

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

North Shore Gas Company)	
)	
Petition Pursuant to Rider EEP)	Docket No. 10-
of Schedule of Rates for Gas)	
Service to Initiate a Proceeding to)	
Determine the Accuracy of the)	
Rider EEP Reconciliation Statement)	

DIRECT TESTIMONY OF
 PATRICK E. MICHALKIEWICZ AND
 ANNETTE BEITEL

1 Q. Mr. Michalkiewicz, please state your name and business address.

2 A. My name is Patrick E. Michalkiewicz. My business address is 130 East
 3 Randolph Drive, Chicago, Illinois 60601.

4 Q. By whom are you employed?

5 A. I am employed by Integrys Business Support, LLC and am currently working on
 6 assignments for Petitioner, North Shore Gas Company (“North Shore”) and The
 7 Peoples Gas Light and Coke Company (“Peoples Gas”).

8 Q. What position do you hold?

9 A. I am the Manager – Energy Efficiency & Major Accounts.

10 Q. What are your responsibilities in that position?

11 A. I am generally responsible for development and implementation of strategies,
 12 plans and budgets associated with North Shore’s and Peoples Gas’ energy
 13 efficiency programs and their major accounts.

14 Q. Please summarize your education background and experience.

15 A. I have a Bachelor of Science degree in Mechanical Engineering from the
16 University of Wisconsin (Madison). I have worked in the electric and gas utility
17 industry since 1982 in various positions including Customer Relations, Energy
18 Supply & Control, Planning & Business Development, Electric Generation & Plant
19 Operations, External Affairs and Engineering.

20 Q. What are your responsibilities specific to North Shore's Rider EEP, Energy
21 Efficiency Program?

22 A. I am the fiscal agent for the program and, in that capacity, I am responsible for
23 maintaining accurate accounting records, paying invoices approved by the third-
24 party Contract Administrator and assisting with the preparation of periodic
25 financial reports.

26 Q. Ms. Beitel, please state your name and business address.

27 A. I am Annette Beitel. I am principal in and President of Future Energy
28 Enterprises, LLC, a clean energy consulting firm I co-founded in 2007. My
29 business address is 1014 Pontiac Road, Wilmette, Illinois 60091.

30 Q. Please summarize your qualifications.

31 A. I have worked for fourteen years in the energy efficiency field. I started my
32 career in energy efficiency at Pacific Gas and Electric Company ("PG&E"), based
33 in San Francisco, California, which has the largest portfolio of energy efficiency
34 programs in the world. For the first two years, I was PG&E's attorney supporting
35 PG&E's energy efficiency ("EE") programs. My duties included contract review
36 and approval, risk management, regulatory and general advice and counsel. I
37 then was invited to become a manager in PG&E's Customer Energy

38 Management Group, where I managed a group of over 20 staff and was
39 responsible for several functions, including energy efficiency program
40 procurement, contract negotiation and administration and a portfolio of EE
41 programs with a budget of \$53 million. I subsequently became a principal in
42 PG&E's Energy Procurement Department, where I led the procurement and
43 performance-based contract negotiations for \$153 million in new EE programs for
44 PG&E, resulting in forty-nine new programs from thirty-one energy-efficiency
45 implementers. The new programs resulting from the competitive solicitation I led
46 reduced PG&E's overall EE portfolio costs by over 10%. I also chaired and ran
47 the EE Program Advisory Group comprised of California Public Utilities
48 Commission staff, consumer and environmental groups, and national and
49 international experts who met regularly to advise on EE portfolio and program
50 design, procurement, administration and implementation.

51 I left PG&E in 2007 and became a consultant. As a consultant, I provide
52 advice on EE portfolio and program oversight, design, administration, and
53 implementation and on other clean energy solutions to clients based in Illinois
54 and outside of Illinois. In Illinois, I am the independent facilitator of the Energy
55 Efficiency Stakeholder Advisory Group, an advisory group established by the
56 Illinois Commerce Commission to review Commonwealth Edison Company's, the
57 Ameren electric utilities' and the Department of Commerce and Economic
58 Opportunity's progress towards achieving statutory electric energy efficiency
59 goals and to continue strengthening the portfolio.

60 I received my Bachelor's degree in biology, with honors, from Wellesley
61 College, my Master of Science in Technology and Policy, with a concentration in
62 Environmental Technology and Policy, from the Massachusetts Institute of
63 Technology, and a J.D. through study at New York University and Harvard Law
64 Schools.

65 Q. What are your responsibilities specific to North Shore's Rider EEP, Energy
66 Efficiency Program?

67 A. I am the Contract Administrator for the Chicagoland Natural Gas Savings
68 Program, which is the Program established to implement North Shore's and
69 Peoples Gas' Riders EEP. See Section III of NS Ex. 2.1 for a description of
70 Contract Administration.

71 Q. Please explain the formalized governance structure for North Shore's Rider EEP.

72 A. The structure is a Governance Board, which consists of five voting members.
73 From inception and during the reconciliation period, members included
74 representation from:

- 75 • the Environmental Law & Policy Center;
- 76 • the Citizens Utility Board;
- 77 • the City of Chicago;
- 78 • the State Attorney General's Office; and
- 79 • Peoples Gas and North Shore.

80 The Illinois Commerce Commission Staff is a non-voting participant on the
81 Governance Board.

82 Q. What are the Governance Board's responsibilities?

83 A. The Governance Board is responsible for the following activities:

- 84 • Establishing general program goals and performance criteria;
- 85 • Overseeing the creation and issuance of requests for proposals;
- 86 • Selection of the third-party Contract Administrator (providing technical
87 support to the Governance Board);
- 88 • Selection of Program Administrators (responsible for detailed program
89 design and implementation as well as associated reports and information);
- 90 • Selection of a Program Evaluator (responsible for periodic audits and
91 performance reports to be submitted to the Governance Board);
- 92 • Providing direction to the Fiscal Agent; and
- 93 • Establishing general program goals and performance criteria.

94 Q. Please give a brief description of North Shore's Rider EEP.

95 A. North Shore's Schedule of Rates for Gas Service includes Rider EEP, Enhanced
96 Efficiency Program. The Commission approved Rider EEP in Docket Nos. 07-
97 0241 and 07-0242 (Cons.). Rider EEP became effective February 14, 2008.
98 Section C of Rider EEP requires North Shore to file annually, no later than
99 September 30, an EEP statement of activity, including program descriptions, for
100 the previous program period as well as a report showing the determination of
101 reconciliation adjustments under the rider. North Shore witness Edward M.
102 Korenchan is testifying about the reconciliation adjustments.

103 Q. Please describe the previous program period on which you are reporting.

104 A. The "previous program period" in this case is the second program period, which
105 ran from July 1, 2009, through June 30, 2010.

106 Q. Please describe NS Ex. 2.1, attached to your testimony.

107 A. NS Ex. 2.1 is the EEP Statement of Activity for the first program period from July
108 1, 2009, through June 30, 2010. It is broken down into five sections and includes
109 the following information:

- 110 • Descriptions of Programs Implemented;
- 111 • Performance Modeling and Cost Effectiveness Calculator;
- 112 • Contract Administration;
- 113 • Expenses and Measures; and
- 114 • Performance Metrics

115 Q. Does this complete your direct testimony?

116 A. Yes.