

STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

NORTH SHORE GAS COMPANY	:	
	:	
Proposed General Increase In Rates For Gas Service.	:	No. 07-0241
	:	and
THE PEOPLES GAS LIGHT AND COKE COMPANY	:	No. 07-0242
	:	Consol.
	:	
Proposed General Increase In Rates For Gas Service.	:	
	:	

Rebuttal Testimony of
SALVATORE FIORELLA

On Behalf of
The Peoples Gas Light and Coke Company and
North Shore Gas Company

July 27, 2007

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1 **I. INTRODUCTION AND BACKGROUND**

2 **A. Witness Identification**

3 Q. Please state your name.

4 A. Salvatore Fiorella.

5 Q. Are you the same Salvatore Fiorella who submitted Direct Testimony on behalf of The
6 Peoples Gas Light and Coke Company (“Peoples Gas”) and North Shore Gas Company
7 (“North Shore”) (together, “the Utilities”) in this consolidated Docket?

8 A. Yes.

9 **B. Purposes of Testimony**

10 Q. What are the purposes of your Rebuttal Testimony in this proceeding?

11 A. The purposes of my Rebuttal Testimony are:

12 (1) to respond to the Direct Testimony of the Illinois Commerce Commission’s (the
13 “Commission”) Staff (“Staff”), accepting several adjustments;

14 (2) to respond to the Direct Testimony of Illinois Attorney General’s Office, City of
15 Chicago/Citizens Utility Board (collectively “GCI”) witness David Efron,
16 accepting several adjustments and offering rebuttal to the following proposed
17 adjustments: plant additions and reserve for accumulated depreciation;

18 (3) to respond to the respective Direct Testimony of Staff witness Thomas Griffin and
19 GCI witness David Efron on the subject of rate case expenses;

20 (4) to discuss adjustments (due to updating) for: Peoples Gas on City of Chicago
21 street restoration fees, personal property taxes, and compressor fuel expense;
22 North Shore Gas on franchise requirements; and uncollectible expense for Peoples
23 Gas and North Shore Gas.

- 24 (5) to sponsor revised revenue deficiency Schedules to reflect uncontested
25 adjustments and the above-referenced updated adjustments; and
- 26 (6) discuss alternative base rate treatment of energy efficiency program costs if the
27 proposed energy efficiency rider, Rider EEP, is not approved.

28 **C. Summary of Conclusions**

29 Q. Please summarize the conclusions of your Rebuttal Testimony.

30 A. In brief, the conclusions of my Rebuttal Testimony are as follows:

- 31 (1) The Utilities agree with or will not contest a large number of Staff's and
32 intervenors' respective adjustments in order to narrow the contested issues in
33 these proceedings.
- 34 (2) The Commission should not accept GCI witness Mr. Effron's adjustments with
35 respect to capital additions and the accumulated reserve for depreciation because
36 they are incorrect and inappropriate.
- 37 (3) The Utilities are willing to accept the Staff's and GCI's proposal to amortize rate
38 case expenses over five years if the unamortized portions are allowed in rate base
39 (i.e., if they have a carrying charge).
- 40 (4) Peoples Gas is willing to accept GCI's recommendation to amortize the
41 "non-recurring" maintenance expense. Staff's recommendation to eliminate the
42 total amount should be rejected.
- 43 (5) Updated adjustments for City of Chicago restoration expenses, personal property
44 taxes, uncollectible expense, compressor fuel expense and franchise requirements
45 are proper and should be included in cost of service.

46 (6) The Utilities' revised requests for general rate increases amount to \$98,999,000
47 for Peoples Gas and \$4,245,000 for North Shore are just and reasonable and
48 should be approved by the Commission. If the proposed uncollectibles rider,
49 Rider UBA is approved, these figures would decrease to \$72,270,000 and
50 \$2,703,000, respectively, based on UBA recovery of \$26,729,000 and \$1,542,000.

51 **D. Itemized Attachments to Rebuttal Testimony**

52 Q. Are you submitting any attachments to your Rebuttal Testimony?

53 A. Yes.

54 (1) Revised Schedule B-1: Jurisdictional Rate Base Summary (North Shore/Peoples
55 Gas Ex. SF-2.1N and SF-2.1P).¹

56 (2) Revised Schedule B-2: Summary of Utility Adjustments to Rate Base (North
57 Shore/Peoples Gas Ex. SF-2.2N and SF-2.2P).

58 (3) Adjustment for Peoples Gas Capitalized City of Chicago Resurfacing Fees (North
59 Shore/Peoples Gas Ex. SF-2.3P).

60 (4) Adjustment for Unamortized Balance of Rate Case Expenses (North
61 Shore/Peoples Gas Ex. SF-2.4N and SF-2.4P).

62 (5) Revised Schedule C-1: Jurisdictional Operating Income Summary (North
63 Shore/Peoples Gas Ex. SF-2.5N and SF-2.5P).

64 (6) Revised Schedule C-2: Company Ratemaking Adjustments to Operating Income
65 (North Shore/Peoples Gas Ex. SF-2.6N and SF-2.6P).

66 (7) Adjustment for Peoples Gas O & M City of Chicago resurfacing fees (North
67 Shore/Peoples Gas Ex. SF-2.7P).

¹ An "N" or a "P" at the end of the name of an exhibit means that it applies to North Shore or Peoples Gas, respectively.

- 68 (8) Adjustment for Personal Property Taxes incurred by Peoples Gas (North
69 Shore/Peoples Gas Ex. SF-2.8P).
- 70 (9) Adjustment for change in Amortization of Rate Case Expenses (North
71 Shore/Peoples Gas Ex. SF-2.9N and SF-2.9P).
- 72 (10) Adjustment for Uncollectible Expense (North Shore/Peoples Gas Ex. SF-2.10N
73 and SF-2.10P).
- 74 (11) Adjustment for Compressor Fuel Expense for Peoples Gas (North Shore/Peoples
75 Gas Ex. SF-2.11P).
- 76 (12) Adjustment for Franchise Requirements for North Shore (North Shore/Peoples
77 Gas Ex. SF-2.12N).
- 78 (13) Adjustment for Invested Capital Tax (North Shore/Peoples Gas Ex. SF-2.13N and
79 SF-2.13P).
- 80 (14) Adjustment for Interest Synchronization (North Shore/Peoples Gas Ex. SF-2.14N
81 and SF-2.14P).

82 **II. UNCONTESTED ISSUES**

- 83
- 84 Q. Do the Utilities agree with or accept any Staff and intervenor proposed adjustments to
85 rate base and operating expenses?
- 86 A. Yes. For a number of reasons, including the Utilities' goals to narrow contested issues
87 (without waiving any rights to contest issues in future proceedings) and make corrections,
88 the Utilities have decided to accept or not to contest certain adjustments proposed by
89 Staff and intervenors. These adjustments are summarized below and apply to Peoples
90 Gas and North Shore unless noted otherwise:

91 Staff Witness Dianna Hathhorn (Staff Ex. 1.0):

- 92 ○ Civic, political and related activities (operating expenses)
- 93 ○ Employee recreation expenses (operating expenses)
- 94 ○ Interest synchronization (a derivative adjustment, by which I mean an adjustment
- 95 that is an impact of one or more other proposed adjustments)
- 96 ○ Invested capital tax (operating expenses, correction and derivative)
- 97 ○ Corporate rebill of income tax penalties (operating expenses)

98 Staff Witness Daniel Kahle (Staff Ex. 3.0):

- 99 ○ Lobbying (operating expenses/rate base)
- 100 ○ “Advertising” (operating expenses)
- 101 ○ Dues and memberships (operating expenses) (Peoples Gas)

102 Staff Witness Bonita Pearce (Staff Ex. 2.0):

- 103 ○ Non-payroll expenses inflation² (operating expenses)
- 104 ○ Customer installation (operating expenses) (North Shore)
- 105 ○ Executive perquisites (operating expenses)
- 106 ○ Termination Costs (operating expenses) (Peoples Gas)
- 107 ○ Salary and wages (operating expenses)

108 GCI Witness David Effron (GCI Ex. 2.0):

- 109 ○ Accumulated Deferred Income Taxes – Gas Cost Reconciliation
- 110 ○ Alternative Minimum Taxes on Gas Charge settlement (rate base)
- 111 ○ Crankshaft repair expenses amortization (operating expenses) (Peoples Gas)
- 112 ○ Medical and Insurance Costs (operating expenses)

² The updated adjustments relating to City of Chicago restoration expenses and personal property taxes are particularized examples of non-payroll expense increases and, to that extent, respond to the objection that the non-payroll inflation adjustment was not sufficiently particularized.

113 **III. CONTESTED ISSUES**

114 **A. Rate Case Expenses**

115 Q. Staff witness Mr. Griffin (Staff Ex. 4.0, pages 6-7) and GCI witness Mr. Effron (GCI
116 Ex. 2.0, pages 21-22) both recommend amortizing rate case expenses over five years
117 versus the three year amortization period proposed by the Utilities. Do you agree with
118 Staff's and GCI's recommendation regarding the amortization period for rate case
119 expenses?

120 A. The Utilities believe they have provided evidence supporting a three year amortization
121 period; however, they are willing to agree to a five year amortization period if the
122 unamortized cost of rate case expense is allowed in rate base, i.e., if the unamortized
123 balance is subject to a carrying charge based on the weighted average cost of capital (rate
124 of return). They should not be expected to carry these unamortized amounts over this
125 period without recognizing the associated carrying costs. The change in amortization
126 periods to five years and the resulting adjustments to rate base are shown in North Shore /
127 Peoples Gas Exs. SF-2.4N, SF-2.4P, SF-2.9N, and SF-2.9P.

128 Q. Staff witness Mr. Griffin also proposes to limit the amount of rate case expenses to those
129 "which can be supported". (Staff Ex, 4.0, page 5, line 73) His adjustment has limited
130 recoverable expenses to those for which he considers the Utilities have provided support.
131 He asked them to provide updated expenses on rebuttal and states that he will include a
132 further updated recommendation in his rebuttal. Do you agree with Staff witness
133 Mr. Griffin's adjustment to limit the amount of rate case expenses based on his definition
134 of supported expenses?

135 A. No. Peoples Gas and North Shore disagree with Mr. Griffin's adjustment and his belief
136 that "their estimates are too high". (Staff Ex. Ex. 4.0, page 5, line 82) The Utilities have
137 updated their responses to Staff data request TLG 1.03 for actual per book expenses
138 incurred through June 30, 2007. Peoples Gas has incurred \$1,111,721 and North Shore
139 has incurred \$830,000. Mr. Griffin appears to assume, without any basis, that rate case
140 expenses will be incurred evenly throughout the duration proceedings of the case.
141 However, the Utilities' rate case expenses are primarily attributable to legal expenses.
142 There are lags in billings and invoicing for the work performed and therefore lags in the
143 timing of the amounts being incurred by the Utilities. Also, contrary to Mr. Griffin's
144 assumption, most of the legal work is performed in the middle and latter part of the cases.
145 This work includes the legal work on the issues raised in Direct and Rebuttal testimony
146 by Staff and intervenors and assisting from a legal perspective in the preparation of the
147 Utilities' Rebuttal and Surrebuttal testimony, preparing for and conducting the Utilities'
148 participation in the evidentiary hearing, participating from a legal perspective in
149 defensive and affirmative discovery through the hearing, preparing post-hearing initial
150 and reply briefs, reviewing the Administrative Law Judges' proposed order, preparing
151 briefs and reply briefs on exceptions, and possibly preparing for and conducting the
152 Utilities' participation in oral argument before the Illinois Commerce Commission.
153 Mr. Griffin refers to the time at the end of May 2007 as "this late in the process", but,
154 from the Utilities' perspective, the filing of Staff and intervenor direct testimony at the
155 end of June 2007 and in early July 2007 is the commencement of the formally contested
156 phase of these proceedings. Therefore, the basis of Mr. Griffin's adjustment is flawed.

157 Because the Order in this proceeding will not be issued for another seven months
158 and there are a number of issues in this case, the Utilities' estimate of rate case expenses
159 should be approved. The Utilities reserve the right to update the figures and analyses in
160 their Surrebuttal Testimony and as otherwise appropriate through the close of the
161 evidentiary record.

162 Q. Do you have additional support?

163 A. Yes. Peoples Gas' estimated rate case expenses are \$3,635,000 while North Shore's are
164 \$2,862,000. A review of the rate case expenses requested and incurred by Nicor Gas for
165 its 2004 rate case, Commission Docket No. 04-0779, show that Nicor Gas incurred
166 \$3.5 million of the initially requested \$3.6 million rate case expenses.

167 **B. Capital Additions**

168 Q. Do you agree with GCI witness Mr. Efron's proposed adjustments (GCI Ex. 2.0,
169 page 10) to rate base with respect to the Utilities' *pro forma* adjustment for capital
170 additions?

171 A. No. Mr. Efron's adjustments to rate base for capital additions in the amounts of
172 \$18,518,000 for Peoples Gas and \$529,000 for North Shore are incorrect and
173 inappropriate for the following reasons:

174 First, the Utilities' *pro forma* adjustments for capital additions were
175 conservatively projected. They are based on fiscal year 2007 capital additions (i.e.,
176 capital additions from October, 2006 through September 30, 2007). The Commission's
177 rules for *pro forma* adjustments, 83 IL. Admin. Code Part 287.40, allow the Utilities to
178 have extended their forecasted capital additions through February 2008, or another five
179 months of capital expenditure incurrence. The current five-month forecast of capital

180 additions for October, 2007 through February, 2008 is \$61,457,000 for Peoples Gas and
181 \$3,102,000 for North Shore.

182 Second, the Utilities provided evidence of their *pro forma* capital additions
183 adjustments in the form of budgets and forecasts to support the amounts included therein.
184 Mr. Effron utilized the Utilities' updated forecasts in calculating his proposed adjustment.
185 However, Peoples Gas' updated forecasts reflect a change to a calendar year for
186 recognition of cushion gas (underground storage) from a fiscal year basis. That change
187 will result in \$10,405,000 being recognized in December 2007 and zero in September
188 2007. As such, this is merely a booking/recognition timing difference because the gas is
189 physically injected daily into storage and the cushion gas is recorded as a percentage of
190 daily injections. As such, this item should be included in determining the appropriate
191 amount of Peoples Gas' capital addition adjustment for 2007. If this item is added back
192 to Peoples Gas' forecast of \$86,006,000 (the basis for Mr. Effron's adjustment), it will
193 bring the forecast to \$96,411,000 or within 92% of Peoples *pro forma* adjustment of
194 \$104,524,000.

195 **C. Accumulated Reserve for Amortization and Depreciation**

196 Q. Does GCI witness Mr. Effron propose any adjustments to the Accumulated Reserve for
197 Amortization and Depreciation (the "Depreciation Reserve") that are not the related
198 derivative impact of any of his other proposed adjustments?

199 A. Yes. Mr. Effron asks the Commission to add another year of depreciation expense (i.e.,
200 fiscal 2007) to the Depreciation Reserve, effectively making the Depreciation Reserve
201 not the 2006 historical test year level appropriately adjusted for the *pro forma*

202 adjustments for capital additions discussed above, but, for this component of rate base, a
203 2007 value.

204 Q. Is the Depreciation Reserve proposed by the Utilities already properly adjusted for its
205 proposed 2007 *pro forma* capital additions (the capital additions included in the
206 *pro forma* adjustments discussed above)?

207 A. Yes. The distinction, however, is that the 2006 historical test year Depreciation Reserve
208 proposed by the Utilities already is adjusted as required to fairly account for all the
209 related impacts of the 2007 *pro forma* capital additions and/or other plant adjustments.
210 Peoples Schedules B-2.1, B-2.2 and B-2.3 properly reflect the impact on the Depreciation
211 Reserve and Accumulated Deferred Income Taxes for rate base adjustments for Capital
212 Additions, City of Chicago Resurfacing Requirements and Merger-Related Meter
213 Purchases.

214 The difference with the Depreciation Reserve adjustment that Mr. Effron
215 proposes is that his adjustment is not related to any *pro forma* capital additions (or any
216 other plant adjustment proposed by the Utilities or any other party) but simply moves the
217 Depreciation Reserve value one year further into the future. His proposed adjustment
218 simply asks the Commission to substitute the 2007 Depreciation Reserve value for the
219 2006 value.

220 If this type of adjustment was proper, the Utilities would be able to claim other
221 costs and expenses based on 2007 balances that would have resulted in rate relief.
222 Mr. Effron's proposed adjustment is unbalanced and should be rejected. The
223 Commission rejected as incorrect an essentially identical proposal by Mr. Effron in
224 Commonwealth Edison Company's last two rate cases, Commission Docket

225 No. 05-5097, Order at pages 12-15, and Commission Docket No. 01-0423, Interim Order
226 at pages 41-44 (carried forward to final Order). The reasoning of those decisions applies
227 here as well.

228 Q. Does Mr. Effron propose any other adjustments to the Depreciation Reserve?

229 A. Yes. Mr. Effron proposes that the Utilities should reflect net cost of removal associated
230 with 2007 *pro forma* retirements from plant in service in the Depreciation Reserve.

231 Q. Should that proposed adjustment be adopted?

232 A. No. His treatment of net cost of removal is wrong. The Utilities, unlike some other
233 Illinois utilities with which Mr. Effron might be familiar based on his past experience,
234 charge depreciation expense with net cost of removal, as incurred. Thus, if his proposed
235 Depreciation Reserve adjustment is accepted, the related adjustments for net cost of
236 removal of \$182,000 (North Shore) and \$3,694,000 (Peoples Gas) (GCI Ex. 2.0, page 10,
237 lines 239-245) should be reflected as additional depreciation expense (Account 403) and
238 not as charges to the depreciation reserve.

239 Q. Does Mr. Effron have an appropriate forecast for fiscal 2007 amounts for net cost of
240 removal?

241 A. No. Mr. Effron's simple annualization of actual net cost of removal based on data
242 through March 2007 yields a poor estimate. Moreover, that methodology is also
243 inconsistent with his utilization of the Utilities' updated forecast for 2007 capital
244 additions (which includes net cost of removal), the same forecast which he used as the
245 basis for his proposed 2007 capital additions adjustment.

246 Utilizing the updated 2007 forecasts that were supplied in the Utilities' responses
247 to AG data requests 8.06 (North Shore) and 8.13 (Peoples Gas), an appropriate and better
248 forecast of net cost of removal is \$5,173,000 for Peoples Gas and \$74,000 for North
249 Shore.

250 **D. Operation and Maintenance Issue**

251 Q. On pages 32-34 of his direct testimony, Staff witness Lounsberry recommends an
252 adjustment of \$546,000 for a "non-recurring expense" of Peoples Gas. Do you agree
253 with his recommendation?

254 A. No. While the company agrees that this might be a single "non-recurring" event, one
255 should consider the scope of Peoples Gas distribution operations in the City of Chicago.
256 Given the Company's span of operations, it is likely to experience different non-recurring
257 events each year.

258 GCI witness Effron addresses the same issue. However, he proposes to amortize
259 this non-recurring expense over four years, rather than to eliminate the expense entirely.
260 This is a more reasonable alternative and the Company is willing to accept GCI's position
261 on this issue.

262 **IV. UPDATED ADJUSTMENTS**

263 **A. City of Chicago Restoration Fees (Peoples)**

264 Q. At page 5 of her testimony, Staff witness Ms. Pearce (Staff Ex. 2.0) quotes the
265 requirements of 83 Ill. Admin. Code Part 287.40 and emphasizes the requirement "for a
266 particularized study of individual revenue or expense" as necessary requirements for
267 *pro forma* adjustments in her discussion supporting her recommendation to exclude the

268 Company's adjustment for inflation on non-payroll items. Do you have further
269 information on any such adjustments?

270 A. Yes. In its initial filing, Peoples Gas provided an adjustment to reflect 2007 amounts for
271 increased City of Chicago restoration (resurfacing) fees due to increased requirements.
272 Peoples Gas witness Edward Doerk offers Rebuttal Testimony with respect to this
273 adjustment that represents a particularized study of an individual expense component. As
274 a result, I am sponsoring two revised adjustments, North Shore/Peoples Gas Exhibits
275 SF-2.3P and SF-2.7P, to include additional costs of \$4,397,000 in rate base and
276 \$6,703,000 in Operation and Maintenance and depreciation expense before income taxes
277 in Peoples Gas' determination of its revenue requirement. This update is, in any event,
278 an appropriate update of the *pro forma* adjustment on these expenses that I presented in
279 my Direct Testimony and that Mr. Doerk supported in his Direct Testimony.

280 **B. Personal Property Taxes (Peoples)**

281 Q. Do you have other updates that are based upon a particularized study of an individual
282 expense component?

283 A. Yes. Peoples Gas purchases storage service from Natural Gas Pipeline Company of
284 America, which has storage fields in Harrison County, Texas. On June 1, 2007, Peoples
285 Gas received an adverse court decision from the 71st Judicial District Court in Harrison
286 County, Texas. As a result of this decision, Peoples Gas' personal property taxes will
287 increase by \$1,181,000 before income taxes as compared to the level reflected in Peoples
288 Gas' initial filing. Based on the foregoing, I am sponsoring North Shore / Peoples Gas
289 Ex. SF-2.8P, to include these costs in Peoples Gas' determination of its revenue
290 requirement.

- 291 C. Uncollectible Expense
- 292 D. Compressor Fuel Expense (Peoples Gas)
- 293 E. Franchise Requirements (North Shore)

294 Q. Please explain adjustments for uncollectible expense, compressor fuel, and franchise fees.

295 A. The Utilities' witnesses Linda Kallas and Thomas Zack discuss these items in their
296 respective Rebuttal Testimony. My adjustments result from and conform to that
297 testimony. They are shown in North Shore / Peoples Gas Exs. SF-2.10N, SF-2.10P,
298 SF-2.11P, and SF-2.12N.

299 If Rider UBA is approved, and the Commission accepts a gas cost-related
300 adjustment to uncollectible expense, the adjustment should be deducted from the UBA
301 revenues of \$26,729,000 and \$1,542,000 and not the base rate revenue requirement.

302 V. UPDATED REVENUE DEFICIENCY

303 Q. Please describe North Shore / Peoples Gas Exs. SF-2.5N and SF-2.5P, adjusted
304 Schedules C-1.

305 A. As indicated in the foregoing testimony, the Utilities have agreed to or accepted
306 numerous Staff and intervenor adjustments (in some instances solely in order to narrow
307 the contested issues) and have provided additional evidence concerning updates of
308 adjustments.

309 The Utilities have revised each of their Schedule C-1's to reflect the
310 above-mentioned changes. As a result, Peoples Gas will require additional base rate
311 revenues (i.e. revenue deficiency), excluding the revenues proposed to be recovered
312 through proposed Rider UBA, in the amount of \$98,999,000 and North Shore requires
313 additional base rate revenues in the amount of \$4,245,000, including the revenues
314 proposed to be recovered through Rider UBA. Their revenue deficiencies are

315 \$72,270,000 and \$2,703,000, respectively, if the Commission were to approve
316 Rider UBA. Rider UBA is expected to recover \$26,729,000 and \$1,542,000 for Peoples
317 Gas and North Shore, respectively.

318 I also have attached the following related revised rate base and operating expense
319 Schedules that provide and support data incorporated in the revised Schedule C-1's:
320 North Shore / Peoples Gas Exs. SF-2.1N and SF-2.1P (revised Schedule B-1's), SF-2.2N
321 and SF-2.2P (revised Schedule B-2's), and SF-2.6N and SF-2.6P (revised
322 Schedule C-2's). The related calculations regarding invested capital tax and interest
323 synchronization are found and supported in North Shore / Peoples Gas Exs. SF-2.13N,
324 SF-2.13P, SF-2.14N, and SF-2.14P. The applicable data in the other Schedules attached
325 to my Rebuttal Testimony also has been incorporated in the updated revenue deficiency
326 calculations.

327 Q. What overall return on rate base have you applied in your determination of your updated
328 revenue deficiency?

329 A. I utilized the rates of return on rate base of 8.24% for Peoples Gas and 8.56% for North
330 Shore. These rates are supported by the rebuttal testimony of Company witness Johnson
331 (North Shore – Peoples Gas Ex. BAJ-2.1)

332 **VI. RECOVERY OF ENERGY EFFICIENCY PROGRAM COSTS**

333 Q. Do you anticipate additional adjustments to your testimony?

334 A. While no particular changes are anticipated at this time other than the possible updates
335 referenced above, I am aware of the possibility that the acceptance or rejection of certain
336 proposals in this proceeding could impact my testimony.

337 Q. Can you provide an example?

338 A. Yes. For example, if Rider EEP is not approved but new energy efficiency programs are
339 approved, then I would need to update my testimony to provide for the additional base
340 rate revenue requirement depending upon the level of program expenditures approved or
341 reasonably expected.

342 Q. Does this conclude your Rebuttal Testimony?

343 A. Yes.

344