

Docket Nos. 09-0166/09-0167
Consolidated
ICC Staff Exhibit 27.0

REBUTTAL TESTIMONY
OF
BRETT SEAGLE
ENGINEERING DEPARTMENT
ENERGY DIVISION
ILLINOIS COMMERCE COMMISSION

PROPOSED GENERAL INCREASE IN RATES

NORTH SHORE GAS COMPANY

PEOPLES GAS LIGHT AND COKE COMPANY

DOCKET NOS. 09-0166 and 09-0167 (Consolidated)

AUGUST 4, 2009

1 Q. Please state your name and business address.

2 A. My name is Brett Seagle and my business address is Illinois Commerce
3 Commission, 527 East Capitol Avenue, Springfield, Illinois 62701.

4 Q. Are you the same Brett Seagle that previously provided testimony in this
5 proceeding?

6 A. Yes. I previously presented direct testimony in this proceeding, ICC Staff Exhibit
7 13.0.

8 Q. What is the purpose of your rebuttal testimony?

9 A. My rebuttal testimony responds to the rebuttal testimony of The Peoples Gas
10 Light and Coke Company ("Peoples Gas") and North Shore Gas Company
11 ("North Shore") (individually, the "Company" and collectively, the "Companies")
12 witnesses Christine Gregor, Thomas Puracchio, and John Hengtgen. I also
13 respond to the direct testimony of David J. Efron that was presented on behalf
14 of the People of the State of Illinois ("AG"), the Citizens Utility Board ("CUB"),
15 and the City of Chicago ("City") (collectively, "AG-CUB-City").

16 Q. What recommendations did you make in your direct testimony?

17 A. I recommended that the Commission reduce People Gas' requested additions to
18 its recoverable cushion gas year-end balance by \$275,663 and \$255,935 for the
19 years 2009 and 2010, respectively. Furthermore, I recommended that the

20 Commission reduce Peoples Gas' requested additions to its non-recoverable
21 cushion gas year-end balance by \$5,237,605 and \$5,305,185 for the years 2009
22 and 2010, respectively. Next, I determined that Peoples Gas failed to
23 adequately support its requested replacement of its gas gathering system at the
24 Manlove storage field. This adjustment resulted in a reduction to the year-end
25 balances for gathering system additions of \$750,000 in 2009 and \$10,800,000 in
26 2010. Finally, I recommended that the Commission reduce People Gas'
27 requested operations and maintenance ("O&M") expense for transportation fuel
28 by \$1,875,721 and North Shore's requested O&M expense for transportation fuel
29 by \$411,497.

30 Q. Did the Companies address your recommendations in their rebuttal testimony?

31 A. Yes. Companies' witness Christine Gregor in her rebuttal testimony (NS-PGL
32 Ex. CMG-2.0) addressed O&M expenses for transportation fuels. Companies'
33 witness Thomas Puracchio in his rebuttal testimony (NS-PGL Ex. TLP-2.0)
34 addressed the Gas Gathering System Replacement project. Finally, Companies'
35 witness John Hengtgen in his rebuttal testimony (NS-PGL Ex. JH-2.0) addressed
36 Peoples Gas' requested additions to both its recoverable and non-recoverable
37 cushion gas.

38 Q. Did the Companies' witnesses' testimony cause you to alter any of the
39 recommendations you made in your direct testimony?

40 A. Yes, in part. I agree with the calculation that Ms. Gregor provided in her rebuttal
41 testimony related to the O&M expenses associated with the Companies'
42 transportation fuel expense. This issue is resolved.

43 I also now recommend the Commission allow Peoples Gas to include a portion
44 of the Gas Gathering System Replacement project, namely Phase 1, in its base
45 rates. However, I still dispute Peoples Gas' request to include Phase 2 costs
46 into its rates.

47 Lastly, I continue to support my original adjustments associated with Peoples
48 Gas' requested additions to both its recoverable and non-recoverable cushion
49 gas.

50 I discuss these issues in more detail later in my testimony.

51 Q. What issues did AG-CUB-City witness Efron raise in his direct testimony that
52 you are now addressing in your rebuttal testimony?

53 A. I am addressing Mr. Efron's testimony regarding the Companies' gas in storage
54 costs, the Companies' company-use gas levels, and North Shore's franchise gas
55 costs.

56 Q. Please summarize your current recommendations.

57 A. I recommend the Commission adopt Ms. Gregor's rebuttal testimony calculation
58 for the Companies' transportation fuel expense amounts.

59 I recommend that the Commission allow Peoples Gas to include the Phase 1
60 costs associated with the Gathering System project into its base rates, but not
61 allow any of the Phase 2 costs of this project into base rates. This
62 recommendation results in an adjustment to year-end balance of \$5,700,000 for
63 2010.

64 Subject to the modification discussed below, I continue to support my original
65 recommendations regarding Peoples Gas' requested additions to its recoverable
66 and non-recoverable cushion gas at its Manlove storage field. Peoples Gas, in
67 its rebuttal testimony, updated its requested additions for both recoverable and
68 non-recoverable cushion gas year-end balances. Therefore, I have revised my
69 calculation of Peoples Gas' requested additions to include Peoples Gas' updated
70 costs. These revised recommendations result in reductions to Peoples Gas'
71 requested additions to its recoverable cushion gas year-end balances set forth in
72 its rebuttal testimony by \$1,385 and \$34,567 for the years 2009 and 2010,
73 respectively, and reductions to Peoples Gas' requested additions to its non-
74 recoverable cushion gas year-end balance set forth in its rebuttal testimony by
75 \$26,291 and \$656,727 for the years 2009 and 2010, respectively.

76 I also recommend that the Commission accept the Companies' reasoning for
77 disputing Mr. Efron's proposed adjustments to the Companies' company-use
78 gas and gas in storage amounts as well as North Shore's franchise gas costs,
79 except for the use of the Companies' proposed gas costs. Instead, I recommend

80 the Companies base their calculations for those items on the natural gas prices
81 recommended by Staff witness David Rearden in his rebuttal testimony (ICC
82 Staff Ex. 29.0). The use of Dr. Rearden's recommended gas prices results in a
83 reduction of \$221,704 for Peoples Gas' company-use gas request and \$662,727
84 for its gas in storage request. For North Shore the use of these gas prices
85 results in a reduction of \$3,093 for its company-use gas request, \$218,855 for its
86 gas in storage request, and \$92,344 for its franchise gas request.

87 Q. Do you have any schedules attached to your rebuttal testimony?

88 A. Yes. I have the following schedules.

89	Schedule 27.1P	Peoples Gas Recoverable Cushion Gas Adjustment
90	Schedule 27.2P	Peoples Gas Non-Recoverable Cushion Gas Adjustment
91	Schedule 27.3P	Gas in Storage Adjustment
92	Schedule 27.3N	Gas in Storage Adjustment
93	Schedule 27.4P	Company Use Gas Adjustment
94	Schedule 27.4N	Company Use Gas Adjustment
95	Schedule 27.5N	Franchise Gas Adjustment

96 Q. Please explain the P and N suffixes that appear with your schedule numbers.

97 A. These suffixes indicate the Company to which a particular schedule applies.
98 The P suffix identifies a schedule that applies to Peoples Gas, and the N suffix
99 identifies a schedule that applies to North Shore.

100 **Gas Gathering System Projects**

101 Q. What was your recommendation in your direct testimony regarding Peoples Gas'
102 Gas Gathering System Replacement project for its Manlove storage field?

103 A. I recommended that the Commission remove Peoples Gas' projected end of
104 year balance increases of \$750,000 in 2009 and \$10,800,000 in 2010 associated
105 with this project. I also recommended that Peoples Gas, in its rebuttal testimony,
106 provide an update on the status of the project. My direct testimony requested
107 that Peoples Gas' project update include the most recent estimate for the overall
108 cost of the project, test year project costs, its current timeline, the status of
109 receiving any board approvals for cost expenditures, documentation necessary
110 for it to demonstrate the prudence of its decision as well as any studies showing
111 or demonstrating a benefit or need for the project.

112 Q. What was Peoples Gas' response to your recommendation?

113 A. Mr. Puracchio provided rebuttal testimony to dispute my recommendation.
114 Mr. Puracchio indicated Peoples Gas' Gas Gathering System Project which I
115 disputed in my direct testimony is actually two separate projects; a Gathering
116 System Pigging project and a Gathering System Replacement project. I address
117 these two projects individually below.

118 Q. Did Peoples Gas' rebuttal testimony alter any of its projected costs associated
119 with these projects?

120 A. Yes. Peoples Gas adjusted its projected cost for the Gas Gathering System
121 Replacement project from its original position. Peoples Gas' has updated the
122 cost for the project year-end balances to \$1,500,000 in 2009 and \$5,700,000 in
123 2010 from its original request of \$0 in 2009 and \$10,800,000 in 2010.

124 Further, Peoples Gas also adjusted its projected cost for the Gathering System
125 Pigging project from its original position. Peoples Gas updated cost for the
126 project now result in a year-end balance of \$500,000 in 2009 from its original
127 request of \$750,000 in 2009.

128 **Gathering System Pigging Project**

129 Q. What does the term "pigging" mean in the natural gas industry?

130 A. "Pigging" is a process that uses a pipeline inspection gauge ("pig") to clean the
131 internal surface of a pipeline, remove debris inside the pipeline (including water),
132 or inspect the pipeline. A "pig" is sized to match the internal diameter of the
133 pipeline. The surface of the pig may have brushes or may be smooth depending
134 on the application. A utility uses a device called a pig launcher to insert the pig
135 into the pipeline and a pig receiver to trap the pig and remove it from the
136 pipeline.

137 Q. What is your understanding of the Gathering System Pigging project described
138 by Company witness Puracchio?

139 A. My understanding of the project entails the relocation of an existing pig receiver
140 and the modification to an existing water handling facility to capture water
141 removed from pigging operations. Witness Puracchio describes some of the
142 expected benefits of this project in his rebuttal testimony, NS-PGL Ex. TLP-2.0,
143 page 3, as follows:

144 Being able to dewater this section of the gathering system during
145 the course of normal operations will lessen the possibility of gas
146 hydrates forming in the pipeline, will lessen the chance of the gas
147 dehydration equipment immediately downstream of the slag
148 catcher being overwhelmed with water, and will make the pipeline
149 section less susceptible to corrosion.

150 Q. Has Peoples Gas provided any documentation to support Mr. Puracchio's
151 request to include the costs associated with the Gathering System Pigging
152 project within its base rates?

153 A. No.

154 Q. Have you asked the Peoples Gas to provide supporting documentation such as
155 an engineering study or a cost benefit analysis in support of this project?

156 A. Yes. My data request ENG 6.1 requests documentation, engineering studies,
157 RFP's, and/or cost benefit analysis showing or supporting the contention that the

158 Gathering System Pigging project was both prudently incurred and used and
159 useful in providing service to public utility customers.

160 This data request also asked if Peoples Gas had acquired approval for this
161 project from the CEO of Integrys Energy Group. However, at the time of the
162 finalization of my rebuttal testimony, Peoples Gas had not yet responded to this
163 data request.

164 Q. Why are an engineering study and a cost benefit analysis important for Staff to
165 determine if a project is prudent and used and useful?

166 A. In order for Staff to make an informed objective decision on Peoples Gas'
167 request and to make prudence and used and useful determinations, Peoples
168 Gas must demonstrate how it reached a decision as well as display a benefit or
169 need for the project. Aside from unsubstantiated claims made by Mr. Puracchio
170 in his rebuttal testimony, Peoples Gas has not provided me with any
171 documentation on how the pigging project is needed or will benefit its ratepayers.

172 Q. Why is the approval for this project from the CEO of Integrys Energy Group
173 important?

174 A. When CEO approval is required for a large project, utility personnel must
175 demonstrate to the CEO and potentially the utility board itself the need for that
176 particular expenditure. The CEO approval then signifies an actual intent by the

177 utility to proceed with the project. However, if a utility project does not have CEO
178 approval, it raises a concern that either the project is not necessary or that the
179 project is being delayed.

180 Q. What conclusions have you reached regarding Peoples Gas' request for the
181 Gathering System Pigging project?

182 A. I conclude that Peoples Gas failed to provide sufficient information to
183 demonstrate that the Gathering System Pigging project is prudent and used and
184 useful. Therefore, I am recommending the removal of all Peoples Gas'
185 requested costs associated with the Gathering System Pigging project. Pursuant
186 to the cost information provided by Mr. Puracchio's rebuttal testimony, I am
187 recommending the removal from Peoples Gas' year-end balance of \$500,000 in
188 2009 for this project.

189 Q. Could your recommendation change if Peoples Gas provides sufficient
190 supporting documentation that demonstrates the pigging project is prudent and
191 used and useful?

192 A. Yes.

193 **Gas Gathering System Replacement Project**

194 Q. What recommendation did you make your direct testimony regarding the Gas
195 Gathering System Replacement project?

196 A. I recommended that the Commission remove Peoples Gas' projected end of
197 year balance increases of \$10,800,000 in 2010 associated with this project. I
198 also recommended that Peoples Gas, in its rebuttal testimony, provide an update
199 on the status of the project.

200 Q. Has Peoples Gas revised the costs associated with the Gas Gathering System
201 Replacement project?

202 A. Yes. Peoples Gas has amended the costs of the project year-end balances to
203 \$1,500,000 in 2009 and \$5,700,000 in 2010. The 2009 expenditure represents
204 Phase 1 of the project, while the 2010 expenditure represents Phase 2 of the
205 project.

206 Q. Do you dispute both Phase 1 and Phase 2 of the project?

207 A. No. I am now in agreement with Peoples Gas regarding Phase 1 of the project.
208 Phase 1 represents the costs associated with the currently on-going engineering
209 study. However, I continue to recommend the Commission remove Peoples
210 Gas' projected costs for Phase 2 of the Gas Gathering System Replacement
211 project because the Company has not provided sufficient information to allow the
212 Commission to reach a determination that this project was prudent and used and
213 useful. Therefore, my current recommendation is for the Commission to remove
214 all of the Phase 2 costs associated with the project. This recommendation
215 results in a reduction to Peoples Gas' 2010 year-end balance of \$5,700,000.

216 Q. What did Companies witness Puracchio state in his rebuttal testimony NS-PGL
217 Ex. TLP-2.0 regarding the Gas Gathering System Replacement project?

218 A. Companies witness Thomas Puracchio in his rebuttal testimony, NS-PGL Ex.
219 TLP-2.0, provided some clarification of both Phase 1 and Phase 2 of the project.
220 Mr. Puracchio explains the timeline and the costs associated with Phase 1 in his
221 testimony. He also provides an explanation of Phase 2 of the project. In his
222 explanation of Phase 2, he admits that Peoples Gas will not know the full scope
223 of the project until the completion of the engineering study.

224 Mr. Puracchio also claims to have an approximate total cost and timeline for the
225 project. However, Mr. Puracchio admits that the timeline of the project is not yet
226 certain without the Phase 1 engineering study.

227 Q. Did Mr. Puracchio's rebuttal testimony provide sufficient information regarding
228 Phase 2 of the Gas Gathering System Replacement project to allow you to reach
229 a determination that this project was prudent and used and useful?

230 A. No. Mr. Puracchio in his rebuttal testimony NS-PGL Ex. TLP-2.0, lines 122-126
231 explains the timeline for the project is not certain without the engineering study.
232 He also explains that Peoples Gas cannot know the complete extent of the
233 scope of Phase 2 until the completion of Phase 1.

234 Mr. Puracchio then makes an unsubstantiated claim that Peoples Gas will make
235 a planned test year expenditure associated with this project of \$5,700,000 and
236 provides an estimate for the full cost of this project. However, he also admits
237 that the full cost of the project depends on the outcome of Phase 1 of the project.

238 Q. What do you recommend regarding the Gas Gathering System Replacement
239 project?

240 A. I am amending my recommendation to the Commission to allow Peoples Gas to
241 recover the costs associated with the engineering study (Phase 1) associated
242 with the project. However, I continue to recommend the removal of the costs
243 associated with Phase 2 of this project. Therefore, I am recommending the
244 removal from the year-end balance of \$5,700,000 in 2010 for Phase 2 of this
245 project.

246 **Recoverable and Non-Recoverable Cushion Gas**

247 Q. What recommendation did you make in your direct testimony regarding Peoples
248 Gas' requested additions to its recoverable and non-recoverable cushion gas
249 year-end balances?

250 A. I recommended that the Commission reduce Peoples Gas' requested additions to
251 its recoverable cushion gas year-end balance by \$275,663 and \$255,935 for the
252 years 2009 and 2010, respectively. Furthermore, I recommended that the

253 Commission reduce Peoples Gas' requested additions to its non-recoverable
254 cushion gas year-end balance by \$5,237,605 and \$5,305,185 for the years 2009
255 and 2010, respectively.

256 Q. Did Peoples Gas update its requested additions to its cushion gas year-end
257 balances in its rebuttal testimony?

258 A. Yes. Company witness John Hengtgen in his rebuttal testimony (NS-PGL JH-
259 2.3P p. 3) updated Peoples Gas' requested additions to recoverable cushion gas
260 year-end balance to \$363,571 and \$405,817 in 2009 and 2010, respectively.
261 Further, Mr. Hengtgen in his rebuttal testimony (NS-PGL JH-2.3P p. 2) updated
262 Peoples Gas' requested additions to non-recoverable cushion gas year-end
263 balance to \$6,907,817 and \$7,710,486 in 2009 and 2010, respectively.

264 Q. Do you agree with the updated requested additions proposed by Mr. Hengtgen?

265 A. No, I do not. I continue to recommend the use of my original gas costs utilized in
266 my direct testimony in the calculation of additions to recoverable and non-
267 recoverable cushion gas year end-balances.

268 Q. Why do you continue to recommend gas costs utilized in your direct testimony?

269 A. Staff witness Dr. Rearden in his rebuttal testimony advocates the use of gas
270 prices based on February 2009 future market prices. These were the same gas
271 prices that I applied to Peoples Gas' requested additions to its recoverable and

272 non-recoverable cushion gas in my direct testimony.

273 Q. What are your current recommendations for Peoples Gas' recoverable and non-
274 recoverable cushion gas costs?

275 A. I recommend the Commission require Peoples Gas apply the gas prices
276 provided by Staff witness Dr. Rearden in his rebuttal testimony, ICC Staff Ex.
277 29.0, in its calculation of recoverable and non-recoverable cushion gas costs. I
278 determined that use of Dr. Rearden's gas prices results in a reduction in Peoples
279 Gas' requested additions to its recoverable cushion gas year-end balances by
280 \$1,385 and \$34,567 in 2009 and 2010, respectively, as shown in ICC Staff Ex.
281 27.0, Schedule 27.1P. Lastly, I determined that use of Dr. Rearden's gas prices
282 result in a reduction in Peoples Gas' requested additions to its non-recoverable
283 cushion gas year-end balances by \$26,291 and \$656,727 in 2009 and 2010,
284 respectively, as shown in ICC Staff Ex. 27.0, Schedule 27.2P.

285 **Gas in Storage**

286 Q. What is your understanding of the adjustment made by Mr. Efron in his direct
287 testimony for gas in storage?

288 A. AG-CUB-City witness Mr. Efron stated that the Companies should use updated
289 forecasts for gas prices in the valuation of their calculation for gas in storage
290 inventories. He also calculates new total costs of the gas in storage using

291 updated forecasts for gas prices in his 09-0166c AG CUB CITY Ex. 1.1,
292 Schedule B-1 (North Shore) and AG CUB CITY Ex. 1.2, Schedule B-1 (Peoples
293 Gas).

294 Q. Does Companies' witness Mr. Hengtgen address Mr. Effron's adjustment in his
295 rebuttal testimony?

296 A. Yes. Mr. Hengtgen in his rebuttal testimony explains that Mr. Effron's
297 calculations use incorrect volume data from responses to data requests AG 3.10
298 and AG 3.57. Mr. Hengtgen then explains that he obtained the correct volume
299 data from Companies' responses to data requests AG 6.02 and AG 6.09.
300 Mr. Hengtgen's correction of Mr. Effron's calculation results in a slightly larger
301 reduction of costs associated with gas in storage then recommended by
302 Mr. Effron.

303 Q. Do you agree with Companies' witness Mr. Hengtgen's correction of the gas
304 storage volume data used by AG-CUB-City witness Mr. Effron in his calculation
305 of gas in storage costs?

306 A. Yes.

307 Q. Did Mr. Hengtgen make any other corrections to Mr. Effron's calculation?

308 A. Yes. Mr. Hengtgen used updated gas prices in his calculation.

309 Q. Do you agree with Mr. Hengtgen's use of updated gas prices for this calculation?

310 A. Partially, yes. I agree gas price updates from the Companies' original calculation
311 are necessary. However, I do not agree with the forecasted gas prices that
312 Mr. Hengtgen used in his rebuttal testimony to calculate gas in storage costs.

313 Q. What is your recommendation regarding the calculation of requested levels of
314 gas in storage for the test year prepared by Mr. Hengtgen?

315 A. I recommend the Commission require the Companies to use the price of natural
316 gas that Staff witness Dr. Rearden proposes in his rebuttal testimony. I also
317 recommend that the volumes used in the calculation of costs for gas in storage
318 be obtained from AG 6.02 and AG 6.09. Using these assumptions, I calculated
319 that Peoples Gas should reduce its requested gas in storage costs by \$662,727
320 as shown in ICC Staff Ex. 27.0, Schedule 27.3P and that North Shore should
321 reduce its requested gas in storage cost by \$218,855 as shown in ICC Staff Ex.
322 27.0, Schedule 27.3N.

323 **Company Use Gas**

324 Q. What is your understanding of Mr. Efron's adjustment to the Companies'
325 company-use gas levels?

326 A. I understand Mr. Efron in his direct testimony revised the Companies' company-
327 use gas levels by revising the price forecast used by the Companies' in their
328 direct testimony. Mr. Efron utilizes data provided in response to Staff data

329 request DLH 7.06 for his valuation of company-use gas.

330 Q. Did the Companies respond to Mr. Efron's recommendation?

331 A. Yes. Companies' witness Ms. Gregor's rebuttal testimony address Mr. Efron's
332 recommended adjustments to company-use gas.

333 Q. What did Ms. Gregor indicate regarding these adjustments?

334 A. Ms. Gregor disputed the gas costs used in Mr. Efron's recommendation.
335 Ms. Gregor also provided NS-PGL Exs. CMG-2.6N and CMG-2.6P that were
336 updates to Mr. Efron's adjustments to company-use gas costs.

337 Q. Do you agree with Companies' witness Ms. Gregor regarding her rebuttal
338 position for company-use gas levels?

339 A. No. Staff witness Dr. Rearden provides explanation in his rebuttal testimony,
340 ICC Staff Ex. 29.0, of the prices the Companies should use in their requests.

341 Q. What is your recommendation regarding the Companies' forecasted company-
342 use gas costs request?

343 A. I recommend the Commission require the Companies to use the gas price data
344 advocated by Staff witness Dr. Rearden in ICC Staff Ex. 29.0 in the Companies'
345 calculation of company-use gas costs. Using Dr. Rearden's gas prices, I
346 determined that the Commission should direct Peoples Gas to reduce its

347 company-use gas costs by \$221,704 as shown in ICC Staff Ex. 27.0, Schedule
348 27.4P. I also determined that the Commission should direct North Shore to
349 reduce its company-use gas costs by \$3,093 as shown in ICC Staff Ex. 27.0,
350 Schedule 27.4N.

351 **North Shore Franchise Gas**

352 Q. What did Mr. Efron indicate regarding North Shore's franchise gas level?

353 A. Mr. Efron indicates his adjustment to franchise gas is based upon on North
354 Shore's response to Staff data request ENG 3.04. He states his adjustment is
355 due to a reforecast of gas prices shown in the response.

356 Q. Did the Companies respond to Mr. Efron's recommendation?

357 A. Yes. Ms. Gregor's rebuttal testimony NS-PGL Ex. CMG-2.0, addresses this
358 adjustment.

359 Q. What did Ms. Gregor indicate regarding this adjustment?

360 A. Ms. Gregor indicated that while she agrees North Shore should use updated
361 gas prices, the prices used by Mr. Efron do not reflect current market conditions.
362 Ms. Gregor then provided NS-PGL Ex. CMG-2.5N, which updates North Shore's
363 franchise gas request.

364 Q. Do you agree with Company witness Ms. Gregor regarding her rebuttal position

365 for franchise gas levels?

366 A. Partially, I agree with all of Ms. Gregor's corrections, except for the price of
367 natural gas used in the calculation. Instead of the price that Ms. Gregor's
368 calculations used, I recommend that North Shore use the gas prices advocated
369 by Staff witness Dr. Rearden in his rebuttal testimony, ICC Staff Ex. 29.0, to
370 calculate North Shore's franchise gas levels.

371 Q. What is your recommendation for North Shore's forecasted franchise gas costs?

372 A. I recommend the Commission require North Shore apply the gas price provided
373 by Staff witness Dr. Rearden in his rebuttal testimony, ICC Staff Ex. 29.0, in its
374 calculation of franchise gas costs. I determined the use of Dr. Rearden's gas
375 prices results in a reduction in North Shore's franchise gas costs by \$92,344 as
376 shown in ICC Staff Ex. 27.0, Schedule 27.5N.

377 Q. Does this conclude your rebuttal testimony?

378 A. Yes, it does.

Peoples Gas Recoverable Cushion Gas Adjustment

1	2010 Company Rebuttal Year-Ending Balance	\$405,817
2	2010 Staff Direct Year-Ending Balance	\$371,250
3	2010 Rebuttal Adjustment	\$34,567
4	2009 Company Rebuttal Year-Ending Balance	\$363,571
5	2009 Staff Direct Year-Ending Balance	\$362,186
6	2009 Rebuttal Adjustment	\$1,385

Line 1 - Source - NS-PGL JH-2.3P p. 3

Line 2 -Source - Staff Ex. 13.0, Schedule 13.1P

Line 3 = Line 1 - Line 2

Line 3 - Source - NS-PGL JH-2.3P p. 3

Line 2 -Source - Staff Ex. 13.0, Schedule 13.1P

Line 6 = Line 4 - Line 5

Peoples Gas Non-Recoverable Cushion Gas Adjustment

1	2010 Company Rebuttal Year-Ending Balance	\$7,710,486
2	2010 Staff Direct Year-Ending Balance	\$7,053,759
3	2010 Rebuttal Adjustment	\$656,727
4	2009 Company Rebuttal Year-Ending Balance	\$6,907,817
5	2009 Staff Direct Year-Ending Balance	\$6,881,526
6	2009 Rebuttal Adjustment	\$26,291

Line 1 - Source - NS-PGL JH-2.3P p. 2

Line 2 -Source - Staff Ex. 13.0, Schedule 13.2P

Line 3 = Line 1 - Line 2

Line 3 - Source - NS-PGL JH-2.3P p. 2

Line 2 -Source - Staff Ex. 13.0, Schedule 13.2P

Line 6 = Line 4 - Line 5

Gas in Storage Adjustment

North Shore

	Company Rebuttal Values ⁽¹⁾	Staff Rebuttal Values ⁽²⁾
December	\$7,970,528	\$7,970,528
January	\$6,120,157	\$6,120,157
February	\$3,336,135	\$3,336,135
March	\$1,128,969	\$1,128,969
April	\$1,128,969	\$1,128,969
May	\$1,382,431	\$1,382,431
June	\$3,218,764	\$3,218,764
July	\$5,016,329	\$5,016,329
August	\$6,894,305	\$6,894,305
September	\$12,304,462	\$11,966,494
October	\$22,503,245	\$21,369,960
November	\$25,588,215	\$24,214,359
December	\$7,970,528	\$7,970,528
Total	<u><u>\$104,563,036</u></u>	<u><u>\$101,717,927</u></u>
13-Month Average	<u><u>\$8,043,310</u></u>	<u><u>\$7,824,456</u></u>
Adjustment⁽³⁾		\$218,855

(1) - Source - NS-PGL Ex. JH-2.5N

(2) - Source - ICC Staff Ex. 27.0, Schedule 27.3N WP-2

(3) = 8,043,310 - 7,824,456

Gas in Storage Adjustment

Peoples Gas

	Company Rebuttal Values ⁽¹⁾	Staff Rebuttal Values ⁽²⁾
December	\$89,097,022	\$89,097,022
January	\$37,251,801	\$37,251,801
February	\$21,395,028	\$21,395,028
March	\$13,482,016	\$13,482,016
April	\$13,482,016	\$13,482,016
May	\$16,726,854	\$16,726,854
June	\$24,626,020	\$24,626,020
July	\$32,824,978	\$32,824,978
August	\$46,105,711	\$46,105,711
September	\$74,440,748	\$74,440,748
October	\$117,070,345	\$114,687,759
November	\$162,275,540	\$156,042,669
December	\$89,097,022	\$89,097,022
Total	\$737,875,101	\$729,259,644
13-Month Average	\$56,759,623	\$56,096,896
Adjustment ⁽³⁾	\$662,727	

(1) - Source - NS-PGL Ex. JH-2.5P

(2) - Source - ICC Staff Ex. 27.0, Schedule 27.3P WP-1

(3) = 56,759,623 - 56,096,896

Company-Use Gas Adjustment

North Shore

	Company Rebuttal Ending Volumes (Dth) ⁽¹⁾	Company Rebuttal \$/Dth ⁽¹⁾	Company Rebuttal Costs ⁽²⁾	Staff Rebuttal \$/Dth ⁽³⁾	Staff Rebuttal Costs ⁽⁴⁾
Jan. 2010	1900	\$5.84	\$11,102	\$5.78	\$10,988
February	1900	\$6.06	\$11,522	\$5.96	\$11,323
March	1900	\$6.07	\$11,534	\$5.97	\$11,349
April	1900	\$5.93	\$11,266	\$5.82	\$11,066
May	1900	\$5.89	\$11,188	\$5.77	\$10,969
June	1900	\$5.93	\$11,258	\$5.80	\$11,020
July	1900	\$6.01	\$11,416	\$5.88	\$11,167
August	1900	\$6.10	\$11,582	\$5.96	\$11,322
September	1900	\$6.16	\$11,699	\$6.01	\$11,427
October	1900	\$6.24	\$11,847	\$6.09	\$11,576
November	1900	\$6.53	\$12,403	\$6.31	\$11,995
December	1900	\$6.88	\$13,066	\$6.62	\$12,586
Total			\$139,882		\$136,788
Adjustment ⁽⁵⁾				\$3,093	

(1)-Source-NS/PGL CMG-2.6N WP-6

(2) = (Company Rebuttal Ending Volumes) * (Company Rebuttal \$/Dth)

(3)-Source-ICC Staff Ex. 27.4N WP-4

(4) = (Company Rebuttal Ending Volumes) * (Staff Rebuttal \$/Dth)

(5) = 139,882 - 136,788

Company-Use Gas Adjustment

Peoples Gas

	Company Rebuttal Ending Volumes ⁽¹⁾	Company Rebuttal \$/Dth ⁽¹⁾	Company Rebuttal Costs (2)	Staff Rebuttal \$/Dth ⁽³⁾	Staff Rebuttal Costs ⁽⁴⁾
Jan. 2010	66,855	\$7.24	\$484,142	\$6.90	\$461,580
February	52,202	\$7.03	\$367,138	\$6.64	\$346,739
March	76,816	\$6.76	\$519,620	\$6.44	\$494,406
April	82,186	\$6.57	\$539,869	\$6.20	\$509,309
May	73,528	\$6.46	\$474,825	\$6.07	\$446,019
June	68,185	\$6.41	\$436,741	\$6.03	\$410,821
July	77,100	\$6.39	\$492,708	\$6.05	\$466,429
August	44,786	\$6.39	\$286,338	\$6.10	\$273,158
September	61,127	\$6.40	\$391,286	\$6.14	\$375,493
October	50,149	\$6.42	\$321,848	\$6.21	\$311,361
November	52,661	\$6.49	\$341,879	\$6.38	\$336,239
December	53,891	\$6.59	\$355,119	\$6.65	\$358,254
Total			\$5,021,335		\$4,799,631
Adjustment ^{(5) (6)}				\$221,704	

(1)-Source-NS/PGL CMG-2.6P WP-7

(2) = (Company Rebuttal Ending Volumes) * (Company Rebuttal \$/Dth)

(3)-Source-ICC Staff Ex. 27.4P WP-3

(4) = (Company Rebuttal Ending Volumes) * (Staff Rebuttal \$/Dth)

(5) = 5,021,335 - 4,799,631

(6) - Breakdown of Account Totals by Type:

Storage	\$179,564
Transmission	\$23,788
Distribution	\$18,352

Franchise Gas Adjustment

North Shore

	Forecast 2010 Volumes (Dth) ⁽¹⁾	Company Rebuttal 2010 Values ⁽²⁾	Staff Rebuttal 2010 Values ⁽³⁾
January	31,578	\$206,520.12	\$190,415
February	26,133	\$170,909.82	\$157,582
March	21,661	\$141,662.94	\$130,616
April	14,414	\$94,267.56	\$86,916
May	8,658	\$56,623.32	\$52,208
June	4,952	\$32,386.08	\$29,861
July	4,104	\$26,840.16	\$24,747
August	4,166	\$27,245.64	\$25,121
September	6,215	\$40,646.10	\$37,476
October	12,095	\$79,101.30	\$72,933
November	19,549	\$127,850.46	\$117,880
December	27,541	\$180,118.14	\$166,072
Total	181,066	\$1,184,172	\$1,091,828
Adjustment ⁽⁴⁾		\$92,344	

(1) - Source - NS-PGL CMG-2.5N

(2) - Source - NS-PGL CMG-2.5N

(3) = [Forecast 2010 Volumes (Dth)] * 6.03

(4) = 1,184,172 - 1,091,828