

REBUTTAL TESTIMONY
OF
MARK MAPLE
ENGINEERING DEPARTMENT
ENERGY DIVISION
ILLINOIS COMMERCE COMMISSION

NORTHERN ILLINOIS GAS COMPANY
d/b/a
NICOR GAS COMPANY

DOCKET NO. 04-0779

MAY 3, 2005

1 Q. Please state your name and business address.

2 A. My name is Mark Maple and my business address is 527 East Capitol Avenue,
3 Springfield, Illinois 62701.

4 Q. Are you the same Mark Maple who previously testified in this proceeding?

5 A. Yes. I previously presented ICC Staff Exhibit 6.0.

6 Q. What is the purpose of your rebuttal testimony?

7 A. The purpose of this testimony is to respond to the rebuttal testimony of Nicor
8 witnesses Mr. Bartlett and Mr. Gorenz concerning my adjustment to the working
9 capital allowance for gas in storage.

10 **Adjustment to Gas in Storage**

11 Q. In your direct testimony, did you recommend an adjustment to the working capital
12 allowance for gas in storage?

13 A. Yes. In my direct testimony, I recommended that that the Commission reduce
14 Nicor's working capital allowance for gas in storage by \$44,712,418.

15 Q. Have you reconsidered your position since filing your direct testimony?

16 A. Yes. Due to new information that I have recently received from Nicor, I am now
17 withdrawing my proposed adjustments and recommending no changes to Nicor's
18 working capital allowance for gas in storage.

19 Q. What new information has Staff received?

20 A. Nicor witnesses Mr. Bartlett and Mr. Gorenz both filed rebuttal testimony
21 addressing my adjustment to gas in storage. In their testimony, they made
22 reference to contracts that Nicor had entered into with a third party to manage
23 some of its purchased storage assets (Nicor Ex. 24.0, p.4; Nicor Ex. 26.0 B, p
24 43). I have recently received data request responses from the Company that
25 further explain the details of these contracts.

26 Q. Can you explain how these management contracts are relevant to Nicor's level of
27 reported gas in storage?

28 A. Yes. These historical asset management contracts allowed Nicor to release
29 some of its leased storage rights to a third party manager/marketer. Nicor then
30 had the right to receive comparable storage services from the marketer. In
31 essence, Nicor still had access to this leased storage, but it was no longer on its
32 books as being owned or controlled by Nicor.

33 Q. What was the effect of these management contracts on Nicor's historical levels of
34 gas in storage?

35 A. As Messrs. Bartlett and Gorenz explained, in the years the management
36 contracts were in force, the leased storage subject to the contracts was not
37 recorded on Nicor's books due to the manner Nicor accounted for the contracts.
38 However, the terms of these management contracts actually allowed Nicor to
39 access gas supplies akin to storage gas. Furthermore, when these contracts
40 expired, Nicor's storage inventory on its books returned to levels consistent with
41 its requested level in this proceeding.

42 Q. How do these management contracts impact your proposed adjustments?

43 A. Because Nicor still had access to the gas provided for in these contracts, one
44 could add these volumes to the historical working gas in storage totals, for the
45 limited purpose of calculating a five year average to compare to Nicor's
46 requested volumes. This is appropriate because it represents the amount of
47 storage Nicor effectively had access to but was not recorded as such because
48 Nicor entered into these management contracts. By adding these volumes to the
49 historical storage levels, the new five year average for working gas in storage is
50 larger than the forecasted 2005 level. This means that the Company's forecast,
51 with which I had taken issue in my direct testimony, is in line with previous years
52 and is thus appropriate.

53 Future Management Contracts

54 Q. Does the Company currently plan to enter into any storage management
55 contracts?

56 A. According to the Company's response to Staff data request ENG 7.07,
57 Nicor "has no present intention to engage any third parties to manage its
58 leased or owned storage assets."

59 Q. Why is the issue of future storage management contracts important?

60 A. In this docket, we are setting rates based on the current level of working
61 gas in storage. If that level of gas were to change shortly after setting the
62 rates, Nicor could be over recovering at the expense of ratepayers.

63 Q. How do you propose to address this issue?

64 A. I propose that the Commission include in the final order a requirement that
65 Nicor abide by the following language:

66 **Prior to its entering into any agreement with a third**
67 **party for the management of leased storage which**
68 **would reduce the volume of gas in inventory held by**
69 **Nicor Gas, the Company must provide Staff with a copy**
70 **of the analysis used by the Company establishing the**
71 **benefits of entering into such an agreement.**

72 Q. Is Nicor agreeable to this language?

73 A. Yes. In response to Staff data request ENG 7.07, the Company

74 indicated that this language was acceptable.

75 Q. Does this conclude your rebuttal testimony?

76 A. Yes, it does.