responsible for the administration and enforcement of compliance with the pipeline safety standards adopted by the Commission for the State of Indiana in 170 IAC 5-3, which adopts and adds to the federal safety standards.

2. NIPSCO is a “public utility” as that term is defined in Ind. Code § 8-1-2-1, and is a “person who engages in transportation or who owns, operates, or leases pipeline facilities” within the meaning of Ind. Code § 8-1-22.5-6 and subject to the pipeline safety standards and the jurisdiction of the Commission.

3. Division staff perform inspections and other activities to verify compliance with the pipeline safety standards and issues Notices of Probable Violation (“NOPVs”) and Notices of Proposed Penalties (“NOPPs”) to pipeline operators subject to the Commission’s jurisdiction in instances where non-

compliance with the PHMSA Standards incorporated and amended in the Commission’s rules is alleged.

B. Specific Violations

4. On July 15, 2025, the Division issued NOPV No. 12708-20250715 to NIPSCO. The NOPV alleged 190 violations occurring in the year 2024, each consisting of an instance when NIPSCO failed to follow its own procedures by failing to timely or accurately locate its facilities in response to a notice of excavation submitted through what is commonly known as Indiana 811.

5. NIPSCO’s own procedures require it to timely and accurately locate its facilities in accordance with the Indiana 811 law found at Ind. Code § 8-1-26-18.

6. By failing to follow its own procedures, NIPSCO violated 49 C.F.R. 192.605(a). By failing to properly locate their underground facilities through accurate maps, records, and temporary markings, NIPSCO violated 49 CFR 192.614, both federal statutes being incorporated in state law by 170 IAC 5-3-0.6.

7. A copy of the NOPV is attached as **Attachment 1**.

C. Advisory Penalty Matrix

8. On May 3, 2021, the Commission transmitted by letter an Advisory Penalty Matrix to natural gas operators setting forth advisory penalties for the failure to timely or accurately locate a gas operator’s pipeline and facilities, effective after July 1, 2021.

9. The Advisory Penalty Matrix includes a graduated penalty schedule for assessing increasing penalties depending on the number of violations committed by a gas operator.

10. Based on the 190 violations in the NOPV, application of the Advisory Penalty Matrix would result in the following penalty:

Penalty Level	Number of violations in level	Per violation in level	Penalty total in each level
1	0 – 3	0	0
2	4 – 20	\$1,000	\$17,000
3	21-100	\$2,500	\$200,000
4	101-190	\$5,000	\$445,000
Total			\$662,000

11. The Advisory Penalty Matrix is attached hereto as **Attachment 2**.

12. The Advisory Penalty Matrix's continued use for 2024 is attached hereto as **Attachment 3**.

D. Agreed Civil Penalty

13. The Commission may impose penalties against NIPSCO for violations of the pipeline safety standards of up to \$25,000 for each violation for each day that the violation persisted, up to a maximum of \$1,000,000 for a related series of violations. The Division discovered 190 violations committed by NIPSCO. All are subject to a maximum \$25,000 fine for each violation, for each day the violation persisted. *See* Ind. Code § 8-1-22.5-7.

14. However, NIPSCO provided a response to the NOPV on September 10, 2025. In NIPSCO's response, it stated that NIPSCO reduced their at fault ratio from 0.37 to 0.34, trained 27% of all excavators who damaged NIPSCO facilities, reduced locator and excavator errors, enhanced public outreach, conducted 1,972 education sessions of at least 40 minutes for 458 excavators who caused damage, and other measures to improve damage prevention. NIPSCO's response to the NOPV is attached hereto as **Attachment 4**.

15. Thereafter, the Division sent a Notice of Proposed Penalty (NOPP) to NIPSCO on October 17, 2025. Pursuant to the NOPP, the Division reduced the total amount of the proposed penalty to \$662,000 under the Advisory Penalty Matrix. Based on NIPSCO training more than 25% of excavators who damaged NIPSCO facilities, the NOPP proposed a reduction of \$165,500, or 25% reduction, in the recommended penalty amount. Additionally, based on NIPSCO's at fault rate lowering from 0.37 in 2023 to 0.34 in 2024, the NOPP proposed a reduction of \$33,100, or a 5% reduction, for a total proposed penalty of \$463,400. The NOPP letter is attached hereto as **Attachment 5**.

16. NIPSCO responded to the NOPP, by letter, on November 14, 2025. NIPSCO's response is attached hereto as **Attachment 6**.

17. The resulting total penalty agreed to by NIPSCO and the Division is therefore **\$463,400**, payable to the general fund of the State of Indiana for the foregoing identified violations.

18. Payment of this civil penalty will be made within 30 days of approval by the Commission, and the civil penalty shall not be recoverable by NIPSCO through its Commission-authorized rates and charges.

E. Waiver of Public Hearing

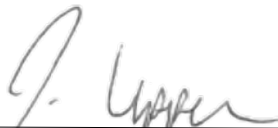
19. NIPSCO agrees the violations as alleged in the NOPV constitute violations of minimum pipeline safety standards and NIPSCO does not contest the payment of the agreed statutory civil penalty for those violations. In the interest of administrative efficiency, NIPSCO waives its right to a public hearing pursuant to Ind. Code §§ 8-1- 22.5-7(b) and 8-1-22.5-10 on the matters alleged in the NOPV and the associated penalties. The Parties agree that the facts above together with the attachments hereto constitute an adequate evidentiary record upon which the Commission may base an Order approving this Agreement, including payment of the agreed monetary civil penalty.

F. Public Record

20. This agreement is a public record subject to disclosure upon request under the Indiana Access to Public Records Act, Ind. Code Ch. 5-14-3.

G. Stipulation

21. It is so stipulated and agreed this 3 day of February, 2026.



Printed Name: Jake Upper
Title: VP Gas Operations(interim)
NIPSCO

Miranda Chandler

Miranda Chandler
Director
Pipeline Safety Division

Attachment 1

STATE OF INDIANA



INDIANA UTILITY REGULATORY COMMISSION
101 W. WASHINGTON STREET, SUITE 1500E
INDIANAPOLIS, INDIANA 46204-3407

<http://www.in.gov/iurc>
Office: (317) 232-2701
Facsimile: (317) 232-6758

Northern Indiana Public Service Company – OPSID 13730
Karima Hasan Bey, VP Construction, Maintenance & Service
801 E 86th Avenue
Merrillville, IN 46410

Cc: Johnese McKinney, Manager Operations Compliance, johneemckinney@nisource.com

15 July 2025

RE: Notice of Probable Violation or Area of Concern: 12708 – 07/15/2025

The Pipeline Safety Division (“Division”) of the Indiana Utility Regulatory Commission (“Commission”) hereby provides you notice of the probable violation(s) and/or areas of concern listed below, pursuant to the Division’s authority under Indiana Code chapter 8-1-22.5, the Natural Gas Pipeline Safety Act of 1968 and the Hazardous Liquid Pipeline Safety Act of 1979 (49 U.S.C. § 60101 et seq.), and the Commission’s minimum pipeline safety rules and standards for transportation and related pipeline facilities, Title 170 Indiana Administrative Code Rule 5-3, incorporating 49 CFR Parts 40, 191, 192, 193, 194, 195, 198, and 199. Under Ind. Code § 8-1-22.5-7, the Commission, after notice and opportunity for public hearing, may issue civil penalties not to exceed two hundred thousand dollars (\$200,000) for each violation for each day that the violation persists and not to exceed two million dollars (\$2,000,000) for any related series of violations.

On one or more days including 7/15/2025, a Damage Prevention Inspection was conducted on Northern Indiana Public Service Company during which the following Probable violations or Areas of Concern were found. Areas of Concern are not considered violations; however, if such concerns continue, they may become probable violations.

You are required to review each listed Probable Violation and/or Area of Concern and provide a written response to the Division with the following information:

- A detailed description of steps that have been or will be completed to correct non-compliance with the below cited rules, including dates such steps were or are anticipated to be taken.
- Steps that you intend to take to prevent a recurrence of the below Probable Violations and/or Areas of Concern, including dates such steps were or are anticipated to be taken.
- Copies of any new or existing written procedures that support the steps taken to correct and further prevent a recurrence of these Probable Violations and/or Areas of Concern.

A. Probable Violation(s):

1. 49 CFR 192.605 – Procedural manual for operations, maintenance, and emergencies.

Northern Indiana Public Service Company (“NIPSCO”) violated their procedures regarding damage prevention activities as required by 49 CFR 192.605 and 49 CFR 192.614, which requires the operator to properly locate their underground facilities through accurate maps, records, and temporary markings. During 2024 NIPSCO violated their procedures 190 times, each time resulting in pipeline facility damage due to a failure on the operator’s part to either mark accurately or on

time. This number is pulled from a comparison between the Quarterly damage reports and the Annual report to PHMSA F7100.1-1.

Please respond to this violation with your plans or actions taken to resolve the issue. Mitigative measures that could potentially reduce your violation include but are not limited to:

- Full reduction if Operator at Fault divided by tickets times 1000 ratio is below 0.20.
- More than a .03 change to the Operator at Fault divided by tickets times 1000 ratio.
- Operator has proactively trained 25% of all excavators who damaged their facilities. PSD staff consider training to be at least a half hour of training on the dig law and how to dig safely.

B. Areas of Concern: No areas of concern were identified during the inspection.

Your written response to the above listed Probable Violations and/or Areas of Concern must be received no later than **09/13/2025** and sent to the Division as follows:

- Via email to pipelineinspections@urc.in.gov.
- Label the subject line: NOPV Response 12708 – 07/15/2025
- You will receive a response that your email was received within one to two business days. If you do not receive a response that your email was received, please contact the Division at 317-232-0037.

If you want to submit your response in hard copy, please mail it to this address:

Indiana Utility Regulatory Commission
Attn: Pipeline Safety Division
101 West Washington Street, Suite 1500 E
Indianapolis, Indiana 46204

The Division will review your response and provide acknowledgement of receipt. After review of your response, the Division may:

- provide acknowledgement of a satisfactory response;
- request additional information and/or documentation;
- request to meet with you;
- send you a Notice of Proposed Penalties; and/or
- request the Commission initiate an investigation on the matter.

Failure to respond to a Probable Violation will result in a Notice of Proposed Penalty and/or a request for a Commission investigation. Failure to respond to an Area of Concern will result in additional violations as specified in 170 IAC 5-3-4.1.

You should remain in contact with the Division with regular updates providing progress made toward resolving the Probable Violations and/or Areas of Concern identified in this letter. Thank you for the courtesy extended during our visit. Please contact the Division at pipelineinspections@urc.in.gov should you have any questions.

Respectfully,



Miranda Chandler, Director
Pipeline Safety Division

Attachment 2



May 6, 2021

Re: Pipeline Safety Division Advisory Penalty Matrix for Locate Violations

Dear Operator:

I am writing to you to provide notice of the establishment of an Advisory Penalty Matrix by the Pipeline Safety Division (“Division”) of the Indiana Utility Regulatory Commission (“Commission”), as part of our obligation in enforcing gas safety regulations in accordance with federal and state law.

As you may know, the Pipeline and Hazardous Materials Safety Administration (“PHMSA”) is the federal agency that oversees the Commission’s Division. PHMSA sets rules and standards for pipeline safety issues nationally. PHMSA evaluates the Division in annual audits to ensure objectives related to pipeline safety inspections and enforcement in Indiana are being met. These evaluations also determine the amount of federal funding the Division receives to continue its important work.

As part of the audit process, PHMSA has reviewed the Division’s work regarding the enforcement of locate violations under 49 Code of Federal Regulations 192.614. In addition, the Division, under authority provided by Indiana Code chapter 8-1-22.5, investigates possible violations of Indiana Code chapter 8-1-26. Although the settlement agreements with Northern Indiana Public Service Company (NIPSCO) and CenterPoint Energy Indiana (approved by the Commission in 2017 and 2018, respectively) were important steps towards improving safety and compliance, PHMSA has directed that enforcement of locate violations and penalties should apply to all jurisdictional gas operators.

To achieve this in an equitable and transparent manner, the Division developed the Advisory Penalty Matrix to set expectations and provide consistency across all Indiana gas operators. The goal of the Advisory Penalty Matrix is to encourage better compliance through progressive penalties that recognize the hazards involved in large numbers of locate violations while also recognizing the inherent differences between larger and smaller gas operators.

It’s important to note that the Advisory Penalty Matrix is considered a starting point. Actual penalties may reflect mitigating and aggravating circumstances or factors, and the penalties in the Matrix would not apply if a violation resulted in an incident or accident, consistent with the Commission’s rules. *See* 170 Ind. Admin. Code 5-3-0.6-6 and -2. Ultimately, the Commission will approve the final penalty amounts based on the evidence presented in each case, including the Advisory Penalty Matrix.

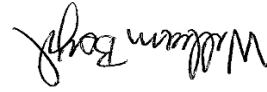
We recognize and appreciate the ongoing efforts by Indiana's gas operators to ensure the provision of safe and reliable service with an astute focus on safety. The Advisory Penalty Matrix was designed to reduce overall risk and emphasize the importance of safety. The Division is committed to developing tools that foster behavior changes, when needed, and incorporate feedback we hear from our PHSMA partners.

The Advisory Penalty Matrix will apply to "Locating Practices Not Sufficient" violations occurring on and after July 1, 2021, based on Part D.1.b of each gas operator's Gas Distribution Annual Report, commonly known as the F7100 Annual Report, due annually on March 15. It will not apply to any operator at fault locate violations that occurred in 2020 or in the first half of 2021. We are providing you this notice to allow you some time to improve your locate practices if necessary.

After your submission of the Gas Distribution Annual Report for CY 2021, due March 15, 2022, if you had more than three operator at fault locate violations occur from July 1, 2021, to December 31, 2021, you will receive a Notice of Probable Violation (NOPV), after which you will have the opportunity to provide your response including any mitigating circumstances before receiving a Notice of Proposed Penalty (NOPP) that will be based on the Advisory Penalty Matrix.

A copy of the Advisory Penalty Matrix is attached with this letter for reference. Please let me know if you have any questions. You can reach me at (317) 232-2718 (office) or (317) 460-8401 (mobile) or WBoyd@urc.IN.gov.

Sincerely,



William Boyd

Director

Pipeline Safety Division

Indiana Utility Regulatory Commission

PSD Advisory Penalty Matrix for Locate Violations for 2021-2022

Goals/Benefits:

Although the enforcement and penalties for locate violations under the settlement agreements with NIPSCO and Vectren (now CenterPoint Indiana) were important steps, the Pipeline and Hazardous Materials Safety Administration (“PHMSA”) has provided direction that enforcement of locate violations and penalties should apply to all gas operators.

The goal of the Advisory Penalty Matrix is to change behavior through progressive penalties that recognize the hazards involved in large numbers of locate violations and the limited risk by small gas operators with very low numbers of locate violations. Having a penalty matrix sets expectations and provides consistency across all Indiana gas operators.

It’s also important to note that the Advisory Penalty Matrix is a starting point and actual penalties may reflect mitigating and aggravating factors. In addition, the penalties in the Matrix do not apply to an operator violation if the violation results in an incident or accident, as defined in the Commission’s rules, specifically, 170 IAC 5-3-0.6-6 and -2, respectively (an example is the Camby incident in the Vectren settlement).

PSD Advisory Penalty Matrix:

Penalty Level	Number of violations in level	Per violation in level	Penalty total in each level
1	0 – 3	0	0
2	4 – 20	\$1,000	\$17,000
3	21-100	\$2,500	\$200,000
4	101-200	\$5,000	\$500,000
5	201 +	\$10,000	Max \$10,000 x #

Comparison Using 2017-2020 Locate Violations:

Utility / Year	# of Violations	Amounts Paid Under Settlements	PSD Advisory Penalties	Max per Statute
Citizens / 2017	20	n/a	\$17,000	\$500,000
Citizens / 2018	13	n/a	\$10,000	\$325,000
Citizens / 2019	14	n/a	\$11,000	\$350,000
Citizens / 2020	21	n/a	\$19,500	\$525,000
NIPSCO / 2017	296	(1) \$900,000 (2) \$765,000	\$1,677,000	\$7,400,000
NIPSCO / 2018	241	\$1,033,000	\$1,127,000	\$6,025,000
NIPSCO / 2019	231	\$1,138,000	\$1,027,000	\$5,850,000
NIPSCO / 2020	211	n/a	\$827,000	\$5,275,000
Vectren / 2017	242	\$736,000	\$1,137,000	\$5,700,000
Vectren / 2018	197	\$584,000	\$702,000	\$4,925,000
Vectren / 2019	205	\$894,000	\$767,000	\$5,875,000
Vectren / 2020	223	n/a	\$947,000	\$5,575,000

Note: only Citizens, NIPSCO, and Vectren/CenterPoint are shown on this comparison chart, as they are the only gas operators that would have had penalties under the Matrix if it had been in place during 2017-2020. No other gas operator had more than three violations in each of the last four calendar years.

Attachment 3

STATE of INDIANA



INDIANA UTILITY REGULATORY COMMISSION
101 WEST WASHINGTON STREET, SUITE 1500 EAST
INDIANAPOLIS, INDIANA 46204-3419

www.in.gov/iurc
Office: (317) 232-2701
Facsimile: (317) 232-6758

December 20, 2022

RE: Advisory Penalty Matrix & Staff Changes

Dear Operator:

The Pipeline Safety Division of the Indiana Utility Regulatory Commission will be continuing to utilize the Advisory Penalty Matrix for locate violations in 2023 as we have done for the past two years. This is to continue the Division's efforts to enhance damage prevention in the state and drive down the damage rates to further continue making Indiana safer and a leader in damages.

Additionally, there are upcoming changes within the Division's staff. Starting January 9, 2023, we will have our first Damage Prevention Technician, who will be handling a large portion of damage investigations so our engineering staff can focus on the upcoming audits.

For me, it is bittersweet to announce that my last day with the Indiana Utility Regulatory Commission will be December 30, 2022. I have been tapped for a soon-to-be announced role within the Indiana Statehouse as a senior advisor to a statewide elected official. As part of the transition process, Miranda Erich has been named Interim Director of the Pipeline Safety Division effective December 30, 2022. It has been a pleasure working with all of you for the last several years and know that I will always be an advocate for Pipeline Safety.

Lastly, you should be hearing from Division Staff shortly after the first of the year to start scheduling inspections. Our intention, as spoken about at the Pipeline Safety Conference this past April, is to see every operator more frequently and, as such, most of you will be contacted near the beginning of January 2023 to start the inspection process.

Please contact me, or Miranda Erich, with any questions or concerns. I can be reached at 317-232-7035 or MiNeal@urc.IN.gov, and Miranda can be reached at 317-502-2966 or merich@urc.in.gov.

Have a wonderful Holiday season and it has been a pleasure working with you.

Sincerely,

Michael A. Neal, Director
Pipeline Safety Division

Attachment 4

September 10, 2025

Via Email Transmission – pipelineinspections@urc.in.gov

Ms. Miranda Chandler
Director, Pipeline Safety Division
Indiana Utility Regulatory Commission
PNC Center
101 West Washington Street, Suite 1500 East
Indianapolis, IN 46204

RE: Notice of Probable Violation: 12708 - 07/15/2025 Response

Dear Ms. Chandler:

Northern Indiana Public Service Company LLC (“NIPSCO”) is in receipt of your letter dated July 15, 2025, setting forth the Pipeline Safety Division’s (“PSD”) Notice of Probable Violation 12708 – 07/15/2025 (the “NOPV”) identified in the letter. Attached to this letter is NIPSCO’s response to these issues. As you will see in this response, NIPSCO continues to invest in its Damage Prevention Program and has improved its performance since its last at-fault NOPV, for which the PSD offered a 70% penalty reduction. The information provided in this response demonstrates improvement in several areas, including a reduction in NIPSCO’s at fault ratio and its locator and excavator error, as well as an increase in its watch and protect tickets.

It is NIPSCO’s desire to work with the Commission to proactively and comprehensively address the issues raised in a manner that is mutually satisfactory. To that end, please reach out to Johnese McKinney (johnesemckinney@nisource.com 219-713-1771), Manager of Operations Compliance, to discuss this matter if you have any other concerns. We look forward to the continuation of our ongoing and productive dialog.

Sincerely,

A handwritten signature in black ink that reads "Karima Hasan Bey". The signature is written in a cursive, flowing style.

Karima Hasan Bey
Vice President Gas Operations

NIPSCO Response to Allegation of Probable Violation

Probable Violations:

On one or more days including 7/15/2025, a Damage Prevention Inspection was conducted on Northern Indiana Public Service Company during which the following Probable violations or Areas of Concern were found. Areas of Concern are not considered violations; however, if such concerns continue, they may become probable violations.

NOPV:

49 CFR 192.605 – Procedural manual for operations, maintenance, and emergencies. Northern Indiana Public Service Company (“NIPSCO”) violated their procedures regarding damage prevention activities as required by 49 CFR 192.605 and 49 CFR 192.614, which requires the operator to properly locate their underground facilities through accurate maps, records, and temporary markings. During 2024 NIPSCO violated their procedures 190 times, each time resulting in pipeline facility damage due to a failure on the operator’s part to either mark accurately or on time. This number is pulled from a comparison between the Quarterly damage reports and the Annual report to PHMSA F7100.1-1.

Please respond to this violation with your plans or actions taken to resolve the issue. Mitigative measures that could potentially reduce your violation include but are not limited to:

- Full reduction if Operator at Fault divided by tickets times 1000 ratio is below 0.20.
- More than a .03 change to the Operator at Fault divided by tickets times 1000 ratio.
- Operator has proactively trained 25% of all excavators who damaged their facilities. PSD staff consider training to be at least a half hour of training on the dig law and how to dig safely.

Response to NOPV:

NIPSCO agrees that there were 190 instances in which NIPSCO mislocated a gas facility that resulted in facility damage. The 190 instances were the result of human error or legacy records/construction practices. NIPSCO takes public safety seriously and has demonstrated continual incremental improvement in damage prevention. Safety and quality are the focus of NIPSCO’s damage prevention program, SMS program, and its goal of operational excellence. As an operator, these mislocates resulted in fines imposed by the Commission, all of which NIPSCO paid. In 2024, NIPSCO completed 565,573 locate requests at a 99.96%

accuracy rate. NIPSCO takes each instance of facility damage seriously and has demonstrated consistent performance improvement over time. Additionally, in recent years, NIPSCO implemented several initiatives to continuously improve, which directly contributed to the improvement realized in 2024. Below are several examples of NIPSCO's mitigation and these initiatives.

1. Achieved a 0.34 at fault ratio in 2024; a reduction of 0.036 compared to 2023 which is a **10% improvement**.
2. Trained 27% of all excavators who damaged NIPSCO facilities.
3. Completed 21,447 watch & protect tickets in 2024, which is a **96% increase** from the 10,458 completed in 2023.
4. Completed 55,140 locate audits with our external contractor resources. This reflects an additional 1,569 locate audits as compared to 2023. This represents a **3% increase** from the previous year.
5. In 2024, reduced locator error by 16 damages for a total of 91. This is a **reduction of 15%** from 2023.
6. Reduced excavator error by 11 damages as compared to 2023. This is a **2.2% decrease** over the previous year.
7. Enhanced our public outreach in various platforms by investing an additional \$177,000 in the following initiatives:
 - 3TEP - A targeted, data driven excavator campaign that allocated spend according to the damage cause and used multiple platforms to deliver the messaging. Delivered 696,671 Impressions
 - Safe Digging Month – Targeting specific areas and audiences. Delivered 1,139,228 Impressions
 - 2024 Telecomm Safety Campaign delivered 1,127,124 Impressions
 - Culver Excavator Program
 - 13,200 mailings
 - 145 damage prevention kits delivered to small excavators

8. Maintained 2022 increased Damage Prevention Staffing.
 - 24 - Damage Prevention Coordinators (DPCs).
 - 4 - Leaders of Field Damage Prevention.
 - 6 - Assigners.
9. Completed 15,903 locate audits with our internal resources.
10. Continued GPS activities for all major projects.
11. Continued our investment of \$380,000 per year in a Damage Prevention Model. The Damage Prevention risk model continues to improve NIPSCO's ability to correctly predict risk, as we continue to refine the model and its use by DPCs. The model guides NIPSCO's damage prevention team on where to make the best investment of time with the excavator community.
12. Continued NIPSCO's Enhanced Positive Response which provides the excavator with post locate photos and a sketch of what was completed as part of the excavator request.
13. Continued investment of approximately \$3 million per year in a Cross-Bore Awareness / Investigation program.
14. Conducted 1,972 education sessions of at least 30 minutes for 458 excavators who caused damage to facilities. These sessions cover the Indiana Dig Law, Common Ground Alliance best practices, contact information for NIPSCO locators and DPCs, and how to safely excavate.
15. Conducted municipality education sessions with the top 30 municipalities, from a damage perspective. These sessions inform the municipalities of the risk that excavation damage poses to their constituents, the cost to the public to roll emergency response vehicles, and best practices regarding permitting and safe excavation. The sessions increased awareness and empowered municipalities to shut down poorly performing third-party excavators.

In addition to NIPSCO's internal continuous improvement journey to reduce "at-fault" damages, NIPSCO is committed to helping reduce excavator damages. Excavators are responsible for 80% of NIPSCO's damages. Each damage, regardless of fault, is a potential public safety issue and is important to NIPSCO, as it engages in efforts to eliminate damages. While NIPSCO accurately locates 99.96% of the locates it receives, NIPSCO is actively attempting to further reduce its mislocates, and is seeing ongoing improvement in performance. NIPSCO is also continuing to focus on the mitigation of other damage causes such as failure to call, excavator error, etc. In terms of time, effort, and funds invested, these activities demonstrate an acknowledgment of the importance of, and an unequivocal commitment by NIPSCO, to prevent facility damage as much as reasonably possible, while balancing the cost to our customers.

With this high level of performance, even as locate requests have increased at a rate of approximately 5% yearly, NIPSCO has undertaken significant efforts, both internally and working with locate contractors, to reduce damages. Considering the high degree of accuracy achieved in 2024 and the newly implemented initiatives, NIPSCO does not believe that penalties will drive incremental improvement to safety, if levied. NIPSCO respectfully requests that the Pipeline Safety Division consider the appropriateness of incremental fines. NIPSCO appreciates the Commission's safety concerns and consideration of NIPSCO's efforts and looks forward to further discussion of this matter.

Karima Hasan Bey

Karima Hasan Bey
Vice President - Gas Operations
N.I.P.S.C.O

Attachment 5



INDIANA UTILITY REGULATORY COMMISSION
101 W. WASHINGTON STREET, SUITE 1500E
INDIANAPOLIS, INDIANA 46204-3407

<http://www.in.gov/iurc>
Office: (317) 232-2701
Facsimile: (317) 232-6758

Northern Indiana Public Service Company – OPID 13730
Karima Hasan Bey, VP Construction, Maintenance & Service
801 E 86th Avenue
Merrillville, IN 46410

Cc: Johnese McKinney, Manager Operations Compliance, johnesemckinney@nisource.com

October 17, 2025

Re: Notice of Proposed Penalty: NOPP No. 12708-20250715

On July 15, 2025, the Pipeline Safety Division (the “Division”) of the Indiana Utility Regulatory Commission (the “Commission”) sent Northern Indiana Public Service Company (“NIPSCO”) a Notice of Probable Violations (“NOPV”) 12708-20250715. The Division received NIPSCO’s response to the NOPV on September 10, 2025, regarding the violations found surrounding the 2024 Damages rates. Because the nature of the violations is such that the Division believes penalties should be assessed, the Division is now issuing this Notice of Proposed Penalty (“NOPP”).

Under Ind. Code § 8-1-22.5-7, the Commission, after notice and opportunity for public hearing, may issue civil penalties not to exceed two hundred thousand dollars (\$200,000) for each violation for each day that the violation persists and not to exceed two million dollars (\$2,000,000) for any related series of violations. However, in 2021, there as an advisory penalty matrix for how to handle locate violations that led to damages, as follows:

Penalty Level	Number of violations in level	Per violation in level	Penalty total in each level
1	0 – 3	0	0
2	4 – 20	\$1,000	\$17,000
3	21-100	\$2,500	\$200,000
4	101-190	\$5,000	\$445,000
5	201+	\$10,000	0
Total			\$662,000

The Proposed Penalty based off the penalty matrix would be \$662,000 for the following 190 damages:

Violation: **49 CFR 192.605 – Procedural Manual for operations, maintenance, and emergencies.** NIPSCO violated their procedures regarding damage prevention activities as required by 49 CFR 192.605 and 49 CFR 192.614, which requires the operator to properly locate their underground facilities through accurate maps, records, and temporary markings. During 2024 NIPSCO violated their procedures 190 times, each time resulting in pipeline facility damage due to a failure on the operator's part to either mark accurately or on time. This number is pulled from a comparison between the Quarterly damage reports and the Annual report to PHMSA F7100.1-1.

However, due to the actions you have taken, and the response provided to NOPV 12708-20250715, the Division has decided to reduce part of the proposed penalty in recognition of mitigative actions taken as listed below:

- Partial reduction of penalty for having trained more than 25% of the excavator's who caused at fault damages in 2024.
 - Operator reports having trained 27% of all excavators who damaged NIPSCO Facilities.
 - This results in a reduction of \$165,500, or a 25% reduction, in recommended penalty amount.
- Partial reduction of penalty for having reduced damage rate
 - Operators at fault rate went from 0.37 in 2023 to 0.34 at fault in 2024
 - This results in a \$33,100 reduction, or a 5% reduction, in the recommended penalty amount.

Using the above methods, the division will be recommending a proposed \$463,400.00 penalty. You must provide a written response no later than November 17, 2025 indicating whether you agree to the Proposed Penalty. If you disagree with the Proposed Penalty, you must provide justification for each violation, using the following factors from the federal Pipeline and Hazardous Materials Safety Administration's methodology under 49 U.S.C. § 60122 and 49 C.F.R. § 190.225 for determining penalties:

- a. The nature, circumstances, and gravity of the violation, including adverse impact on the environment.
- b. The degree of the operator's culpability.
- c. The operator's history of prior offenses.
- d. Good faith by the operator in attempting to achieve compliance.
- e. The effect on the operator's ability to continue in business.
- f. The economic benefit gained from violation, if readily ascertainable, without any reduction because of subsequent damages.
- g. Such other matters as justice may require.

Failure to respond to this NOPP, or failure to come to an agreement on the amount of penalty, will result in a request for a Commission investigation.

If you have any questions or need additional information regarding the penalty reduction, you can reach me at (317) 502-2966 or MiChandler@urc.in.gov.

Sincerely,

A handwritten signature in cursive script that reads "Miranda Chandler".

Miranda Chandler, Director
Pipeline Safety Division

Attachment 6

November 14, 2025

Via Email Transmission – pipelineinspections@iurc.in.gov

Ms. Miranda Chandler
Director, Pipeline Safety Division
Indiana Utility Regulatory Commission
PNC Center
101 West Washington Street, Suite 1500 East
Indianapolis, IN 46204

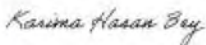
RE: Notice of Probable Penalty: 12708-20250715 Response

Dear Ms. Chandler:

Northern Indiana Public Service Company LLC (“NIPSCO”) is in receipt of your letter dated October 17, 2025, setting forth the Pipeline Safety Division’s (“PSD”) Notice of Proposed Penalty 12708-20250715 (the “NOPP”) identified in the letter. Attached to this letter is NIPSCO’s response to this notice.

It is NIPSCO’s desire to continue to work with the Commission to proactively and comprehensively address issues raised in a manner that is mutually satisfactory. To that end, please reach out to Johnese McKinney (johnesemckinney@nipsource.com, 219-713-1771), Manager of Operations Compliance, to discuss this matter if you have any other concerns. We look forward to continuation of our ongoing and productive dialog.

Sincerely,



Karima Hasan Bey
Vice President Gas Operations

NIPSCO Response to Notice of Proposed Penalty**Violation:**

49 CFR 192.605 – Procedural Manual for operations, maintenance, and emergencies. NIPSCO violated their procedures regarding damage prevention activities as required by 49 CFR 192.605 and 49 CFR 192.614, which requires the operator to properly locate their underground facilities through accurate maps, records, and temporary markings. During 2024 NIPSCO violated their procedures 190 times, each time resulting in pipeline facility damage due to a failure on the operator's part to either mark accurately or on time. This number is pulled from a comparison between the Quarterly damage reports and the Annual report to PHMSA F7100.1-1.

Response to NOPP:

NIPSCO agrees that there were 190 instances in which NIPSCO mislocated a gas facility that resulted in facility damage. NIPSCO was assessed with and paid a civil penalty for each of the 190 instances, as recommended by LPPAC. NIPSCO believes that further penalties will not drive incremental improvement to safety. However, the Commission has recognized NIPSCO's investment and significant improvement in this area in its penalty reduction, which NIPSCO accepts.

With that said, in 2024, NIPSCO received more than 565,000 locate requests, and still the Company decreased its at-fault ratio by more than .03. As locate demand increases at an average rate of 5% per year, it is becoming more challenging to achieve an at-fault rate of 0.20 or better. NIPSCO would like the opportunity to meet with the Commission to discuss increased locate demand and at-fault reduction strategies. NIPSCO's ultimate goal is to collaborate and work in partnership with the Commission and other operators to achieve a framework that would eventually allow for no penalties to be assessed.