

Northern Illinois Gas Company d/b/a Nicor Gas Company
Response to: Illinois Attorney General
Ill.C.C. Docket No. 08-0363
AG Fourth Set of Data Requests

- AG 4.07 Q. Re: Nicor Ex. 14.0 (Mudra), lines 1143-1155. Please provide workpapers and all other records, data and documents supporting each of the following:
- a. Charge for customer damaging non-steel service pipe of \$410
 - b. Non-sufficient funds charge of \$25.00
 - c. Charge for reconnection after disconnection for non-payment of \$42.00.

- AG 4.07 A. a. Please see the attached Exhibit 1.
- b. Please see the attached Exhibit 2.
 - c. Please see the attached Exhibit 3.

Witness: Robert R. Mudra

Determination of Charge for Non-Sufficient Funds

Labor Rate

Remittance	\$6.87	(Preparing advices to Account preparing balancing tape, customer request look ups and supervisory/manager oversight)
Call Center	\$3.20	(Call handling issues)
Data Entry		(Entry of account correction and balancing to work)
Billing Services		(Preparing J.E.)
Accounting	<u>\$10.80</u>	(Reconciliation to the bank, misc look ups, supervisory/manager oversight)
Average Labor Cost per unit	\$6.96	
Overhead	0.80	
	<u>\$5.56</u>	
Labor Rate	\$12.52	

Bank Charges

Return Items, Redeposit Returns \$1.75

Carrying Cost \$3.33

\$17.59

Recommended NSF Charge set at \$25.00 to match rate established in Peoples Gas and North Share Gas rate case. Docket No. 07-0241 and 07-0242.

Avg Check x Cost of Capital X Days Delayed	
Avg Check	\$472
Cost of Captial	0.000415
Days Delayed	17
	\$ 3.33

Northern Illinois Gas Company d/b/a Nicor Gas Company
Response to: Illinois Commerce Commission
Ill.C.C. Docket No. 08-0363
CB Second Set of Data Requests

CB 2.02 Q. Referring to Company witness Mudra's direct testimony (Co. Ex. 14.0 pg. 52), please provide an explanation of the reasons underlying the Company's proposal to increase the returned checks for non-sufficient funds fee from \$16 to \$25. Also provide documentation of the Company's analysis, and all work papers.

CB 2.02 A. Please see Nicor Gas' response to data request AG 4.07 for support of the \$25.00 non-sufficient funds charge. The cost increase shown on the exhibit to AG 4.07 is mainly due to increased labor costs. The proposed amount above the costs acts as an incentive for customers to make proper remittance to the Company. Additionally, the \$25.00 matches the recently approved charge for Peoples Gas and North Shore Gas.

Witness: Robert R. Mudra

Northern Illinois Gas Company d/b/a Nicor Gas Company
 ICC Docket No. 08-0363

Working Capital Allowance for NSF Charge

	<u>Nicor Calculation</u>	<u>Nicor Filing</u>	<u>AG Calculation</u>
1 Average check	\$472	\$472	\$472
2 Annual cost of capital	16.351%	13.680%	3.559%
3 Daily cost of capital	0.000415	0.000351	0.000096
4 Days delayed	17	17	17
5 Working capital	\$3.33	\$2.82	\$0.77

Sources:

- Line 1: AG Exhibit 2.01
 Line 2: Nicor Calculation: $(1 + \text{line 3})^{365}$
 Nicor Filing: Nicor Schs. D-1 and A-2.1
 AG Calculation: Nicor Sch. D-2, p. 2
 Line 3: Nicor Calculation: AG Exhibit 2.01
 Nicor Filing and AG Calculation: $(1 + \text{line 2})^{(1/365)}$
 Line 4: AG Exhibit 2.01
 Line 5: Line 1 x line 3 x line 4

Northern Illinois Gas Company d/b/a Nicor Gas Company
Response to: Illinois Attorney General
Ill.C.C. Docket No. 08-0363
AG Fourth Set of Data Requests

- AG 4.10 Q. Please identify and describe in detail each program the Company uses to assist its low-income and/or payment-troubled customers with:
- a. Reducing the amount of the bill
 - b. Being able to pay all or a portion of the bill in a timely manner
 - c. Obtaining assistance from outside the Company to pay the gas bill
 - d. Obtaining assistance from outside the Company to pay bills for other necessities
- AG 4.10 A.
- a. Please see Nicor Gas' responses to Staff data requests DLH 18.02 and 18.11.
 - b. Please see Nicor Gas' responses to Staff data requests DLH 18.02 and 18.11.
 - c. Please see Nicor Gas' responses to Staff data requests DLH 18.02 and 18.11.
 - d. Nicor does not have a program to assist customers outside of the Company to pay bills for other necessities.

Witness: Kevin W. Kirby

Northern Illinois Gas Company d/b/a Nicor Gas Company
Response to: Illinois Commerce Commission
Ill.C.C. Docket No. 08-0363
DLH Eighteenth Set of Data Requests

DLH 18.02 Q. Referring to Nicor Gas Ex. 3.0, page 28, lines 597-598, provide a full description of the Company's "focused and aggressive collection efforts." Include copies of any Company policies, any analysis conducted of the Company's collection efforts, or other similar evidence concerning the Company's collection efforts. Also fully describe any changes in collection efforts or policies since the Company's last rate case.

DLH 18.02 A. Please refer to Nicor Gas Exhibit 6.0, pages 18-19, lines 383-404 for a description of activities.

Further, Nicor Gas utilizes many proactive actions to prompt customers to pay past due balances. These include:

- Multiple automatic phone contact campaigns including:
 - Customer falls into arrears
 - Pre-disconnection
 - Right after a customer defaults on a payment plan
 - Informing customers of energy assistance availability
- Multiple live agent phone contact campaigns including:
 - Customer is severely past due
 - Commercial and Industrial customers past due
- Aggressive disconnection of service as allowed by part 280
- Requirement for full arrears and deposit before restoration of service as allowed per part 280
- Full File Credit reporting to TransUnion
- Filing suit in state court and placing a lien on the past due customers property where significant balances remain unpaid
- Skip Tracing former customers, who have relocated, and who have charged off balances
- Positive ID verification at time of new service establishment
- Utilizing third party collection agents to recover charge off amounts
- Attempting to collect past due arrears whenever a customer calls into the Nicor Gas call center

Witness: Kevin W. Kirby

Northern Illinois Gas Company d/b/a Nicor Gas Company
Response to: Illinois Commerce Commission
Ill.C.C. Docket No. 08-0363
DLH Eighteenth Set of Data Requests

DLH 18.11 Q. Referring to Nicor Gas Ex. 6.0, page 7, lines 153-154, provide a complete description of the numerous steps the Customer Care function takes to assist customers who are behind on their bill. Also provide a description of any other procedures or steps performed by the Company outside of the Customer Care function to assist customers who are behind on their bill.

DLH 18.11 A. Customers who are behind on their bill will receive assistance from Nicor Gas in a number of ways. A customer that calls the Company can receive a deferred payment plan (DPA). Customers may also enroll over the internet. Depending on the circumstances, a customer may prefer a budget plan combined with a DPA to spread current payments over a longer period of time.

In addition to incoming calls, Nicor Gas had increased the use of outbound notification programs to make customers aware of delinquent amounts before the debt becomes unmanageable. Outbound programs include notifying customers that have missed a payment on their DPA, missed a payment on their Budget Plan, become 45 days late, or that are currently delinquent but had previously been a LIHEAP participant. In addition, a person attempts to contact a customer that becomes 120 days late. Each of these programs is an attempt to establish contact, make arrangements, and limit further delinquencies.

Nicor Gas has a sharing program that matches customer payments up to \$300. We also have considerable interaction with 15 intake agencies, working daily with them on extenuating circumstances.

Witness: Kevin W. Kirby

Northern Illinois Gas Company d/b/a Nicor Gas Company
ICC Docket No. 08-0363

Nicor Company Use Gas 2005-2007 and Projected for 2009

Table 1: Consumption (Therms)

	Actual 2005	Actual 2006	Actual 2007	Projected 2009
a/c 819 - Compressor station	12,189,360	11,199,860	11,641,650	11,372,000
a/c 823 - Gas losses	17,503,950	18,435,720	17,392,110	17,500,000
a/c 932 - Gas for company facilities	1,841,930	1,683,410	1,718,050	1,931,000
Total	31,535,240	31,318,990	30,751,810	30,803,000

Sources:

Actual from AG 4.12

Projected from AG 4.11

Table 2: Expense (\$)

	Actual 2005	Actual 2006	Actual 2007	Projected 2009
a/c 819 - Compressor station	7,937,455	13,996,544	9,795,973	9,897,000
a/c 823 - Gas losses	17,543,969	21,425,411	14,819,805	15,230,000
a/c 932 - Gas for company facilities	1,231,355	2,150,464	1,433,251	1,681,000
Total	26,712,779	37,572,419	26,049,029	26,808,000

Sources:

Actual from AG 4.14

Projected from AG 4.13

Table 3: Cost per Therm (\$)

	Actual 2005	Actual 2006	Actual 2007	Projected 2009
a/c 819 - Compressor station	0.65	1.25	0.84	0.87
a/c 823 - Gas losses	1.00	1.16	0.85	0.87
a/c 932 - Gas for company facilities	0.67	1.28	0.83	0.87
Total	0.85	1.20	0.85	0.87

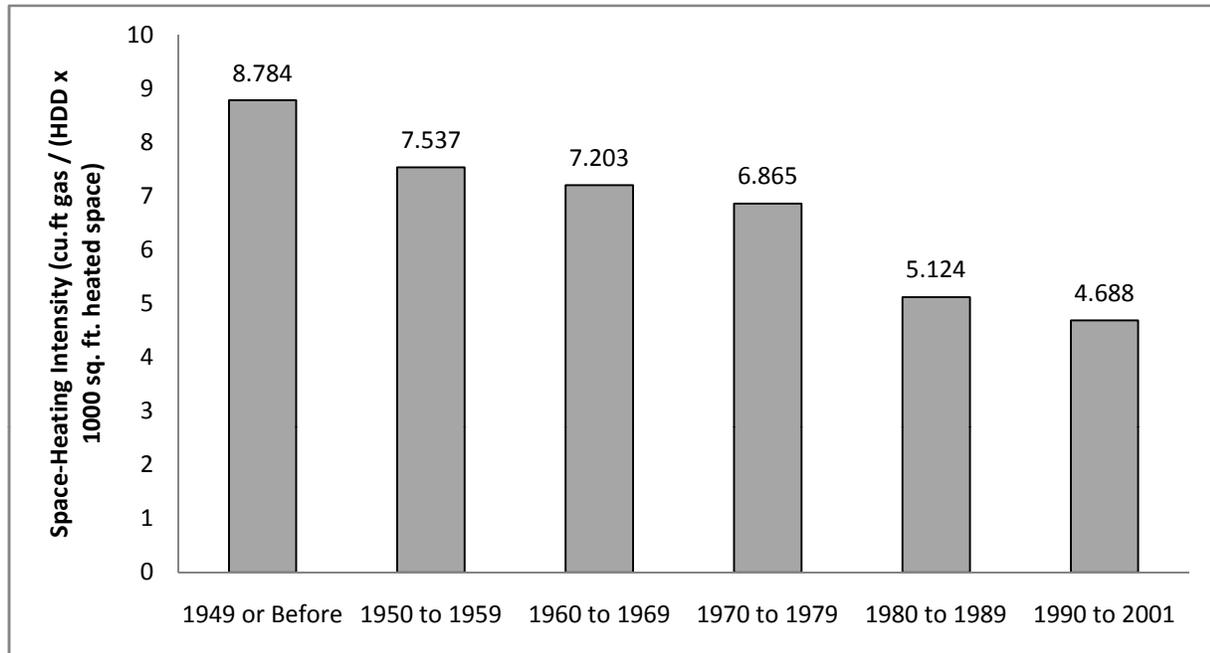
Source:

Corresponding figures in Table 2 divided by Table 1

Northern Illinois Gas Company d/b/a Nicor Gas Company
ICC Docket No. 08-0363

**Space-Heating Intensity in 2001 for Housing Units Where
Natural Gas is the Main Space-Heating Fuel, by Year of Construction**

(Space heating intensity measured by cubic feet of natural gas per
heating degree day per 1000 square feet of heated space)



Source: US Department of Energy, Energy Information Administration,
2001 Residential Energy Consumption Survey, Table CD2-2c
< <http://www.eia.doe.gov/emeu/recs/contents.html>

Northern Illinois Gas Company d/b/a Nicor Gas Company
Response to: Illinois Attorney General
Ill.C.C. Docket No. 08-0363
AG Third Set of Data Requests

AG 3.04 Q. Please provide actual average gas usage per customer statistics for each of the rate classes 1, 4 and 74 for each of the past 10 years (provide all available months of calendar 2008). Please provide this data in electronic excel format.

AG 3.04 A. Please see attached Exhibit 1.

Witness: None

Rate 1
Actual Average Use Per Customer

		Therms		Use Per
		(In Thousands)	Avg Cust	Avg Cust
1999		2,098,794	1,750,925	1,199
2000		2,234,552	1,782,191	1,254
2001		2,076,492	1,810,499	1,147
2002		2,239,053	1,839,582	1,217
2003		2,314,893	1,871,819	1,237
2004		2,213,495	1,905,380	1,162
2005		2,190,728	1,936,826	1,131
2006		2,028,773	1,958,838	1,036
2007		2,215,475	1,969,805	1,125
2008	January	450,518	1,983,002	227
	February	416,478	1,985,543	210
	March	292,812	1,986,393	147
	April	151,310	1,985,925	76
	May	87,494	1,984,620	44
	June	52,048	1,980,776	26
2008 Average		1,450,660	1,984,377	731

Rate 4
Actual Average Use Per Customer

		Therms		Use Per
		(In Thousands)	Avg Cust	Avg Cust
1999		735,616	165,139	4,455
2000		802,159	167,798	4,781
2001		763,436	169,697	4,499
2002		826,582	172,306	4,797
2003		864,757	175,070	4,939
2004		820,938	177,906	4,614
2005		828,767	180,464	4,592
2006		752,624	182,852	4,116
2007		838,868	183,149	4,580
2008	January	163,958	185,845	882
	February	160,816	186,424	863
	March	113,889	186,437	611
	April	62,897	185,851	338
	May	33,365	185,264	180
	June	18,706	184,205	102
2008 Average		553,631	185,671	2,982

Rate 74
Actual Average Use Per Customer

		Therms		Use Per
		(In Thousands)	Avg Cust	Avg Cust
1999		698,743	12,606	55,429
2000		714,479	11,848	60,304
2001		646,644	11,087	58,325
2002		660,336	10,583	62,396
2003		643,686	9,350	68,843
2004		603,096	8,962	67,295
2005		598,482	9,100	65,767
2006		576,118	9,114	63,212
2007		591,978	9,000	65,775
2008	January	94,204	9,127	10,321
	February	90,380	9,143	9,885
	March	74,555	9,179	8,122
	April	45,570	9,187	4,960
	May	31,298	9,167	3,414
	June	20,895	9,185	2,275
2008 Average		356,902	9,165	38,943

Northern Illinois Gas Company d/b/a Nicor Gas Company
 ICC Docket No. 08-0363

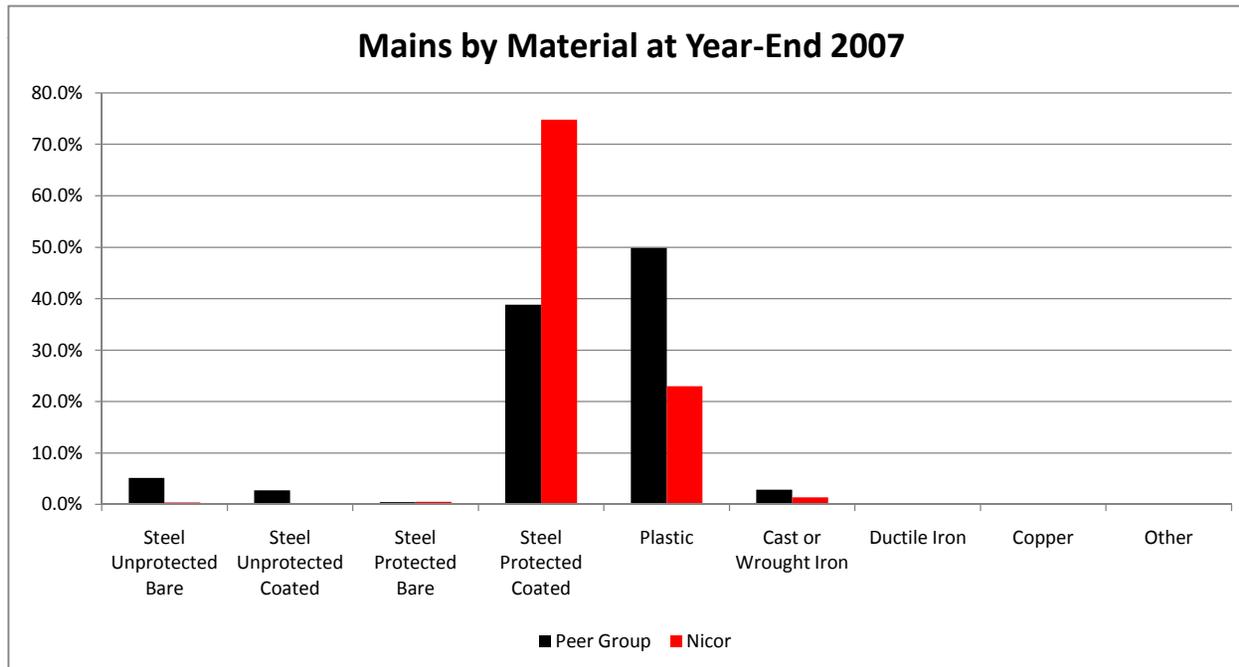
Selection of Nicor Peer Group

	<u>Miles of Main</u>	<u>Number of Services</u>
Atlanta Gas Light Co.	30,281	1,562,377
Atmos Energy Corp.	28,357	1,496,710
Columbia Gas of Ohio	19,706	1,344,837
Consumers Energy Co.	25,924	1,537,407
Dominion East Ohio	19,584	1,294,905
Entex	29,134	1,684,824
Michigan Consolidated Gas Co.	18,693	1,193,333
Oklahoma Natural Gas Co.	16,161	986,047
Pacific Gas & Electric Co.	41,804	3,302,016
Public Service Co. of Colorado	20,914	1,002,639
Public Service Electric & Gas Co.	17,618	1,242,398
Southern California Gas Co.	47,566	4,332,024
Soutwest Gas Co.	18,382	978,311

Northern Illinois Gas Company d/b/a Nicor Gas Company
 ICC Docket No. 08-0363

Miles of Mains in Service at Year-End 2007, by Material - Nicor and Peer Group

	<u>Peer Group</u>	<u>Percent</u>	<u>Nicor</u>	<u>Percent</u>
Steel Unprotected Bare	17,172	5.1%	125	0.4%
Steel Unprotected Coated	9,102	2.7%	-	0.0%
Steel Protected Bare	1,552	0.5%	159	0.5%
Steel Protected Coated	129,685	38.8%	24,543	74.8%
Plastic	166,600	49.9%	7,543	23.0%
Cast or Wrought Iron	9,521	2.8%	438	1.3%
Ductile Iron	-	0.0%	-	0.0%
Copper	4	0.0%	-	0.0%
Other	<u>488</u>	<u>0.1%</u>	<u>-</u>	<u>0.0%</u>
Total	334,124	100.0%	32,808	100.0%

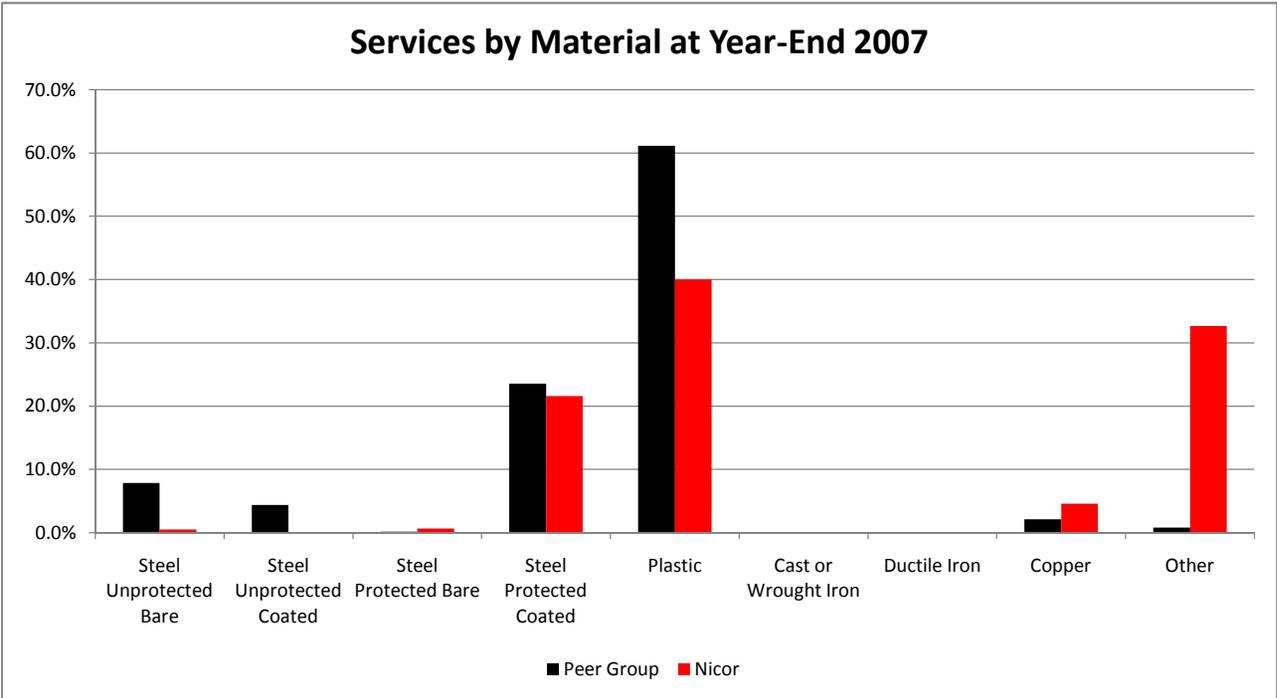


Source: US Office of Pipeline Safety, Annual Reports for Gas Distribution Utilities, <http://ops.dot.gov/stats/DT98.htm>

Northern Illinois Gas Company d/b/a Nicor Gas Company
 ICC Docket No. 08-0363

Number of Service Lines in Service at Year-End 2007, by Material - Nicor and Peer Group

	<u>Peer Group</u>	<u>Percent</u>	<u>Nicor</u>	<u>Percent</u>
Steel Unprotected Bare	1,725,825	7.9%	10,026	0.5%
Steel Unprotected Coated	963,966	4.4%	-	0.0%
Steel Protected Bare	37,863	0.2%	12,720	0.6%
Steel Protected Coated	5,167,141	23.5%	427,710	21.6%
Plastic	13,423,832	61.1%	793,692	40.0%
Cast or Wrought Iron	106	0.0%	-	0.0%
Ductile Iron	-	0.0%	-	0.0%
Copper	459,083	2.1%	90,881	4.6%
Other	<u>180,012</u>	<u>0.8%</u>	<u>648,012</u>	<u>32.7%</u>
Total	21,957,828	100.0%	1,983,041	100.0%



Source: US Office of Pipeline Safety, Annual Reports for Gas Distribution Utilities, <http://ops.dot.gov/stats/DT98.htm>

Northern Illinois Gas Company d/b/a Nicor Gas Company
 ICC Docket No. 08-0363

Number of Leaks Eliminated or Repaired, by Type, During 2007 - Nicor and Peer Group

	<u>Peer Group</u>	<u>% of Total</u>	<u>Nicor</u>	<u>% of Total</u>
Corrosion - Mains	11,372	34.7%	251	14.3%
Natural Forces - Mains	3,643	11.1%	161	9.2%
Excavation - Mains	6,969	21.3%	304	17.3%
Other Outside Force- Mains	815	2.5%	-	0.0%
Material or Welds - Mains	2,166	6.6%	651	37.1%
Equipment - Mains	872	2.7%	-	0.0%
Operations - Mains	1,329	4.1%	-	0.0%
Other - Mains	5,625	17.2%	386	22.0%
Total Leaks in Mains	32,791	100.0%	1,753	100.0%
Total Miles	334,124		32,808	
Leaks per 100 Miles	9.8		5.3	

	<u>Peer Group</u>	<u>% of Total</u>	<u>Nicor</u>	<u>% of Total</u>
Corrosion - Services	18,917	23.3%	2,597	18.6%
Natural Forces - Services	2,903	3.6%	1,078	7.7%
Excavation - Services	24,289	29.9%	2,474	17.7%
Other Outside Force - Services	2,967	3.6%	-	0.0%
Material or Welds - Services	6,354	7.8%	3,936	28.2%
Equipment - Services	4,621	5.7%	-	0.0%
Operations - Services	4,084	5.0%	-	0.0%
Other - Services	17,163	21.1%	3,873	27.7%
Total Leaks in Services	81,298	100.0%	13,958	100.0%
Total Services	21,957,828		1,983,041	
Leaks per 1000 Services	3.7		7.0	

Leaks Awaiting Repair at Year End	25,293		2,964	
Total Miles	334,124		32,808	
Known Leaks per 100 Miles	7.6		9.0	
Total Leaks	139,382		18,675	
Total Leaks per 100 Miles	41.7		56.9	
Total Leaks per 1000 Services	6.3		9.4	

Source: US Office of Pipeline Safety, Annual Reports for Gas Distribution Utilities,
<http://ops.dot.gov/stats/DT98.htm>

Northern Illinois Gas Company d/b/a Nicor Gas Company
Response to: Illinois Commerce Commission
Ill.C.C. Docket No. 08-0363
DLH Tenth Set of Data Requests

DLH 10.04 Q. Referring to Nicor Gas Ex. 12.0, p. 34, provide all studies prepared by or on behalf of the Company regarding the recommended replacement rate of its cast iron main and copper services.

DLH 10.04 A. The cast iron main and copper service replacement rates were determined on the basis of eliminating these material types from the system over the next 10 years. No formal study was conducted to determine the replacement rate; however the rate was determined by dividing the remaining units equally over the ten year period.

Witness: Anthony R. McCain

Northern Illinois Gas Company d/b/a Nicor Gas Company
Response to: Illinois Commerce Commission
Ill.C.C. Docket No. 08-XXXX
DLH Fourth Set of Data Requests

DLH 4.02 Q. Referring to Nicor Gas Ex. 12.0, page 33, provide all supporting workpapers and calculations related to the Company's statement at lines 640-642 that it proposes to credit customers with \$6,000 per mile of operations and maintenance ("O&M") savings for each incremental mile of cast iron main replaced under Rider Qualifying Infrastructure Plant ("Rider QIP").

DLH 4.02 A. Please see the attached Exhibit 1 showing the determination of annual operation and maintenance cost savings per mile of cast iron main of \$3,200. As stated in the direct testimony of Anthony McCain, it is difficult to determine the intangible savings related to the replacement of facilities that are fully integrated into the Company's system. (Nicor Gas Ex 5.0, page 11 lines 220 and 221) However, in an effort to account for the benefits associated with intangibles of an upgraded system including the elimination of more problematic copper services, Nicor Gas has included an additional \$2,800 in its cost savings credit.

Witness: Anthony R. McCain

Main Replacement Economics

OE Savings

	<u>Annual Benefit / Unit</u>	<u>Unit Per Mile</u>		<u>Benefit / Mile / yr</u>	<u>Approximate Cost Category Distribution</u>		
					<u>Labor</u>	<u>Material</u>	<u>Contractor</u>
CI Main Leak Repair	\$ 850.00		0.73	\$ 616.39	75%	10%	15%
Recuded Leak Investigation	\$ 22.00		2.48	\$ 54.63	100%	0%	0%
Reduced Meter Read Cost	\$ 0.48		220	\$ 105.60	100%	0%	0%
Reduced Inside Leak Survey	\$ 4.30		220	\$ 946.88	100%	0%	0%
Reduced 3/5 System Survey	\$ 0.19		176	\$ 33.32	0%	0%	100%
Eliminated System Regulator Maintenance	\$ 2,400.00		0.46	\$ 1,095.89	100%	0%	0%
Eliminated System Chart Changes	\$ 201.50		0.46	\$ 92.01	100%	0%	0%
Eliminated LP Drip Maintenance	\$ 20,960.00	\$	47.85	\$ 47.85	80%	10%	10%
Eliminated Winter Survey	\$ 40.00		1	\$ 40.00	90%	0%	10%
Main Leak Re-Checks	\$ 24.00		0.76	\$ 18.32	100%	0%	0%
Service Leak Re-Checks	\$ 24.00		2.13	\$ 51.07	100%	0%	0%
Eliminated Service Leak Repairs	\$ 264.00		0.53	\$ 140.44	100%	0%	0%
Total OE Benefit Per Mile				\$ 3,242.41			

Proposed Replacement Rate (Miles)

25.00

OE Benefits

\$ 81,060.17

Capital Investment

	<u>Cost / Unit</u>	<u>Unit Per Mile</u>		<u>Cost Per Mile</u>
Pipe Replacement	\$ 32		5280	\$ 168,960
Service Replacement	\$ 627		176	\$ 110,352
Cross Ties	\$ 350		220	\$ 77,000
				\$ 356,312

*Retirement cost averages 30% of pipe replacement cost = 0.3 x \$168,960 = \$50,688

Northern Illinois Gas Company d/b/a Nicor Gas Company
Response to: Illinois Commerce Commission
Ill.C.C. Docket No. 08-0363
DLH Tenth Set of Data Requests

- DLH 10.05 Q. Referring to Nicor Gas Ex. 14.2, page 145, Section D-Qualifying Infrastructure Plant (“QIP”), the proposed tariff at c) states that “the maximum investment in replacements for such calendar year that may be classified as QIP shall be \$20 million.” Provide the calculation of the revenue requirement impact of the \$20 million maximum amount. The calculation should be provided in an Excel file with all formulas intact.
- DLH 10.05 A. Please see the attached Exhibit 1 illustrating the Rider QIP revenue requirement and percentage charge assuming a \$20 million investment in one year.

Witness: Robert R. Mudra

Rider QIP Revenue Requirement for \$20 MM Investment

I. Determination of Pre-tax Return

$$PTR = ((WCCE + WCPE) \times GRCF) + WCD$$

Where:

GRCF = Gross Revenue Conversion Factor
1.711825 see Schedule A-2, page 1 of 1

WCCE = Weighted cost of common equity from the Company's last rate case.
6.27 see Nicor Gas Exhibit 10.2

WCPE = Weighted cost of preferred equity from the Company's last rate case.
0.01 see Nicor Gas Exhibit 10.2

WCD = Weighted cost of debt from the Company's last rate case.
2.93 see Nicor Gas Exhibit 10.2

PTR = 13.68 percent

II. Determination of Depreciation Expense.

Assumes the new plant is depreciated at Nicor Gas' composite rate of 4.1 percent.

III. Determination of Revenue Requirement and QIP Percentage Charge (S%)

$$S\% = \frac{(((CQIP \times PTR) + Dep) - Csavings) + ARA}{PAR} \times 100$$

Where:

CQIP = Qualified investment
\$ 20,000,000

PTR = Pre-tax return
13.68% see above

Dep = Depreciation expense related to CQIP for the calendar year.
\$ 820,000 \$20 million times 4.1 percent depreciation.

Csavings = \$6,000 times the number of miles of plant installed.
\$ 150,000 assumes 25 miles of main replacement

ARA = Annual reconciliation amount.
\$ - assumes no reconciliation amount.

Revenue Requirement = (CQIP X PTR) + Dep - Csavings + ARA = \$ 3,406,000

PAR = Company's forecasted QIP base revenues for the effective period,
\$ 685,584,000 see Nicor Gas Exhibit 14.3 page 1 of 1

QIP Charge Percentage (S%) = 0.50 percent

Northern Illinois Gas Company d/b/a Nicor Gas Company
Response to: Illinois Attorney General
Ill.C.C. Docket No. 08-0363
AG Third Set of Data Requests

- AG 3.33 Q. Is it the Company's testimony that the risk-based approach to cast iron main replacement referenced in Mr. McCain's and Mr. O'Connor's testimony does not permit the Company to provide reliable gas delivery service? If so, please identify with specificity where the Company is presently not providing reasonably reliable delivery service and provide all statistical or other performance measures indicating where improvements in reliability and the planned replacement acceleration (Nicor Ex. 5.0 at line 147-148) is needed.
- AG 3.33 A. No. Nicor Gas has and will continue to provide reliable and safe service. The application of a risk based approach to prioritizing cast iron replacement projects has been an effective tool for maintaining safety and system reliability. Risk based prioritization will continue to guide main replacement decisions by helping direct resources to those projects providing the greatest improvements in system performance. The Company plans to continue using the same risk based approach under an accelerated program.

Witness: Anthony R. McCain

Northern Illinois Gas Company d/b/a Nicor Gas Company
Response to: Illinois Commerce Commission
Ill.C.C. Docket No. 08-0363
MEM Fourth Set of Data Requests

MEM 4.01 Q. Will Nicor be unable to provide safe and reliable service to customers if the cast iron and copper service replacement schedule is not accelerated as requested in the QIP rider? Explain.

MEM 4.01 A. No. Nicor Gas is committed to providing safe and reliable service. If the QIP rider is not approved, replacement projects will continue to be analytically prioritized in a manner that maintains safety and reliability.

Witness: Anthony McCain