

**Northern Illinois Gas Company
d/b/a Nicor Gas Company
Response to Governmental and Consumers Parties
First Data Request
Docket Nos. 06-0202 and 06-0379 Consol.**

- GCP 1.01 Q. Provide the date that Mr. Rourke began the process of obtaining internal cost estimates for the CGP proposals initially made in Docket 05-0237 and later filed on May 10, 2006 in this docket.
- A. Objection. Irrelevant and immaterial.

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- GCP 1.02 Q. Provide a copy of any memo, electronic mail, or other document that reflects Mr. Rourke's directive or request to any Nicor Gas employee to gather the necessary information to obtain the cost data reflected in his testimony filed on August 4, 2006.
- A. Objection. Irrelevant and immaterial.

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- GCP 1.03 Q. Provide a copy of any internal communication (memo, electronic mail, or other document) concerning the preparation and determination of any of the cost data reflected in Mr. Rourke's testimony filed on August 4, 2006.
- A. Objection. Irrelevant and immaterial. Calls for privileged materials.

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- GCP 1.04 Q. Provide all studies, reports, analysis, or other documentation that supports the minimum \$8 million estimated information systems costs referenced on line 96 of Nicor Gas Ex. 1.0. Provide all data and/or analysis in electronic spreadsheet format with all links, macros, and formulas intact and functional.
- A. The spreadsheet developed in June for Docket No. 06-0202 and the Nicor Gas Exhibit 1.0 are provided. A print out of one additional spreadsheet which represents the overall hour estimates for the recently completed Billing system replacement project is also attached and was used as the basis for Detailed Design, Detailed Specs, Development Efforts and Unit Test components of the \$8 million estimate.

CFM Budget Health Details

8/1/2005

Labor	Budget	ETC
CFM Program		
Change Mgmt	4,687	-
Program Mgmt (PMO, Leads, PO)	9,228	-
Contingency	4,402	-
Post Production Support	1,342	-
Tech Team	7,454	-
Architects	1,192	-
EAI Build Up	1,600	-
Conversion	2,327	-
Application Teams		
Steps 3 thru 5		
Billing Fit Analysis (3,4,5)	518	-
CS Fit Analysis (3,4,5)	1,261	-
Finance Fit Analysis (3,4,5)	524	-
Legacy Fit Analysis (3,4,5)	324	-
Field Fit Analysis (3,4,5)	753	-
Step 7		
Billing Detailed Design (7)	760	-
CS Detailed Design (7)	1,375	-
Orders Detailed Design (7)	303	-
Field Detailed Design (7)	1,794	-
EI Solutions (7)	1,574	-
Step 9		
Billing Detailed Design (9)	325	-
CS Detailed Design (9)	685	-
Orders Detailed Design (9)	137	-
Field Detailed Design (9)	158	-
EI Solutions (9)	-	-
Step 10		579
Billing Programming/Unit Test (10)	925	
CS Programming/Unit Test (10)	1,535	
Orders Programming/Unit Test (10)	295	
Field Programming/Unit Test (10)	238	
EI Solutions (10)	843	
Step 11	3,836	
Billing Assembly Test (11)	490	
CS Assembly Test (11)	507	
Orders Assembly Test (11)	106	
Field Assembly Test (11)	59	
EI Solutions Assembly Test (11)	632	
CIS General	1,794	-
Configuration	519	519
Research of Phase 1	793	793
Release 2		
Field		
Device Mgmt	480	480
Mobile Arch	143	143
Production Readiness		
Integration Test	8,379	8,379
Operational Readiness Test	601	601
System Test	502	502
Total Spend	65,400	11,996
Balance		

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- GCP 1.05
- Q. Provide all studies, reports, analysis, or other documentation that support Nicor Gas Ex. 1.0. Provide all data and/or analysis in electronic spreadsheet format with all links, macros, and formulas intact and functional. Detail the methodology used to construct this exhibit in a narrative description that describes the inputs and calculations used to derive each line item.
- A. The basis for Mr. Rourke’s estimate was obtained from the recently completed Customer Service and Billing system replacement project. The effort to design, build and test the replacement system was used as a basis to determine the effort to “re-build” it under “proposed” new rules. As stated in GCP 1.04, the Design and Development efforts were directly correlated from the Billing Replacement project. The calculation of the Integration, Assembly and Do No Harm Testing were discussed with the Project Office Department of our Information Services group utilizing Nicor’s generally accepted factors for estimating large project efforts as a percent of the design and development efforts. Contingency was established at 8%, the same percentage used for the Billing replacement project, which came in on time and on budget. The cost per day was discussed with Information Services and assumes that cost per hour would be between \$125 and \$150/hour depending on the appropriate internal/external mix and the timeline allowed for implementation.

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- GCP 1.06 Q. Provide all studies, reports, analysis, or other documentation that supports the 18 month and 24 month implementation estimates found on line 120 of Nicor Gas Ex. 1.0. Provide all data and/or analysis in electronic spreadsheet format with all links, macros, and formulas intact and functional.
- A. Nicor’s recently successful Billing Replacement project was a 3 ½ year project. A typical CIS replacement project takes anywhere from 24-36 month in the industry. Nicor’s recent experience would indicate that similar complexity and risk are associated with the changes that are potentially proposed in this docket and will require substantial development and testing as shown in exhibit Nicor Gas 1.0.

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- GCP 1.07 Q. Define “additional working capital in the short-term” as discussed on line 148 of Nicor Gas Ex. 1.0. Provide historical data to demonstrate the cost of the additional (sic) Provide all studies, reports, analysis, or other documentation that supports the 18 month and 24 month implementation estimates found on line 120 of Nicor Gas Ex. 1.0. Provide all data and/or analysis in electronic spreadsheet format with all links, macros, and formulas intact and functional.
- A. Objection, compound question. Without waiving this objection, the additional working capital referred to on line 148 represents the amount of revenues lost due to reduction in deposits and late pay charges that would result if GCP’s proposed changes to Part 280 were approved by the Commission. It would be short-term in the sense that it would be needed until the completion of Nicor Gas’ next rate case when the revenue short fall would be recovered through increased base rates from all customers.

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- GCP 1.09 Q. Describe the connection between the CGP [sic] proposals to amend Part 280 and the Percent of Income Pilot Project that has been proposed by the utilities. [page 5, line 109]
- A Nicor Gas agrees that GCP's proposals to amend Part 280 do not specifically require segregation of low-income customers. However, the Administrative Law Judge has consolidated Docket No. 06-0379 with Docket No. 06-0202. The proposed changes in Docket No. 06-0202 would require a segregation of low-income customers. Consequently, Nicor Gas began its cost estimation from work that had been done on the Percent of Income Pilot Program.

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- GCP 1.10 Q. Describe in detail the basis and the specific mature [sic] of Mr. Rourke's statement that the GCP proposals to amend Part 280 would require billing system changes for "a particular segment of Nicor Gas" customers." [page 5, line 111]
- A. GCP's proposed change to the definition of a customer, as one that has received service in the last 30 days but is no longer receiving service, would require creating a new segment of "customers" that are not really customers. GCP's proposed revisions to Part 280.200, items five through nine would require the tracking of data specific to LIHEAP customers.

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GCP 1.11 Q. With regard to Mr. Rourke's cost estimates identified in his Exh. 1.1, describe in detail each of the identified "business processes impacted." Include in the description the nature of the change to current business practices and provide a reference to the CUB/AG proposed change in Part 280 as reflected in Ms. Alexander's direct testimony or redline version of Part 280 attached to that testimony.

A. As identified in Nicor Gas Ex 1.0, the following business processes are likely to be impacted and require design, development and testing efforts:

1. DPA
2. Deposit
3. Collection
4. Severance
5. Finance Charges
6. Credit reporting/scoring
7. Billing/Rate Changes and impacts
8. Start-Stop Impacts
9. Budget Plan
10. Customer Definitions
11. Tracking and Measurement
12. IVR and ECare

The following business process impacts are identified or inferred in the red-lined version of Part 280 attached to Ms Alexander's testimony:

Part 280.30 Saving Clause

Undetermined amount of additional costs if customers can seek exemption from parts of Part 280 and if the company has to change its tariff sheets to conform to revised Part 280.

Part 280.40 Definitions

Tracking customers who have been off of service for more or less than 30 days
Potential changes in eligible charges for disconnection

GCP 1.11 A. Continued ...

Part 280.50 Applicants for Service

- putting company's application policies on its web sites, and processing applications within 3 days,
- informing customers they may be exempt from deposit if LIHEAP eligible and verifying that they are eligible

Part 280.60 Present Customers

eliminate deposits from late paying residential customers

Part 280.70 Deposits

Change to when a deposit is to be paid

Part 280.80 Estimated Bills

Requirement to have actual read for every turn-on and turn-off and effort to create and track exceptions when necessary

Part 280.90 Past Due Bills and Late Payment Charges

Changes in late pay charge and determination of deferred payment dates

Part 280.120 Budget Payment Plan

Significant changes in budget plan rules, including true up rules.

Part 280.200 Annual Report of Credit and Collection Activities

set up new programming to track information that we do not already provide to the Commission.

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- GCP 1.12 Q. With regard to each of the “business processes impacted”, identify the costs associated with each item individually and the basis for the estimates of each “project effort” category..
- A. Individual process impacts were not separately calculated. The estimates were based on a consolidated set of changes impacting each of the financial business processes at the same time. If each business process will be separately changed on different timelines, then the development effort and especially the testing effort will be significantly increased.

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GCP 1.13 Q. Identify the “low income changes” by specific proposal and witness in this docket that are reflected in the cost estimates in Exh. 1.1 and the basis for the assumption that such changes would result in a 50% increase in total costs for each category listed as a “project effort” category.

A. Nicor Gas agrees that GCP’s proposals to amend Part 280 do not specifically require segregation of low-income customers.

However, the Administrative Law Judge has consolidated Docket No. 06-0379 with Docket No. 06-0202. The proposed changes by LIRC in Docket No. 06-0202 would require a segregation of low-income customers.

Furthermore, LIRC proposes to create “a new section (Section 300) containing provisions applicable only to low-income residential customers”. “That section would then list the specific provisions that are different for low-income residential customers”.

Additionally, LIRC proposed this separate section so that Part 280 would not be confused by stating the “special provisions applicable only for low-income residential customers”. This implies that the proposed change must be extensive enough to generate confusion.

Finally, LIRC state “because low-income households are uniquely situated from a financial perspective, *a unique set of rules* (emphasis added) that have a direct bearing on the payment of utility service... is required”.

The project effort associated with “low income changes” if performed independent of the GCP proposed changes could be just as costly. If performed together, the saving would come in the form of leveraging the same testing and training for both sets of changes.