

**STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION**

NORTH SHORE GAS COMPANY	§	
	§	DOCKET NO. 07-0241
PROPOSED GENERAL INCREASE IN NATURAL GAS RATE	§ §	

THE PEOPLES GAS LIGHT AND COKE COMPANY	§ §	
	§	DOCKET NO. 07-0242
PROPOSED GENERAL INCREASE IN NATURAL GAS RATE	§ §	

**REBUTTAL TESTIMONY OF
NACHSHON DRAIMAN AND
RAQUEL LAVENDA
ON BEHALF OF
MULTIUT CORPORATION**

MULTIUT EXHIBIT 2.0

DATED: 21 AUGUST 2007

**DIRECT PANEL TESTIMONY OF
NACHSHON DRAIMAN AND RACHEL LAVENDA
ON BEHALF OF MULTIUT CORPORATION**

1

2 **Q. PLEASE STATE YOUR NAMES, POSITION AND BUSINESS ADDRESS.**

3 A. My name is Nachshon Draiman. I am the president of Multiut Corporation.

4 A. My name is Raquel Lavenda. I am Manager of Operations for Multiut

5 Corporation, 7514 Skokie Blvd., Skokie IL 60077-3377.

6 **Q. HAVE YOU PREFILED OTHER TESTIMONY IN THESE**

7 **CONSOLIDATED DOCKETS?**

8 A. Yes. We provided direct testimony as Multiut Exhibit 1.0.

9 **Q. HAVE YOUR REVIEWS THE REBUTTAL TESTIMONY FILED BY**

10 **NORTH SHORE AND PEOPLES (COMPANIES) IN THESE DOCKETS?**

11 A. Yes.

12 **Q. DO YOU AGREE WITH THE COMPANIES' TESTIMONY AS IT**

13 **RELATES TO RIDER FULL TRANSPORTATION SERVICE (FST)?**

14 A. No.

15 **Q. WHAT ARE YOUR AREAS OF DISAGREEMENT WITH THE**

16 **COMPANIES?**

17 A. We do not agree that Rider FST customers are being subsidized by the

18 Companies' sales customers. We also disagree with the Companies' conclusion

19 that it is easier to do away with Rider FST than it is to address other operational

20 issues.

21 **PLEASE EXPLAIN YOUR CONCLUSION AS TO THE SUBSIDY ISSUE.**

22 A. As we stated in our direct testimony, we are not testifying as expert witnesses.
23 Our area of expertise comes from operating our own company that purchases gas
24 for our customers. We simply do not believe that Rider FST customers are being
25 subsidized by the Companies' sales customers. The price Multiut's customers
26 pay for Rider FTS is the highest rate for transportation on both the Peoples and
27 North Shore systems. We must assume that in the last rate case, Rider FST was
28 designed to recover the costs incurred by the companies in providing this service.
29 Other than making a general statement, the Companies' witness Thomas Zack
30 provides no detailed numbers proving there is a subsidy.

31 **Q. MR. ZACK IN HIS REBUTTAL TESTIMONY AT PAGE 10 ARGUES**
32 **THAT MULTIUT'S DAILY DECISION WHETHER TO BUY ON THE**
33 **SPOT MARKET OR HAVE THE COMPANIES PROVIDE GAS TO THE**
34 **END USE CUSTOMERS ADVERSELY AFFECTS THE USE OF**
35 **STORAGE. DO YOU AGREE?**

36 A. No. Multiut's customers pay the same price for gas as the sales customers when
37 Multiut elects to purchase gas from the Companies. As a result, there can be no
38 subsidy. Mr. Zack argues at page 12 that Multiut's use of the spot market as an
39 alternative to purchasing from the Companies is unfair. However, this is precisely
40 what the tariff allows. Mr. Zack admits that the companies use hedging and other
41 methods to keep their gas prices low. Mr. Zack states that the Companies
42 purchase more gas than is required at a higher price and that the FST customers
43 disrupt this process. What he also says is that customers who buy on the spot

44 market “may force the Utilities to sell gas at a lower market price” to its sales
45 customers. Having the Companies respond to market forces and lower their price
46 to their own customers is good for the end use customers since they would be
47 paying less than if the Companies’ were able to charge the higher, non-market
48 based cost for gas.

49 **Q. DO YOU HAVE OTHER CONCERNS?**

50 A. Yes. It is a drastic step to eliminate a transportation tariff where more than 4,500
51 customers take service. Mr. Zack dismisses the large number by stating that “in
52 my opinion” the numbers show that the suppliers find the daily deliverability
53 flexibility appealing. North Shore/Peoples Ex. TZ-2.0 at 6. But he also
54 concluded in his original testimony that Rider FST customers will be able to
55 enroll in Rider CFY in the future. However, as we stated in our original
56 testimony, Rider CFY eliminates any real flexibility for the customers, so it is the
57 end use customers who will be disadvantaged by the Companies’ proposal to
58 eliminate Rider FST. Rather than encourage competition and customer choice,
59 the Companies’ proposal would discourage competition and customer choice.

60 **Q. MR. ZACK STATES THAT HAVING AUTOMATIC READ METERS**
61 **DOES NOT CORRECT THE COMPANIES’ CONCERN ABOUT**
62 **MATCHING BILLING TO USE. DO YOU AGREE?**

63 A. No. Mr. Zack implies in his testimony that even with automatic read meters, the
64 Companies cannot program those meters to be read on the last day of the month.
65 This statement is difficult to believe. Since the meters are automatic, they do not
66 have to be part of the various reading zones since meter readers are not going to

67 the premises to read the meter. The data could automatically be sent on the date
68 selected in the program, so this is not a real issue.

69 **Q. MR. ZACK SEEMS TO ARGUE THAT IN ORDER FOR RIDER FST TO**
70 **WORK PROPERLY, METERS MUST BE READ ON A DAILY BASIS.**
71 **DO YOU AGREE?**

72 A. No. Peoples and North Shore purchase gas on an annual, monthly and spot
73 market basis. The Companies anticipate daily changes in requirements. Daily
74 meter readings for FST accounts are not necessary. Since the companies can
75 program the meter readings for either the end of the month or the beginning of the
76 month, the readings can match the monthly usage.

77 We would also point out that the Companies state that CFY is the preferred
78 alternative for current FST customers. However, under CFY, meters are not read
79 on a daily basis, so any problem with not reading meters daily would be present
80 whether customers are on FST or CFY.

81 **Q. DO YOU HAVE ANY OTHER COMMENTS ABOUT MR. ZACK'S**
82 **TESTIMONY?**

83 A. We would further point out that the Companies were unable to deny the fact that
84 they were successful in blocking Multiut from providing lower cost gas to their
85 customers as a result of the companies' restrictions on changing nominations.

86 **Q. DOES THIS CONCLUDE YOUR TESTIMONY AT THIS TIME?**

87 A. Yes.