

STATE OF ILLINOIS  
ILLINOIS COMMERCE COMMISSION

NORTHERN ILLINOIS GAS COMPANY :  
d/b/a Nicor Gas Company : Docket No. 08-0363  
: :  
Proposed general increase in natural gas rates :

Rebuttal Testimony of

**LISA A. ROZUMIALSKI**

On Behalf of  
**CONSTELLATION NEWENERGY – GAS DIVISION, LLC**

October 23, 2008

OFFICIAL FILE

ICC DOCKET NO. 08-0363  
CNE Exhibit No. 4.0-4.1  
Witness Lisa Rozumialski  
Date 11/17/08 Reporter KK

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Rebuttal Testimony of Lisa A. Rozumialski

1 I. INTRODUCTION

2 Q. PLEASE STATE YOUR NAME.

3 A. My name is Lisa A. Rozumialski.

4

5 Q. ARE YOU THE SAME LISA A. ROZUMIALSKI WHO SUBMITTED  
6 PRE-FILED DIRECT TESTIMONY IN THIS PROCEEDING?

7 A. Yes, I am appearing on behalf of Constellation NewEnergy – Gas Division, LLC  
8 (“CNE-Gas”).

9

10 Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY IN THIS  
11 PROCEEDING?

12 A. The purpose of my rebuttal testimony is to respond to the rebuttal testimony of  
13 witnesses Gary R. Bartlett and Robert R. Mudra on behalf of Nicor Gas Company  
14 (“Nicor” or “Company”).

15

16 Q. WHAT IS THE SUBJECT MATTER OF YOUR REBUTTAL  
17 TESTIMONY?

18 A. My rebuttal testimony specifically addresses:

- 19     ▪ CNE-Gas' proposal to have Nicor accept intraday nominations consistent  
20         with the manner I discussed in my Direct Testimony. This issue is discussed  
21         by Mr. Bartlett on pages 27-31 of Nicor Gas Ex. 19.0; and  
22     ▪ CNE-Gas' proposal for super pooling on Critical Days for groups under  
23         common management. This issue is discussed by Mr. Mudra on pages 33-35  
24         of Nicor Gas Ex. 29.0.

25

26 Q. DO YOU HAVE ANY EXHIBITS THAT YOU PLAN TO SUBMIT IN  
27 SUPPORT OF YOUR TESTIMONY?

28 A. Yes. In support of my rebuttal testimony, I offer the following exhibits:

29 CNE-Gas Exhibit 4.1           CNE-Gas response to data request NRC-CNE 1.12

30

31

32

**II.**

33

**THE COMMISSION SHOULD TAKE THIS OPPORTUNITY TO  
IMPLEMENT THE NAESB INTRADAY NOMINATION SCHEDULE.**

34

35

36 Q. MR. BARTLETT CRITICIZES YOUR STATEMENT THAT NICOR  
37 MAKES INTRADAY NOMINATIONS ON BEHALF OF ITS BUNDLED  
38 SYSTEM CUSTOMERS. (NICOR GAS EX. 19.0, LINES 625-635.)  
39 PLEASE EXPLAIN WHAT YOU MEANT BY YOUR STATEMENT.

40 A. It appears that Nicor is in agreement with me that Nicor utilizes the intraday  
41 nomination cycles. (Nicor Gas Ex. 19.0, lines 632-638; CNE-Gas Ex. 2.2.)  
42 However, Nicor apparently disputes that it makes these intraday nominations on  
43 *behalf of bundled system customers.*

44

45 Q. **WHAT DO YOU MEAN BY “BUNDLED SYSTEM CUSTOMERS”?**

46 A. As CNE-Gas explained in its response to data request NCR-CNE 1.12, which is  
47 attached as CNE-Gas Exhibit 4.1, the phrase “bundled system customers” refers  
48 to those customers within the Nicor footprint that purchase both their natural gas  
49 commodity and the underlying delivery services from Nicor.

50

51 Q. **WHAT IS THE DISTINCTION?**

52 A. Nicor has two primary types of customers on its system: System Customers and  
53 Transportation Customers. While System Customers purchase both commodity  
54 and delivery service from Nicor (i.e., they are “bundled” customers),  
55 Transportation Customers purchase only their distribution, or delivery, service  
56 from Nicor. Transportation Customers secure their gas commodity from a supply  
57 source other than Nicor. Nicor’s position is apparently that, while it makes  
58 intraday nominations as system operator, it does not distinguish between the type  
59 of customer when making intraday nominations.

60

61 Q. **IS THIS A DISTINCTION WITHOUT A DIFFERENCE?**

62 A. Yes. Nicor admits that it utilizes the intraday nomination cycles; however, Nicor  
63 does not permit Transportation Customers to make intraday nominations. Thus,  
64 when Nicor does make intraday nominations, they are not made on behalf of  
65 Transportation Customers, nor do the benefits of those intraday nominations  
66 accrue to Transportation Customers. Consequently, the benefits of those intraday  
67 nominations accrue to either Nicor itself or its bundled System Customers. By  
68 prohibiting Transportation Customers from making intraday nominations, while  
69 allowing intraday nominations for the system, Nicor prohibits Transportation  
70 Customers from sharing in the benefit of any nomination adjustment. Rather,  
71 Nicor retains all of the benefit of the intraday nomination for itself, or its bundled  
72 sales customers.

73

74 Q. CAN YOU PROVIDE AN EXAMPLE OF HOW THE LACK OF  
75 INTRADAY NOMINATIONS RESULTS IN BENEFITS TO NICOR OR  
76 ITS BUNDLED SYSTEM CUSTOMERS AT THE EXPENSE OF ITS  
77 TRANSPORTATION CUSTOMERS?

78 A. Yes. If on a particular day it was anticipated that Transportation Customers  
79 would consume 500 units of gas, the Transportation Customers would make a  
80 next-day nomination of 500 units before 11:30 AM on the day prior to flow.  
81 Further assume that Nicor estimates that its System Customers will consume 700  
82 units of gas. Thus, in total the anticipated system requirements are 1,200 units.

83

84           However, at some point after the submission of the Timely nomination (any time  
85           after 11:30 AM on the day prior to use), one of the Transportation Customer's  
86           facilities goes down. Due to this operational problem, anticipated usage will be  
87           lower and, in total, Transportation Customers will now only require 300 units of  
88           gas. Thus, expected system usage is reduced to 1,000 units. Because the  
89           Transportation Customer is precluded from making the intraday nomination, it is  
90           unable to modify the amount of the nomination, even though it now knows this  
91           volume is no longer an accurate reflection of expected usage. However, during  
92           the gas day, Nicor observes that actual usage is far below nominated usage and  
93           makes an intraday nomination change to reflect revised expected usage of 1,000  
94           units. In this example, Transportation Customers are held to their original  
95           nomination of 500 units, and will suffer an imbalance of 200 units. Nicor will  
96           charge Transportation Customers accordingly for this imbalance. Yet, as a result  
97           of Nicor making the intraday nomination to account for the revised usage, its  
98           overall system actually experienced little imbalance or costs associated with the  
99           imbalance. In effect, Nicor's preclusion from allowing intraday nominations for  
100          Transportation Customers results in Nicor receiving the benefit of the  
101          Transportation Customers' imbalance charges and the net 200 units of  
102          commodity, even though the system remained in balance.

103

104    **Q.   MR. BARTLETT ARGUES IN PART THAT NICOR GAS NEEDS TO USE**  
105    **INTRADAY NOMINATIONS DUE TO UNEXPECTED VOLATILITY IN**

106 END-USER NOMINATIONS. (NICOR GAS EX. 19.0, LINES 648-649.)

107 PLEASE COMMENT.

108 A. Volatility is yet another reason why transportation customers need the ability to  
109 make intraday nominations. Currently, a Timely nomination is due to Nicor  
110 before 11:30 AM the day prior to gas flow. For normal Sunday and Monday gas  
111 flow, the nomination is due before 11:30 AM the preceding Friday. On normal  
112 weekdays, the nomination is due 21.5 hours before that gas even begins to flow.  
113 By the time the last gas volume has flowed, the nomination occurred 45.5 hours  
114 earlier. This is even longer for Sunday and Monday gas flows. As indicated in  
115 my Direct Testimony, much can transpire in the interim to impact that  
116 nomination. (CNE-Gas Ex. 2.0, lines 88-96, 157-170, 247-259.) Without  
117 intraday nominations, the transportation customer cannot account for any change  
118 in the environment, thereby causing imbalance deviations to be larger. With  
119 intraday nominations, the transportation customer has the ability to account for  
120 some of this volatility in the environment, thus reducing the magnitude of  
121 imbalances.

122

123 Further, the volatility in end-user nominations noted by Mr. Bartlett is not unique  
124 to Nicor's transportation customers. Nicor's confidential response to data request  
125 DAS 5.11 shows days when Nicor utilized intraday nomination cycles. As shown  
126 on the exhibit, Nicor's timely pipeline nominations on occasion also demonstrate  
127 great day-to-day volatility.

128

129 Q. NICOR ACCEPTS WEEKEND NOMINATIONS DURING A CRITICAL  
130 DAY OR OFO SHORTAGE DAY. (NICOR GAS EX. 19.0, LINES 656-659.)  
131 DOES THIS TARIFF PROVISION ADDRESS THIS ISSUE AS MR.  
132 BARTLETT SUGGESTS?

133 A. No. Such weekend nominations during a Critical Day or OFO Shortage Day only  
134 affect the Timely nomination cycle on those days. Therefore, this tariff provision  
135 does not offer any intraday flexibility. While certainly this rarely used tariff  
136 provision provides additional flexibility, it does not allow any intraday  
137 nominations on a weekend.

138  
139 Q. MR. BARTLETT STATES THAT THE "NO-NOTICE" FEATURE OF SBS  
140 STORAGE IS MORE VALUABLE THAN INTRADAY NOMINATION  
141 CAPABILITY. (NICOR GAS EX. 19.0, LINES 660-664.) DO YOU  
142 AGREE?

143 A. Not necessarily. Under certain conditions, intraday nominations would be more  
144 valuable than no-notice access to storage. For example, if storage is filled to near  
145 its maximum capacity, or if the bank is nearly empty of any gas, an intraday  
146 nomination change could be the tool that would allow the customer to stay within  
147 its storage bank limits.

148  
149 Q. MR. BARTLETT ALSO STATES THAT ACCEPTING INTRADAY  
150 NOMINATIONS WOULD INCREASE COSTS (NICOR GAS EX. 19.0,

151 **LINES 664-666, 703-704) AND WOULD REQUIRE SUBSTANTIVE**  
152 **CHANGES (NICOR GAS EX. 19.0, LINES 694-703). IS THIS TRUE?**

153 A. I cannot verify Mr. Bartlett's assertion, as he fails to provide any cost study or  
154 other documentation in support of the claim. Nor has Mr. Bartlett provided any  
155 analysis of actual change required to implement intraday nominations; all that is  
156 available is a list of "possible changes for consideration." In light of Mr.  
157 Bartlett's failure to provide any supporting evidence of his unfounded assertion,  
158 any potential increased costs or system changes are simply conjecture. Further, if  
159 there are indeed additional costs, it also may well be true that the ability to make  
160 intraday nominations for transportation customers far and away outweighs the  
161 added costs. If additional costs are indeed incurred, it would be equitable to  
162 charge those additional costs to transportation customers.

163

164 **Q. MR. BARTLETT DISMISSES EIGHT OF THE THIRTY-FOUR**  
165 **INTRADAY EXAMPLES THAT YOU CITE, CLAIMING THE**  
166 **DIFFERENCES BETWEEN THOSE OPERATIONS AND NICOR'S ARE**  
167 **TOO GREAT. (NICOR GAS EX. 19.0, LINES 677-686; BARTLETT**  
168 **REBUTTAL WORKPAPER-LDC INTRADAY RIGHTS SUMMARY.)**  
169 **PLEASE RESPOND.**

170 A. Even if Mr. Bartlett's assertion is arguably true, that still leaves 24 LDCs  
171 remaining, plus other possible unlisted LDCs for which I was unable to obtain  
172 tariff sheets before I filed my Direct Testimony. However, rather than quibble  
173 about whether an LDC operates similar to or different from Nicor, I'll simply

174 address Illinois utilities that have similar operating environments to Nicor; storage  
175 service is made available by the utility, the utility does not require daily matching  
176 of load, and the utility has transportation customers on its system. In Illinois,  
177 AmerenIP, AmerenCIPS and AmerenCILCO all offer two nomination cycles as  
178 standard practice: Timely and Evening. The Intraday 1 and 2 cycles are then  
179 offered on a best efforts basis. (Illinois Power Company d/b/a AmerenIP, Ill.C.C.  
180 No. 37, Original Sheet No. 25.009; Central Illinois Public Service Company d/b/a  
181 AmerenCIPS, Ill.C.C. No. 20, Original Sheet No. 25.009; Central Illinois Light  
182 Company d/b/a AmerenCILCO, Ill.C.C. No. 19, Original Sheet No. 25.009.)  
183 Even partial or best efforts intraday nomination availability is better than none.

184

185 **Q. MR. BARTLETT NOTES THAT YOU HAVE NOT IDENTIFIED ANY**  
186 **QUANTIFIABLE VALUE TO NICOR GAS' CUSTOMERS. (NICOR GAS**  
187 **EX. 19.0, LINES 689-693.) PLEASE COMMENT.**

188 **A.** Mr. Bartlett ignores those portions of my Direct Testimony detailing the positive  
189 impact of intraday nominations for Nicor's transportation customers. (CNE-Gas  
190 Ex. 2.0, lines 215-265.) While Mr. Bartlett suggests any benefits are only for the  
191 marketer, the ability to reduce imbalances and avoid penalties is a direct financial  
192 benefit to transportation customers. In addition, while ignoring those benefits to  
193 Nicor's customers, Mr. Bartlett fails to identify any quantifiable *harm* to Nicor's  
194 customers, either bundled or transportation.

195

196 In addition, under Nicor's current tariff, whenever the volume in storage exceeds  
197 the SBS capacity by more than 5%, Nicor imposes a 10 cent per therm penalty for  
198 exceeding the limit. (Northern Illinois Gas Company d/b/d Nicor Gas Company,  
199 Ill.C.C. No. 15- Gas, 4<sup>th</sup> Revised Sheet No. 19, Original Sheet No. 21.5, 4<sup>th</sup>  
200 Revised Sheet No. 23, and 4<sup>th</sup> Revised Sheet No. 26.) This is an avoidable cost  
201 when access to intraday nominations is available. Certainly, this is a quantifiable  
202 benefit to Nicor's customers.

203  
204  
205  
206  
207  
208

**III.  
THE COMMISSION SHOULD REQUIRE  
NICOR TO IMPLEMENT SUPER POOLING  
FOR MEASURING CRITICAL DAY THRESHOLDS.**

208 Q. **WHAT IS SUPER POOLING?**

209 A. In my Direct Testimony, I explained that super pooling is simply pooling of the  
210 groups, or pools, that are under common management. It involves looking at each  
211 separate group that is under common management of the same supplier and  
212 netting the individual group imbalances with every other group that is under the  
213 common management. (CNE-Gas Ex. 2.0, lines 301-311.)

214  
215 Q. **MR. MUDRA DOES NOT SUPPORT THE CNE-GAS PROPOSAL TO  
216 SUPER POOL ON CRITICAL DAYS. (NICOR GAS EX. 29.0, LINES 723-  
217 724.) COULD YOU COMMENT ON HIS REASONS?**

218 A. Yes. Mr. Mudra first claims that Rider 13, Supplier Transportation Service,  
219 permits up to 150 customers in a group, or pool. (Nicor Gas Ex. 29.0, lines 724-  
220 728.) The simple reality remains, whether there are three pools of 150 customers  
221 or nine pools of 50 customers under common management, it is unnecessary for  
222 the utility to collect unauthorized use of gas penalties on one pool that is under-  
223 delivered when the remaining pools under common management have over-  
224 delivered a volume of gas that exceeds the shortfall in the one pool. Sufficient  
225 gas was delivered to the utility to cover all transportation customers served by the  
226 pools; it is only because the utility has chosen to limit group size that these  
227 imbalances exist. The fact that Nicor's group limit increased in its last rate case

228 does not negate any of the reasons given in my Direct Testimony for permitting  
229 super pooling on Critical Days. (CNE-Gas Ex. 2.0, lines 377-407.)

230

231 While 150 is certainly preferable to the pre-2004 limit of 50 customers, the  
232 expansion approved in the 2004 Rate Case is not a valid reason for opposing  
233 super pooling on Critical Days in this proceeding. It simply indicates that the  
234 proposal would have been even more beneficial prior to the 2004 Rate Case;  
235 however, that is meaningless since prior to the 2004 Rate Case, in which a  
236 November injection target for transportation customers was approved, there was  
237 no super pooling contemplated. Super pooling only came in response to Nicor's  
238 seasonal cycling proposal in the 2004 Rate Case as a means to mitigate the impact  
239 of that significant change. The fact that Nicor's group limit increased in its last  
240 rate case does not negate any of the positive benefits given in my Direct  
241 Testimony supporting the implementation of super pooling on Critical Days.  
242 (CNE-Gas Ex. 2.0, lines 377-407.)

243

244 **Q. WHAT IS MR. MUDRA'S NEXT REASON FOR REJECTING SUPER**  
245 **POOLING?**

246 **A.** Mr. Mudra next claims that the Commission should reject super pooling because  
247 it was implemented in the last rate case as applying only to storage. (Nicor Gas  
248 Ex. 29.0, lines 728-732.) While I agree that the Commission did adopt super  
249 pooling for storage in the last rate case, that fact is irrelevant to whether super  
250 pooling should now be implemented for Critical Days.

251

252           Once the 2004 Rate Case concluded, and super pooling for November storage  
253 injection target compliance was implemented, the similarity and value of super  
254 pooling on Critical Days became apparent. That is why at the first available  
255 opportunity -- this rate case -- CNE-Gas has proposed expanding the benefits of  
256 super pooling to include Critical Days. In the prior rate case there was no thought  
257 to, let alone testimony offered, regarding the application of super pooling to  
258 Critical Days. However, just because it was not an issue during that proceeding  
259 does not mean the same logic and value doesn't apply for super pooling on  
260 Critical Days. This is especially so in light of the positive impact super pooling  
261 has had relative to storage injection target compliance.

262

263 **Q.   HOW DOES THIS RELATE TO THE MOST RECENT PEOPLES AND**  
264 **NORTH SHORE RATE CASES? (NICOR GAS EX. 29.0, LINES 732-733.)**

265 A.   In the Peoples and North Shore rate cases, the Commission approved super  
266 pooling for storage but declined to require super pooling on Critical Days.  
267 However, the storage-related super pooling for Peoples and North Shore is not the  
268 same as the Nicor super pooling program. The key difference is that Peoples and  
269 North Shore super pooling is more inclusive than is Nicor's, as it includes stand-  
270 alone accounts in the marketer's super pool, while Nicor does not. By including  
271 stand-alone accounts, the Peoples and North Shore tariffs permit additional  
272 opportunity for storage injection target compliance. As it did with the 2004 Nicor  
273 Rate Case, the Commission authorized super pooling; but with this extension of

274 super pooling to include stand-alone accounts, the Commission determined it was  
275 not appropriate to also extend super pooling to Critical Days at this time. The  
276 Commission concluded “[w]ith inclusion of stand-alone customers, we cannot  
277 agree with CNEG that super-pooling should be utilized for assessing compliance  
278 with applicable limitations on critical days or supply surplus days.” North Shore  
279 Gas Company and The Peoples Gas Light and Coke Company, Docket Nos. 07-  
280 0241 and 07-0242 (cons.), Order at 282 (Feb. 5, 2008.)

281

282 **Q. IS THERE ANYTHING ELSE THAT IS RELEVANT WHEN**  
283 **COMPARING THE NICOR AND PEOPLES/NORTH SHORE SUPER**  
284 **POOLING PROGRAMS?**

285 **A.** Yes, another important distinction is that the group size limit for Nicor is 150  
286 customers. For Peoples and North Shore the group size limit is 300 customers.  
287 (The Peoples Gas Light and Coke Company, ILL.C.C. NO. 28, First Revised  
288 Sheet No. 93.) The practical implication of this difference is that due to the larger  
289 group size, transportation customers are already allowed twice the pooling benefit  
290 with Peoples and North Shore than is allowed under Nicor tariffs. If Nicor would  
291 increase its group size limit, it would mitigate some of the need for super pooling  
292 on Critical Days. But as long as Nicor’s group size limit remains half of that of  
293 Peoples and North Shore, it is doubly important to allow super pooling on Critical  
294 Days in Nicor service territory.

295

296 Q. AMERENIP, AMERENCIPS AND AMERENCILCO RECENTLY  
297 CONCLUDED A RATE CASE. WHY DIDN'T CNE-GAS SEEK SUPER  
298 POOLING ON CRITICAL DAYS IN THAT PROCEEDING?

299 A. AmerenIP, AmerenCIPS and AmerenCILCO do not have group size limits. If  
300 you can pool together as many customers as desired, you in effect have a super  
301 pool and do not require a special tariff provision. If Nicor were to eliminate its  
302 group size limit, super pooling on Critical Days becomes unnecessary.

303

304 Q. NICOR'S THIRD REASON FOR NOT SUPPORTING SUPER POOLING  
305 ON CRITICAL DAYS IS PURPORTED BILLING SYSTEM  
306 CONSTRAINTS. (NICOR GAS EX. 29.0, LINES 733-738.) IS THIS A  
307 CONCERN?

308 A. Billing complexity and costs are legitimate concerns; however, Nicor has  
309 presented no evidence to support its claim that it is not feasible to implement this  
310 proposal or that it too costly to implement. As such, Nicor's arguments are  
311 unfounded and unsupported conjecture.

312

313 Regardless, all this proposal really requires is looking at the group imbalances at  
314 the end of a Critical Day. Any positive group imbalances are netted against  
315 negative group imbalances under common management and, in the end, penalties  
316 are applied only if in the aggregate the sum of the individual groups under  
317 common management consumed unauthorized gas. Since Nicor must already  
318 calculate the imbalance of each pool, the information is already available. For a

319 marketer with three pools, if one were in a position to incur a penalty for  
320 unauthorized use of gas, Nicor could simply add up the imbalance from the three  
321 pools (which has already been determined), and if the net imbalance is positive,  
322 forgo assessing any penalty. If the net imbalance is negative, Nicor could apply  
323 the net imbalance to the under delivered pool and apply the associated penalty.  
324 At the most simplistic level, this entire process could occur outside a billing  
325 system by simply allowing a marketer to offset any penalty imbalances with over  
326 deliveries among its other groups. This could be handled as a one-time credit  
327 when it occurs. Certainly from a transportation customer perspective it is  
328 preferable to handle this within Nicor's billing system; however, it may not be  
329 essential to handle it within the billing system in the same fashion as penalties are  
330 accounted for today. Thus, it may be possible to implement super pooling on  
331 Critical Days in a manner that is less overwhelming than Nicor suggests and  
332 results in minimal incremental costs.

333

334 **Q. MR. MUDRA'S FINAL OBJECTION TO PERMITTING SUPER**  
335 **POOLING ON CRITICAL DAYS IS THAT CRITICAL DAYS OCCUR SO**  
336 **SELDOM. (NICOR GAS EX. 29.0, LINES 739-744.) DO YOU HAVE ANY**  
337 **RESPONSE?**

338 **A.** Yes. The rarity of Critical Days suggests that my earlier idea regarding  
339 implementation through a billing system work-around has merit. The infrequency  
340 of Critical Days may make it practical to manually handle super pooling on  
341 Critical Days rather than implement a comprehensive billing system overhaul in

342 order to accommodate the change. In addition, the need to actually apply super  
343 pooling would only occur when a marketer has multiple pools and one or more of  
344 them has a negative imbalance.

345

346 **Q. SINCE CRITICAL DAYS ARE RARE, DOESN'T THAT DECREASE THE**  
347 **NEED FOR SUPER POOLING ON THEM?**

348 **A.** No, since it is not the frequency of the event that drives the need for super pooling  
349 on Critical Days. Rather, it is the intensity of the event and the severity of the  
350 penalties associated with it. If, in the aggregate, a marketer has delivered enough  
351 gas to serve all of its pools under common management, the marketer has not  
352 under delivered to deserve a penalty. Even though the aggregate delivery  
353 satisfied the needs of all the pools under common management, it is only when  
354 you isolate its individual pools that under delivery may have occurred and penalty  
355 charges apply. Thus, super pooling is both reasonable and, more importantly,  
356 equitable.

357

358

359

360

**IV.**  
**SUMMARY OF RECOMMENDATIONS**

361 **Q. PLEASE SUMMARIZE YOUR RECOMMENDATIONS?**

362 **A.** Consistent with my Direct Testimony, CNE-Gas respectfully requests that:  
363 1. The Commission require Nicor to implement all four of the NAESB intraday  
364 nominations cycles for transportation customers; and  
365 2. The Commission require Nicor to implement super pooling on critical days.

366

367 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

368 **A. Yes.**

**Response to Nicor Gas  
First Set of Data Requests to Constellation NewEnergy – Gas Division LLC  
Docket No. 08-0363**

CNE-Gas Person Responsible: Lisa A. Rozumialski  
Title: Manager, Gas Operations  
Business Address: N21 W23340 Ridgeview Parkway  
Suite B  
Waukesha, WI 53188

**NRC-CNE 1.12**

Provide all bases for the claim that Nicor Gas uses intraday nominations for its “bundled system customers” as stated on page 13, line 271 of the pre-filed testimony of Lisa A. Rozumialski, CNE-Gas Exhibit 2.0. Please explain whether the witness contends that CNE-Gas Exhibit 2.2 (Nicor Gas’ response to CNE Data Request No. 2.38) supports the claim that “Nicor Gas has admitted using intraday nominations for its bundled system customers,” and explain all bases for this contention, including an explanation of how Ms. Rozumialski defined “bundled system customers.”

**Response**

Without waiver of and subject to the General Objections above, CNE-Gas responds as follows:

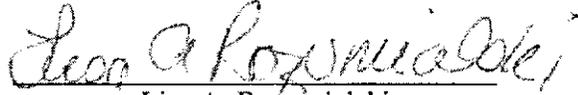
Nicor’s response to CNE-Gas Data Request 2.38 (CNE-Gas Ex. 2.2) makes clear that “as system operator Nicor Gas utilizes the intra-day nomination cycles.” There are two primary types of customers on the Nicor system: System Customers and Transportation Customers. Transportation Customers purchase distribution service from Nicor but secure their commodity from a source other than Nicor. When using the phrase “bundled system customers,” Ms. Rozumialski is referring to those customers within the Nicor footprint that purchase both the natural gas commodity and the underlying delivery services from Nicor. As Nicor’s response confirms, Nicor utilizes the intraday nominations cycles; however, since Nicor does not permit Transportation Customers to make intraday nominations, when intraday nominations are made by Nicor they are not made on behalf of Transportation Customers, nor do the benefits of those intraday nominations accrue to Transportation Customers. Consequently, the benefits of those intraday nominations accrue to either Nicor itself or its Bundled System Customers.

In fact, by prohibiting Transportation Customers from making intraday nominations – while allowing for additional intraday nominations for Nicor’s Bundled Service Customers – Nicor prohibits the Transportation Customers from sharing in the benefit of that change and retains all of the benefits of the intraday nominations for itself. Perhaps this can be seen through an example. If it was anticipated that Transportation Customers would consume 500 units, the Transportation Customer would make a next-day nomination of 500 units. In addition, assume Nicor estimated that its Bundled System Customers will consume 700 units. Thus, in total the anticipated system requirements are 1,200 units. However, following submission of the Timely nomination (after 11:30 AM on the day prior to use), one of the Transportations Customer’s systems goes down and its operations for the next day are reduced such that Transportation Customers will now only require 300 units, lowering the system overall usage to 1,000 units.

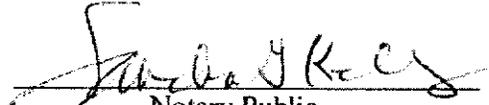
Because the Transportation Customer is precluded from making the intraday nomination, it is unable to modify its amount. However, Nicor is able to observe that actual usage is far below nominated usage, and makes an intraday nomination change to reflect the revised anticipated 1,000 units of consumption. In this example, Transportation Customers are held to their original nomination, and will suffer an imbalance of 200 units and Nicor will charge accordingly for this imbalance. Yet, as Nicor made an intraday nomination to account for the revised usage, its overall system would experience little imbalance or cost associated with the imbalance. In effect, Nicor's preclusion from allowing intraday nominations for Transportation Customers will result in Nicor receiving the benefit of the Transportation Customers' imbalance charges and the net 200 units of commodity.

VERIFICATION BY CERTIFICATION

Under penalties as provided by law, Lisa A. Rozumialski, Manager of Gas Operations for Constellation NewEnergy – Gas Division, LLC, deposes and states that she has personal knowledge of all the facts contained in the foregoing *Rebuttal Testimony of Lisa A. Rozumialski*, and that the testimony is true and correct to the best of her knowledge.

  
Lisa A. Rozumialski

Subscribed and Sworn to before me  
this 20<sup>th</sup> day of October, 2008

  
Notary Public

My commission expires: August 5, 2009

Sandra G. Kelly, Notary Public  
State at Large  
Kentucky  
My Commission Expires August 5, 2009