

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

Illinois Commerce Commission)
 On Its Own Motion)
)
vs.) Docket 06-0750
)
Northern Illinois Gas Company)
d/b/a Nicor Gas Company)
)
Reconciliation of revenues collected under)
gas adjustment charges with actual costs)
prudently incurred.)

Direct Testimony of

BOB O. BUCKLES

Manager of Rate Research and Administration

Northern Illinois Gas Company
d/b/a Nicor Gas Company

April 10, 2007

1 **I. INTRODUCTION**

2 **Q. Please state your name.**

3 A. Bob O. Buckles.

4 **Q. By whom are you employed and what is the business address?**

5 A. Northern Illinois Gas Company d/b/a Nicor Gas Company (“Nicor Gas” or “Company”)
6 located at 1844 Ferry Road, Naperville, Illinois 60563.

7 **Q. What position do you hold with Nicor Gas?**

8 A. I am the Manager of Rate Research and Administration.

9 **Q. Please summarize your educational background and your experience in the public**
10 **utility business.**

11 A. I hold the degree of Bachelor of Science, majoring in Energy Resource Management
12 from Eastern Illinois University. I have been employed by Nicor Gas since 1989. From
13 1989 until 2003, I held positions in Commercial and Industrial Sales, Energy
14 Management Services, Rates, Asset Planning and Development and Gas Supply
15 Operations. I assumed my present responsibilities in the Rate Department in October,
16 2003.

17 **Q. Would you please describe your present job responsibilities?**

18 A. Yes, my present job responsibilities are primarily preparing and filing documents with
19 the Illinois Commerce Commission (the “Commission”) and reviewing Company
20 activities as they pertain to compliance with Company tariffs and the Illinois

21 Administrative Code. In addition, I have responsibility over various research and
22 analytical requirements within the Rate Department.

23 **II. SUMMARY OF TESTIMONY**

24 **Q. What is the purpose of your testimony in this proceeding?**

25 A. The purpose of my testimony in this case is to explain Nicor Gas' reconciliation of
26 Rider 6 Gas Supply Cost ("GSC") revenues collected to recover its actual cost of gas
27 distributed, to the extent that such costs are recoverable, as recorded on the books of the
28 Company for the 12 months ended December 31, 2006. My testimony and exhibits are in
29 response to the Commission's Order Commencing Reconciliation Proceedings entered
30 November 21, 2006, in Docket No. 06-0750.

31 **Q. Is any further purpose served by your testimony?**

32 A. No.

33 **Q. Was notice given to the public relative to the filing of the testimony and exhibits in
34 this docket?**

35 A. Yes. Pursuant to the requirements set forth in the Commission's Order, and in
36 accordance with the requirements of 83 Illinois Administrative Code Part 255, we have
37 posted a printed "Public Notice" card with respect to this case in the business offices of
38 the Company, and a similar public notice was published in newspapers of general
39 circulation in Nicor Gas' service territory. A copy of the printed card and verifiable
40 support of publication will be presented during the hearings in this proceeding. In
41 addition, copies of Nicor Gas' testimony and exhibits are on file and available for public
42 inspection in each of the Company's business offices.

43 **III. DESCRIPTION OF RIDER 6, GAS SUPPLY COST (“GSC”)**

44 **Q. Please generally describe Nicor Gas’ Rider 6, Gas Supply Cost.**

45 A. Rider 6 prescribes the method of computing Nicor Gas’ end-user GSC charges, or rates,
46 for the recovery of the Company’s Cost of Gas Distributed. In particular, the GSC
47 charges developed under Rider 6 are designed to recover the costs the Company incurs
48 for quantities of gas the Company purchases, transports, stores and sells for the purpose
49 of serving its end-user customers. The purpose and intent of Rider 6 is to promptly pass
50 along to customers, through the GSC charges developed under the Rider, Nicor Gas’ net
51 gas supply cost, without markup or profit.

52 **Q. Does Rider 6 comply with the 83 Ill. Administrative Code Section 525 Purchased**
53 **Gas Adjustment Clause requirements?**

54 A. Yes. The Commission approved the Company’s Rider 6 as compliant with the
55 Commission’s Purchased Gas Adjustment Clause requirements on October 3, 1995 in
56 Docket No. 94-0403. Additionally, the Commission ordered certain changes to Rider 6,
57 in Nicor Gas’ last rate case, Docket No. 04-0779.

58 **Q. Please describe in more detail the gas costs that are recoverable through Rider 6.**

59 A. Recoverable gas costs are derived in accordance with Part 525.40 of the 83 Illinois
60 Administrative Code and are specifically identified in Section D of Sheets 59 and 60 of
61 the Company’s filed tariffs (Ill. C.C. No. 16 – G). In general, the costs incurred by the
62 Company and recovered through Rider 6 are: (1) gas costs based on volumes of gas
63 purchased from suppliers, generally referred to as commodity gas costs; and (2) gas costs
64 other than those defined as commodity related, generally referred to as non-commodity

65 gas costs. Non-commodity gas costs include costs incurred from interstate pipeline
66 charges for transportation and storage.

67 **Q. Please describe the charges used to recover Nicor Gas' costs through Rider 6.**

68 A. Attached to my testimony as Exhibit BOB-2.1 is a list of the primary Rider 6 charges
69 along with corresponding descriptions of what type of costs each charge recovers and the
70 customer classes to which each charge is assessed. As seen in Exhibit BOB-2.1, six gas
71 charge components are employed under Rider 6: the Commodity Gas Cost ("CGC")
72 charge, the Non-Commodity Gas Cost ("NCGC") charge, the Demand Gas Cost
73 ("DGC") charge, the Gas Cost ("GC") charge, the Customer Select Balancing Charge
74 ("CSBC") and the Transportation Service Adjustment ("TSA").

75 **Q. Please describe the CGC charge.**

76 A. The CGC charge reflects Nicor Gas' incurred commodity costs. It is applied to all therms
77 of Company-supplied gas.

78 **Q. Please describe the NCGC charge.**

79 A. The NCGC charge recovers the Company's non-commodity costs on a cent per therm
80 used basis.

81 **Q. What does the DGC charge recover?**

82 A. Like the NCGC charge, the DGC charge recovers non-commodity gas costs but on a
83 Maximum Daily Contract Quantity ("MDCQ") basis. The MDCQ is the maximum
84 amount of gas used by a customer in one day. The DGC charge is applicable as a back-
85 up charge to customers on Nicor Gas' system that have elected to transport their own gas
86 supplies, but wish to maintain the availability of Company-supplied gas. It is also

87 applied to customers receiving sales service under either Rate 6, Large General Service,
88 or Rate 7, Large Volume Service.

89 **Q. Please describe the GC charge.**

90 A. The GC charge is the sum of the CGC charge and the NCGC charge. It applies to most
91 sales service rates other than Rate 6 or Rate 7.

92 **Q. Please describe the CSBC.**

93 A. The CSBC is applied to customers served under Rate 1 - Residential Service, Rate 4 -
94 General Service, Rate 5 - Seasonal Use Service and to those customers participating in
95 Nicor Gas' Customer Select program under Rider 15. The CSBC represents that portion
96 of the non-commodity gas costs used to balance the customer's deliveries with usage, and
97 the allocation of storage capacity. The CSBC includes costs for off-system storage
98 services and certain other non-commodity gas costs. The CSBC was previously
99 identified as the Aggregator Balancing Service Charge ("ABSC"), but was changed to the
100 Customer Select Balancing Charge beginning November 1, 2005, as approved by the
101 Commission's Order in Docket No. 04-0779.

102 **Q Are these CSBC costs established within Rider 6?**

103 A. Yes. The CSBC is defined and established within Rider 6. End-use Customer Select
104 participants are billed CSBC charges pursuant to the terms of Riders 6 and 15. Prior to
105 November 2005, these costs were billed to Suppliers under Rider 16 as the ABSC rather
106 than directly to end-use customers. Revenue derived from the CSBC is credited to the
107 Company's non-commodity related gas costs, thereby reducing the NCGC charge.

108 **Q. Please describe the TSA.**

109 A. The TSA is a commodity related charge or credit applied to the deliveries of all
110 customer-owned gas delivered to Transportation customers, including Rider 25 – Firm
111 Transportation Service and Customer Select customers. The TSA is currently a credit for
112 the gross revenues derived from providing storage and transportation services under the
113 company’s FERC Operating Statement and Rate 21 – Intrastate Transportation and
114 Storage Services, commonly referred to as Hub services. Sales customers receive an
115 equivalent credit or charge through an adjustment to the CGC component of the GC.

116 **Q Is the TSA established and applied through Rider 6?**

117 A. Yes. As of October 4, 2005, a per therm credit or charge is established on a monthly
118 basis within Rider 6 to reflect the TSA. Revenues or credits arising through the
119 application of the Transportation Service Adjustment have been included in the
120 commodity-related gas costs.

121 **Q. Is there anything further you would like to explain with regard to how these charges
122 or credits are applied?**

123 A. Yes. While I described generally how each charge or credit is assessed, specific
124 application of these adjustments vary depending on a customer’s rate and elected level of
125 backup service. These adjustments may also apply at the calculated level, such as the
126 CGC and the NCGC, or at a percentage of the calculated level, such as the DGC. In
127 addition, adjustments may apply to gas supplied by Nicor Gas, as customer-owned gas,
128 through either the customer’s total throughput or a percentage of the customer’s MDCQ.
129 In addition, since August 15, 1997, the revenues derived from authorized use, requested

130 authorized use and unauthorized use therms sold to transportation customers flow
131 through as a credit to Rider 6 gas cost and are priced at the higher of Nicor Gas' currently
132 effective GC charge or the Market Price, which is defined in the Company's Terms and
133 Conditions as the index price for deliveries of gas to the Chicago Citygate as published in
134 *Platts Gas Daily*.

135 **Q. What procedure does the Company follow to update its Rider 6 charges?**

136 A. In accordance with the provisions of Rider 6, each month Nicor Gas submits to the
137 Commission schedules specifying the amount of each Rider 6 charge. Each schedule
138 specifies the revised amount of each charge, along with a statement of details and data
139 showing Nicor Gas' calculations. The filings are mailed on or before the 20th day of the
140 month prior to the effective month in which the new Rider 6 charges are applied to
141 customer's bills.

142 **Q. Has Nicor Gas filed monthly purchased gas adjustment calculations for 2006 with**
143 **the Commission?**

144 A. Yes.

145 **Q. How are Nicor Gas' Rider 6 charges applied in billing the Company's customers?**

146 A. Rider 6 charges are effective on the first day of each calendar month. However, as a
147 practical matter, Nicor Gas bills customers on the basis of reading day cycles that may
148 cover multiple calendar-month periods. For each customer billed, the meter reading dates
149 are the controlling factors. If, for example, a customer's meter is read on May 16th, and
150 had previously been read on April 16th, Nicor Gas assumes that 15/30 of the usage was
151 subject to the Rider 6 charges effective in April and 15/30 of the usage was subject to the

152 charges effective in May. Continuing the previous example, if April and May's Gas
153 Costs ("GC") were at the rate of \$0.70 and \$0.60 per therm respectively, and with one
154 half of the number of days occurring in each month, metered usage in the bill period
155 would be assessed at the rate of \$0.65 per therm, or the prorated average rate. The
156 proration of Rider 6 charges has been used by the Company for many years and is
157 embodied in the revenue calculations reflected in the Exhibits to this testimony.

158 **Q. Has the presentation of the prorated Rider 6 charges provided to customers**
159 **changed in 2006?**

160 A. Yes. On April 6, 2006 in conjunction with the implementation of the Company's new
161 customer information and billing system, customers now see the detail associated with
162 the proration of their gas costs rather than just a single prorated Gas Cost (GC). For
163 example, the new method prorates the amount of metered gas usage between the two
164 months based on the number of days, as described earlier, and then applies the
165 appropriate monthly GC to each month's prorated usage. The new presentation results in
166 the customer receiving a bill that more clearly illustrates both applicable GC rates
167 (\$0.70/therm for April and \$0.60/therm for May in the preceding example), instead of an
168 average rate of \$0.65 per therm.

169 **Q. Are Nicor Gas' Rider 6 charges adjusted through any other process?**

170 A. Yes. Rider 6 provides for an annual reconciliation, which is the purpose of this
171 proceeding.

172 **Q. What occurs during the reconciliation process?**

173 A. Generally speaking, as noted above, the revenue the Company recovered under its
174 Rider 6 charges are compared with the Company's actual Cost of Gas Distributed for the
175 preceding year. If Nicor Gas' Rider 6 charges recovered a different amount of revenue
176 than the Company's actual Cost of Gas Distributed, then the Rider 6 charges are set at the
177 level such that the difference is either credited to or collected from customers, depending
178 on whether there was an over- or under-recovery, over the course of the following year.

179 **Q. Is each cost category reconciled?**

180 A. Yes. Pursuant to Rider 6, revenues recovered under the CGC charge are reconciled with
181 recoverable CGC; and revenues recovered under the DGC charge and NCGC charge are
182 reconciled with recoverable NCGC.

183 **Q. Does proration of the Rider 6 charges or the proration of monthly usage complicate
184 a reconciliation of recovered revenues with allowable recoverable gas costs?**

185 A. No. It is only the total amount of revenues recovered through each Rider 6 charge over
186 the preceding year that is relevant for performing the annual reconciliation.

187 **Q. Is the cost of gas used by the Company reflected in the amount to be recovered
188 through the Company's Rider 6 reconciliation?**

189 A. No. The cost of gas used by the Company is excluded from the Gas Supply Cost charges
190 established in Rider 6.

191 **IV. ANNUAL RECONCILIATION OF RIDER 6**

192 **Q. Was an annual reconciliation statement for 2006 filed in accordance with Rider 6?**

193 A. Yes. Nicor Gas' annual statement for the year 2006 is being filed simultaneously with
194 this testimony on April 10, 2007 and is attached hereto as Exhibit BOB-2.2.

195 **Q. Please briefly describe the items contained within the filing.**

196 A. Exhibit BOB-2.2 consists of ten pages, the first page of which is a transmittal letter. The
197 next nine pages, or through page 10, represent the Company's annual reconciliation for
198 2006.

199 **Q. What is contained within the portion of the Company's filing that represents the**
200 **reconciliation for the year 2006?**

201 A. The first of the nine remaining pages of Exhibit BOB-2.2 is the Independent
202 Accountant's Report issued by Deloitte & Touche LLP for the portion of the filing that
203 represents the year 2006 reconciliation. The second page is a summary calculation of the
204 reconciliation for the year 2006. The third and fourth pages contain a detailed
205 explanation of the basis for the summary calculation of the 2006 reconciliation. The fifth
206 and sixth pages are detailed reconciliations of the CGC and NCGC, respectively
207 ("Reconciliation Balances"). The seventh and eighth pages summarize the information
208 included in the Company's monthly filings for CGC and NCGC, respectively ("PGA
209 Reconciliations"). The final page is the Verification of Mr. Gerald P. O'Connor, Senior
210 Vice President Finance and Treasurer.

211 **Q. Would you please explain the Summary Reconciliation in more detail?**

212 A. Yes. This statement compares the total revenues recorded under the various charges of
213 the Company's Rider 6 provisions, with the appropriate category of recoverable Cost of
214 Gas Distributed, to arrive at the balance to be credited or recovered under the two
215 individual reconciliation balances. In other words, it sets forth the overall reconciliation
216 calculation, both based on a total of collected revenue as against total actual Cost of Gas
217 Distributed as well as broken down to the CGC and NCGC levels.

218 **Q. Does the Summary Reconciliation represent that the Company's Rider 6 charges**
219 **over- or under-recovered the Company's actual Cost of Gas Distributed for the year**
220 **2006?**

221 A. The calculation shows an over-recovery. In particular, the Company's CGC charge over-
222 recovered CGC by \$101,001,263, and the NCGC charge over-recovered NCGC by
223 \$2,404,897. This represents a total amount to be credited to customers for the year 2006
224 of \$103,406,160.

225 **Q. Does the Summary Reconciliation also account for any adjustments included in**
226 **Commission proceedings regarding any prior reconciliations that the Company has**
227 **filed?**

228 A. No.

229 **Q. Were there any specific adjustments separately reported in the monthly filings for**
230 **the 2006 reconciliation year?**

231 A. No.

232 **Q. Were there any specific changes in the monthly Gas Supply Cost filings and the**
233 **2006 annual reconciliation which resulted from the Company’s recent rate order in**
234 **Docket No. 04-0779?**

235 A. Yes. In addition to the Customer Select Balancing Charge and the Transportation Service
236 Adjustment, the Commission’s order in Docket No. 04-0779 also directed that Rider 6
237 could no longer be a mechanism for recovery of Sales customer-related expenses
238 associated with gas storage losses and that those expenses shall now be recovered
239 through base rates. Therefore, the gas costs recovered through Rider 6, no longer include
240 recovery for gas storage losses.

241 **Q. Would you please describe the Reconciliation Balance for the CGC in more detail?**

242 A. Yes. This is a detailed reconciliation that reflects the monthly amounts of recoverable
243 commodity-related gas costs and revenues which were recorded under the Company’s
244 CGC pursuant to Rider 6 for the 2006 reconciliation year.

245 **Q. Has the over-recovered commodity related Reconciliation Balance of \$101,001,263**
246 **been reflected in the Company’s CGC charges?**

247 A. Yes. The Company has credited \$101,001,263. The over-recovered amount has been
248 reflected in the CGC charges as Factor “A” amounts and as an additional reduction to gas
249 charges effective for the months of January, February and March 2007.

250 **Q. Is the line item identified as “Commodity Related Over/(Under) Collection” on the**
251 **Reconciliation Balance for CGC the same as the line identified as “Under/(Over)**
252 **Recovery Balance at 12/31/06” on the PGA Reconciliation for CGC?**

253 A. Yes. The Reconciliation Balance does not include any adjustments for the prior year's
254 Factor O.

255 **Q. What does Factor O represent?**

256 A. Factor O represents additional over or under-recovery for a reconciliation year ordered by
257 the Commission to be credited or collected including interest from the end of the
258 reconciliation year to the Order date in the reconciliation proceeding.

259 **Q. Please describe the Reconciliation Balance for NCGC in more detail.**

260 A. Like the Reconciliation Balance for CGC, this is a detailed reconciliation that reflects the
261 monthly amounts of recoverable non-commodity related gas costs and revenues which
262 were recorded under the Company's NCGC and DGC pursuant to Rider 6 for the 2006
263 reconciliation year.

264 **Q. Has the balance to be refunded of \$2,404,897 been reflected in the Company's DGC
265 and NCGC charges?**

266 A. Yes. The Company has credited \$2,404,897. The over-recovered amount has been
267 reflected in the DGC and NCGC charges effective for the months of January and
268 February 2007.

269 **Q. Is the line item identified as "Non-Commodity Related Over/(Under) Collection" on
270 the Reconciliation Balance for NCGC the same as the line item "Under/(Over)
271 Recovery Balance at 12/31/06" on the PGA Reconciliation of NCGC?**

272 A. Yes. The reconciliation balance does not include any adjustments for the prior year's
273 Factor O.

274 **V. EXPLANATIONS - INDIVIDUAL LINE ITEMS**

275 **Q. Please explain the revenue item on the Reconciliation Balance for CGC entitled**
276 **“Excess Storage Charges.”**

277 A. Pursuant to tariffs approved in Docket No. 95-0219, Nicor Gas’ transportation service
278 customers are allowed to store certain volumes of customer-owned gas in Nicor Gas’
279 storage facilities. When a customer’s actual storage balance is in excess of the allowed
280 storage balance, the excess storage balance volume is subject to an Excess Storage
281 Charge of \$0.10 per therm. All such Excess Storage Charge revenue billed to customers
282 is credited through the Commodity Related Reconciliation Balance, in compliance with
283 the Commission’s Orders in Docket No. 95-0219.

284 **Q. Please explain the revenue item on the Reconciliation Balance for CGC entitled**
285 **“Chicago Hub.”**

286 A. Pursuant to the Commission’s Order in Docket No. 04-0779, revenues arising from the
287 Chicago area Hub were required to be credited back to customers. Pursuant to the
288 Commission’s Order in Docket No. 95-0219, Nicor Gas is also required to include
289 revenues received from the sales of storage services to off-system customers. Both
290 revenues are to be included as a credit to Rider 6 and identified in the commodity-related
291 Reconciliation Balance. In prior reconciliations, revenues from the sales of storage
292 services to off-system customers were individually identified as “Storage Services” in the
293 Reconciliation Balance. Today, the revenue item entitled “Chicago Hub” includes the
294 revenue credits for both the 2006 Hub revenues and the revenues billed in 2006 for off-
295 system storage services.

296 **Q. Please explain the revenue item shown on the Reconciliation Balance for CGC**
297 **“Rider 5 Revenues.”**

298 A. Rider 5, Storage Service Cost Recovery, was also approved by the Commission in
299 Docket No. 95-0219. Rider 5 ensures recovery of the Company’s storage related
300 investments following elections made by transportation customers. The cost of storage
301 services not elected, if any, by transportation customers is recovered-from or credited-
302 back to sales customers through Rider 5, which is collected or refunded as part of the
303 monthly CGC charge for billing purposes. The adjustment reflected for Rider 5
304 eliminates this revenue from the Reconciliation Balance, since it is unrelated to gas costs
305 incurred.

306 **Q. Please explain the revenue item entitled “Interest on Refunds,” as shown on the**
307 **Reconciliation Balance for CGC.**

308 A. Interest is calculated on the unamortized balances related to the amortization expenses
309 described above. Per 83 Ill. Adm. Code 525.50(b), the Company computes the associated
310 carrying charge on unamortized refunds and over/under collections, in effect at the time
311 the amortization is initiated, based on the rate established under 83 Ill. Adm. Code
312 280.70(e)(1). Interest is included, through Factor A, with the CGC, NCGC and DGC
313 charges, as applicable.

314 **Q. Please explain the commodity related cost line item shown on the Reconciliation**
315 **Balance for CGC entitled “Recovery From Hits By Contractor”.**

316 A. Recovery From Hits By Contractor represents revenues collected by the Company from
317 contractors whose damage to our facilities has resulted in gas losses. These revenues are
318 shown as a credit to recoverable CGC.

319 **Q. Please explain the revenue item shown on the Reconciliation Balance for NCGC**
320 **entitled “Customer Select Balancing Charge.”**

321 A. As previously explained, this revenue item shows the revenues collected through the
322 application of the CSBC through December 31, 2006.

323 **Q. The Reconciliation Balances for both CGC and NCGC contain a line item entitled**
324 **“Amortization of Previous Years RB.” What do these line items represent?**

325 A. Pursuant to the Commission’s Order in Docket No. 94-0403, 83 Ill. Adm. Code 525.50(b)
326 allows the Company to amortize an Adjustment Factor (“Factor A”) over a period longer
327 than the Base Period, as defined in 83 Ill. Adm. Code 525.20, but not to exceed
328 12 months. These line items represent the amortization of the prior year’s over- or under-
329 collected gas costs. Prior to the Commission’s Order in Docket No. 94-0403,
330 amortization expense was reflected outside the calculation of the Reconciliation Balance.

331 **VI. OVERSIGHT**

332 **Q. In conjunction with the submittal of the Annual Reconciliation Filing with the**
333 **Commission, has the Company’s annual reconciliation been the subject of an**
334 **independent audit?**

335 A. Yes. The 2006 Annual Reconciliation Filing has been audited by Deloitte & Touche
336 LLP, the Company’s independent public accountants. Their report is included as part of

337 the Company's filing pursuant to Rider 6. The reconciliation itself is prepared by Nicor
338 Gas employees from several departments.

339 **Q. What type of review procedure is in place for the monthly GSC filings?**

340 A. The Rate, Gas Supply, Gas Supply Accounting and Forecasting Departments contribute
341 to preparation of the monthly filings. The departments are familiar with the terms and
342 provisions of Rider 6, and understand which costs are recoverable through each
343 subsection of the GSC. The Rate Department prepares the final document filed with the
344 Commission. Forecasting, Gas Supply and Gas Supply Accounting are involved in
345 preparation of the documents used to support the filing.

346 **Q. How do these departments provide a check on the accuracy of the monthly filings?**

347 A. These departments must be in agreement with the treatment of costs in the monthly GSC
348 filing.

349 **Q. What other review is performed with regard to monthly filings?**

350 A. The Company's Internal Auditing Department, on an annual basis, reviews a monthly
351 filing, source documents and a copy of Rider 6 as in effect at the time of the filing. This
352 review is designed to ensure that only appropriate costs were included in the filing and
353 that the filing is consistent with the guidelines set forth in the 83 Illinois Administrative
354 Code, Part 525. Internal Auditing's review provides a further check on the
355 inter-departmental review that I have previously described.

356 **VII. CONCLUSION**

357 **Q. What is the Company requesting?**

358 A. The Company is requesting that the Commission approve Nicor Gas' GSC charges at
359 levels established in the Company's 2006 PGA Reconciliation. In addition, the Company
360 is requesting that the Commission approve the \$103,406,160 customer credit through the
361 Company's Rider 6, GSC charges, which resulted from the over-collection of actual
362 Commodity Gas Cost in the amount of \$101,001,263 and the over-collection of actual
363 Non-Commodity Gas Costs in the amount of \$2,404,897.

364 **Q. Does this conclude your direct testimony?**

365 A. Yes.