

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

ILZE RUKIS

Manager – Energy Efficiency and Public Benefits
Integrys Energy Group, LLC

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

July 27, 2007

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I. INTRODUCTION AND BACKGROUND

A. Witness Identification

Q. Please state your name.

A. My name is Ilze Rukis.

Q. Are you the same Ilze Rukis who submitted pre-filed Direct Testimony on behalf of The Peoples Gas Light and Coke Company (“Peoples Gas”) and North Shore Gas Company (“North Shore”) (together, “the Utilities”) in this consolidated Docket?

A. Yes.

B. Purposes of Testimony

Q. What is the purpose of your rebuttal testimony in this docket?

A. The purpose of my rebuttal testimony is to respond to the direct testimony of Messrs. Charles Kubert on behalf of ELPC and Michael Brosch on behalf of the Attorney General, City of Chicago, and Citizens Utility Board (collectively “GCI”) as to why Peoples Gas and North Shore are not proposing higher levels of spending on energy efficiency in light of proposed Rider VBA.

C. Summary of Conclusions

Q. Please summarize the conclusions of your Rebuttal Testimony.

A. The annual amount of ratepayer-funded money proposed by Peoples Gas and North Shore for energy efficiency services, \$7.5 million, appears to be sufficient to provide a broad range of energy efficiency services to Chicago and North Shore area residents. Also available for purposes of funding energy efficiency, pursuant to a separate agreement not involving ratepayer funds, is another \$5.0 million per year for 6 years.

Therefore, Peoples Gas and North Shore are not proposing higher levels of spending in light of proposed Rider VBA.

II. REBUTTAL TO MR. CHARLES KUBERT

Q. ELPC's witness Mr. Kubert extrapolates 2005 program cost and benefit data from MidAmerican Energy to estimate costs and benefits of a program offered by Peoples Gas in the Chicago area. Does this indicate to you that Peoples Gas should be spending more than the proposed \$7.5 million?

A. No. MidAmerican Energy's Iowa service territory consists of rural areas and much smaller cities and towns than the City of Chicago, with Des Moines being the largest city. Its social and economic demographics, existing housing stock and new housing construction, equipment use and saturations are likely significantly different than those in the Chicago area. Program design including delivery and rebate levels, implementation costs, potential for savings, and resulting attributable therm savings would all be different between the two areas. As a quick illustration of the differences, Ex. IR-2.1 and Ex. IR-2.2 contain data compiled by the U.S. Census Bureau for Illinois and Iowa. At the state level, Illinois has three times the population of Iowa, has 4 times the number of people per square mile and has many more housing units in multi-unit structures. Chicago is a dense metropolitan area that can provide savings and economies of scale in delivery of program services and uniform print, radio and TV marketing channels. Iowa's participation of 29,000 customers in energy efficiency (line 127), at an average cost of \$600 per participant (\$16,400,000 divided by 29,000), in a state whose total population is approximately 3,000,000 which is dispersed on average of 52 people per square mile cannot be used as a predictor that The Utilities' energy efficiency

programs would only yield 13,000 participating customers in Chicago and North Shore areas, which are dense population centers with predominant multi-family housing, at the same cost of \$600 per participant. I would expect greater participation levels at a lower cost per participant.

In a similar vein, I would also note that is not reasonable to proportionally apply the state-wide spending ranges of other states to the Chicago metropolitan area (lines 112 to 116). Barring any actual experience to the contrary, \$7.5 million appears sufficient to provide a broad range of energy efficiency services to Chicago and North Shore area residents. In addition to the \$7.5 million, the Utilities have committed to spend up to \$5.0 million on energy efficiency programs in connection with a separate settlement agreement.

Q. Do you have any other comments regarding Mr. Kubert's testimony?

A. Mr. Kubert states there is "enormous potential for natural gas savings through energy efficiency" (lines 110-111). As I stated in my direct testimony, it would be prudent to complete energy efficiency potential studies specific to Chicago and the North Shore areas to determine the greatest opportunities for cost effective energy savings.

III. REBUTTAL TO MR. MICHAEL BROSCHE

Q. Mr. Brosch states in his Direct Testimony that "conspicuously absent from the Companies' testimony is any suggestion, let alone a specific proposal, that they will invest more dollars in energy efficiency programs if Rider VBA is approved. (Page 43, lines 17-19.) Do you agree that Peoples Gas and North Shore should spend more on energy efficiency at this time, in light of proposed Rider VBA?

A. No, as indicated above regarding Mr. Kubert's concern as to the adequacy of the proposed spending level for energy efficiency, the amounts that Peoples Gas and North Shore have committed to spend appear to be adequate and appropriate for the companies' service territories. The level of these funds is not explicitly tied to or conditioned on the approval of Rider VBA. The approval of Rider VBA would not cause the companies to spend more money than is appropriate for the circumstances. Further, as already mentioned, the completion of studies of energy efficiency potential would provide helpful direction to pursuing the most cost effective energy savings opportunities, thereby making best use of the already committed funds. Barring further information and actual experience in the delivery of energy efficiency for the Chicago and North Shore areas, it would be premature at this time to consider any increases to energy efficiency spending levels.

Q. Does this conclude your Rebuttal Testimony?

A. Yes.