

DIRECT TESTIMONY
OF
RICHARD J. ZURASKI

Economist
Policy Program – Energy Division
Illinois Commerce Commission

Petition pursuant to Section 8-104 of the Public Utilities Act
to Submit for Approval an Energy Efficiency Plan

North Shore Gas Company and Peoples Gas Light and Coke Company

Docket No. 10-0564

December 7, 2010

Contents

I. Witness Qualifications..... 1
II. Purpose of Testimony..... 2
III. Natural Gas Therm Savings Goals 3
IV. Natural Gas Plan Budget Constraint..... 6

Staff Exhibit 2.1

Staff Exhibit 2.2

Staff Exhibit 2.3

1 **I. Witness Qualifications**

2 **Q. State your name and business address.**

3 A. My name is Richard J. Zuraski. My business address is: Illinois
4 Commerce Commission, 527 East Capitol Avenue, Springfield, Illinois, 62701.

5 **Q. By whom are you employed and in what capacity?**

6 A. I am employed by the Illinois Commerce Commission (“Commission”) as
7 an Economist in the Energy Division’s Policy Program.

8 **Q. What are your responsibilities within the Energy Division’s Policy
9 Program?**

10 A. I provide testimony in Commission proceedings on behalf of the Staff of
11 the Commission (“Staff”). I provide economic analyses and advise the
12 Commission on issues and legislation involving the gas and electric utility
13 industries. I review tariff filings and make recommendations to the Commission
14 concerning those filings. I review compliance filings and various reports from
15 utilities and alternative electric suppliers. I manage contracts with consultants
16 hired by the Commission. I sometimes act as an assistant to Commissioners or
17 to administrative law judges.

18 **Q. State your educational background.**

19 A. I graduated from the University of Maryland with a Bachelor of Arts degree
20 in Economics. I obtained a Masters of Arts degree in Economics from
21 Washington University in St. Louis. I completed other work toward a doctorate in

22 economics from Washington University, but did not complete all requirements for
23 that degree.

24 **Q. Describe your professional experience.**

25 A. Since December 1997, I have been a Senior Economist in the Policy
26 Program of the Commission's Energy Division. I held the same position from
27 February 1990 to December 1997, in the Commission's Office of Policy and
28 Planning (prior to its incorporation into the Energy Division). Before that, I held
29 positions in the Commission's Least-Cost Planning Program and Conservation
30 Program. While employed by the Commission, I have testified in numerous
31 docketed proceedings before the Commission. Prior to coming to the
32 Commission in November 1987, I was a graduate student at Washington
33 University, where I taught various courses in economics to undergraduate
34 students in the Washington University night school and summer school.

35 **II. Purpose of Testimony**

36 **Q. What is the subject matter and purpose of your testimony in this
37 proceeding?**

38 A. The subject matter of my testimony is the computation of the natural gas
39 energy savings goals and budget constraints applicable to the energy efficiency
40 plan submitted by the North Shore Gas Company and the Peoples Gas Light and
41 Coke Company ("NS-PGL" or "Company"). First, I explain how the Company
42 performed these computations. Second, I explain how the Company's
43 computations differ from other utilities' computations. Third, I describe yet
44 another way to perform these computations, based on an alternative

45 interpretation of the Public Utilities Act (“PUA”). In the due course of this
46 proceeding, this alternative interpretation of the PUA may be defended through
47 legal argument by Staff counsel. In anticipation of that legal argument, I go
48 through the exercise of computing the energy savings goals and budget
49 constraints consistent with the alternative interpretation. In brief, it is my
50 understanding that the alternative interpretation is based on a legal analysis of
51 the statute, itself, as well as the floor debate of Senate Bill 1918 that took place in
52 the Illinois House on May 28, 2009.¹

53 **III. Natural Gas Therm Savings Goals**

54 **Q. How did the Company compute its natural gas savings goals?**

55 A. Based on my review of NS-PGL Ex. 2.5, p. 6 and the Company’s
56 response to Staff data request RZ 1.01 (Staff Exhibit 2.3), the Company appears
57 to have computed the natural gas therm savings goal by multiplying (A) times
58 (B), where:

59 (A) is the percentage savings requirements specified in the PUA for each
60 of the three years of the plan; and

61 (B) is the calendar year 2009 therms that (1) were sold (rather than just
62 delivered) by the Company plus (2) were just delivered by the
63 Company to customers enrolled in the Company’s “Choices for You”
64 program (exclusive of gas that, pursuant to provisions of 8-104(m) of
65 the PUA, is expressly excluded from the provisions of 8-104(a)
66 through (g)).

¹ State of Illinois, 96th General Assembly, House of Representatives, Transcription Debate, 63rd Legislative Day, 5/28/2009, pp. 181-182, available from <http://www.ilga.gov/house/transcripts/default.asp>.

67 In this computation, the Company apparently excluded from (B) all gas
68 sold by certified or other alternative gas suppliers, unless the sales were to
69 customers enrolled in the “Choices for You” program. This program is governed
70 by the Company’s Rider CFY, is available to any NS customer on Rates 1 and 2
71 and PGL customer on Rates 1, 2, or 8, and permits the customer to purchase
72 gas from an alternative gas supplier. Pursuant to Article XIX of the PUA² and
73 Part 551 of the Commission’s rules,³ to serve “residential customers”⁴ and/or to
74 serve “small commercial customers” (non-residential customers that use less
75 than 5000 therms of natural gas per year⁵), an alternative gas supplier must be
76 certified by the Commission.⁶ Serving non-residential customers that use **more**
77 than 5000 therms per year does not require certification.⁷ However, a Certified
78 Alternative Gas Supplier can serve both residential and small commercial
79 customers as well as larger non-residential customers. Based on the Company’s
80 response to Staff data request RZ 1.01 (Staff Exhibit 2.3), it appears that the
81 Company does not track nonresidential customers by annual therm use and thus
82 would not know how many of its customers would be considered a ‘small
83 commercial customer’ as defined by Section 19-105 of the PUA.

² 220 ILCS 5/19-100, *et seq.*

³ 83 Ill. Adm. Code 551.10, *et seq.*

⁴ Pursuant to 220 ILCS 5/19-105, a “residential customer” is “a customer who receives gas utility service for household purposes distributed to a dwelling of 2 or fewer units which is billed under a residential rate or gas utility service for household purposes distributed to a dwelling unit or units which is billed under a residential rate and is registered by a separate meter for each dwelling unit.”

⁵ 220 ILCS 5/19-105.

⁶ See 220 ILCS 5/19-110(a)(“The provisions of this Section [requiring Commission certification] shall apply only to alternative gas suppliers serving or seeking to serve residential or small commercial customers and only to the extent such alternative gas suppliers provide services to residential or small commercial customers.”)

⁷ *Id.*

84 **Q. How does the Company’s natural gas savings goal computation compare**
85 **to the computations of other utilities submitting natural gas efficiency**
86 **plans this fall?**

87 A. They all appear to have used the same basic approach, except that NS-
88 PGL and Northern Illinois Gas Company (“Nicor”) each have residential and
89 small commercial customers purchasing gas from Certified Alternative Gas
90 Suppliers in their territories, while Ameren Illinois Company (“Ameren”) does not.
91 At least some of these third-party sales volumes (in addition to gas volumes sold
92 by the utility) were included in the computations performed by NS-PGL and
93 Nicor. In NS-PGL’s case, it is possible that some small commercial customers
94 purchasing gas from Certified Alternative Gas Suppliers were not included
95 because they were not enrolled in the Company’s “Choices for You” program;
96 some such customers could be purchasing from Certified Alternative Gas
97 Suppliers through the Company’s other gas transportation services. Since the
98 Company does not track customers by annual usage, it is impossible to know the
99 extent of this exclusion from the Company’s energy savings goal computation.

100 **Q. How would one compute the Company’s natural gas savings goal under**
101 **the alternative interpretation referenced earlier in your testimony?**

102 A. Under the alternative interpretation of the PUA referenced above, one
103 would not exclude **any** gas sales volumes unless subject to exclusion pursuant to
104 Section 8-104(m). That is, unlike NS-PGL, Nicor, and Ameren, one would not
105 exclude any third-party sales volumes, not even those sold to large customers,
106 unless they would otherwise be excluded due to Section 8-104(m). This would

107 be the only deviation from the Company's approach and the approaches of the
108 other utilities that submitted natural gas efficiency plans this fall. The top two
109 tables in Exhibit 2.1 show Staff's alternative interpretation in a graphic and
110 perhaps more readily-grasped manner, and compares it to the utilities'
111 interpretations.

112 **Q. Have you performed these computations of the natural gas savings goal**
113 **under the alternative interpretation of the PUA referenced earlier in your**
114 **testimony?**

115 A. Yes. Staff Exhibit 2.2 shows the end result of the alternative
116 computations, in comparison to the utilities' computations.

117 **IV. Natural Gas Plan Budget Constraint**

118 **Q. How did the Company compute its natural gas plan budget constraint?**

119 A. Based on my review of NS-PGL Ex. 2.6, the Company appears to have
120 started with forecasted Company revenues for the 12 months ending May 31,
121 2012, excluding all revenues that should be excluded due to Section 8-104(m),
122 plus estimated revenues of alternative gas suppliers for their sales to "Choices
123 for You" customers for the 12 months ending May 31, 2012. These revenues
124 were then multiplied by 2% (the statutory budget constraint) and then multiplied
125 by three.

126 **Q. How does the Company's natural gas plan budget constraint computation**
127 **compare to those of other utilities submitting natural gas efficiency plans**
128 **this fall?**

129 A. As described above, the Company started with revenue forecasts for the
130 12-month period ending May 31, 2012 (the first year of the plan's
131 implementation); Nicor appears to have started its computations with Calendar
132 year 2009 revenues; and Ameren used a revenue forecast for the 36-month
133 period ending May 31, 2014. Since Nicor and the Company started with only 12
134 month periods, they multiplied their numbers by 3, while Ameren did not.

135 **Q. How would one compute the Company's natural gas plan budget constraint**
136 **under the alternative interpretation referenced earlier in your testimony?**

137 A. One would start with revenues forecasted for the three year planning
138 period (June 2011 through May 2014), and this would include: delivery service
139 revenues from all gas delivered by the Company, revenues from gas sold (rather
140 than just delivered) by the Company, and estimated revenues from therms sold
141 by Certified Alternative Gas Suppliers to residential and small commercial
142 customers. This is different than the Company's approach primarily in the time
143 period used for collecting the revenue data. As noted above, the Company used
144 the 12-month period ending May 31, 2012 and multiplied by 3.

145 In addition, as previously noted, the Company apparently does not track
146 nonresidential customers by annual therm use and thus does not know which of
147 its customers would be considered a small commercial customer as defined by
148 Section 19-105 of the PUA. In essence, the Company uses its "Choices for You"
149 customers as a proxy for the "residential and small commercial customers" that
150 must be served by Certified Alternative Gas Suppliers, as opposed to other,
151 alternative gas suppliers. It is possible that use of this proxy results in a small

152 over-estimation of the amount of revenues that Staff's alternative interpretation of
153 the law would require. On the other hand, it should also be noted that the
154 Company uses its own PGA rates as a proxy for the rates charged by alternative
155 gas suppliers, and this could just as easily result in a small under-estimation.

156 **Q. Have you performed these computations of the natural gas plan budget**
157 **constraint under the alternative interpretation of the PUA referenced earlier**
158 **in your testimony?**

159 A. Yes. Staff Exhibit 2.2 shows the end result of the alternative computations
160 in comparison to the utilities' computations.

161 **Q. Does this question complete your direct testimony?**

162 A. Yes.

Staff Exhibit 2.1:
ALTERNATIVE INTERPRETATION OF PUA

Natural Gas Deliveries (Therms) During Calendar Year 2009 Excluding Therms of sub-section 8-104 (m) customers		
associated with ...	and delivered to	
<i>Gas purchased from</i>	Small Customers	Large Customers
<i>Utility (PGA)</i>	T1	T2
<i>Certified AGS</i>	T3	T4
<i>Uncertified AGS</i>	N/A	T5

Period Ending	Savings Goals		
May 31, 2012	0.2%	x	T1 + T2 + T3 + T4 + T5
May 31, 2013	0.4%	x	T1 + T2 + T3 + T4 + T5
May 31, 2014	0.6%	x	T1 + T2 + T3 + T4 + T5
Deviations: All three utilities apparently left out T4 and T5.			

Estimated Utility Revenues (\$) During the 36 Months Ending May 31, 2014 Excluding revenues from sub-section 8-104 (m) customers		
associated with ...	and delivered to	
<i>Gas purchased from</i>	Small Customers	Large Customers
<i>Utility (PGA)</i>	R1	R2
<i>Certified AGS</i>	R3	R4
<i>Uncertified AGS</i>	N/A	R5

Alternative Gas Supplier Estimated Revenues (\$) During the 36 Months Ending May 31, 2014 Excluding revenues from sub-section 8-104 (m) customers		
associated with ...	and delivered to	
<i>Gas purchased from</i>	Small Customers	Large Customers
<i>Utility (PGA)</i>	N/A	N/A
<i>Certified AGS</i>	R6	Not in budget
<i>Uncertified AGS</i>	N/A	Not in budget

Three-Year Budget Limit For the 36 Months Ending May 31, 2014		
2%	x	R1 + R2 + R3 + R4 + R5 + R6
Deviations: Nicor apparently computed the budget as 2% times 3 times the 2009 sum of R1 through R6, and used a proxy for R6. Peoples and North Shore apparently computed the budget as 2% times 3 times the forecasted June 2011-May 2012 sum of R1 through R6.		

Staff Exhibit 2.2:
End Result of Savings Goal and Budget Constraint Calculations

	PY	Company's Computation		Alternative Computation	
		Therm Goal	Budget Constraint	Therm Goal	Budget Constraint
Ameren	1	1,788,394	\$56,641,420	2,351,808 [#]	\$56,641,420 ^{##}
	2	3,576,788		4,703,615 [#]	
	3	5,365,183		7,055,423 [#]	
Nicor	1	6,026,081	\$140,823,038	8,527,314 [^]	\$168,987,646 ^{^^}
	2	12,052,161		17,054,628 [^]	
	3	18,078,242		25,581,942 [^]	
North Shore	1	497,357	\$16,065,180	695,981 [*]	\$16,065,180 ^{**}
	2	994,714		1,391,962 [*]	
	3	1,492,071		2,087,943 [*]	
Peoples	1	2,278,618	\$81,352,074	3,507,336 [*]	\$81,352,074 ^{**}
	2	4,557,237		7,014,673 [*]	
	3	6,835,855		10,522,009 [*]	

Notes:

- # Staff calculations, based on Ameren Exhibit 4.2 (Rev.) and Ameren response to Staff data request RZ 1.01.
- ## Staff calculations, based on Ameren Exhibit 4.2 (Rev.).
- ^ Staff calculations, based on Nicor response to Staff data request RZ 1.01.
- ^^ Staff calculation based on Company's calculation (Nicor Ex. 3.2) times 1.2.
- * Based on NS-PGL Ex. 2.6 and NS-PGL response to Staff data request RZ 1.01.
- ** Based on NS-PGL Ex. 2.6, which reflects revenues purportedly forecasted for the twelve months ending May 31, 2012 (rather than on a forecast for the 36 months ending May 31, 2014), times 3. Unless a better three year forecast becomes available, this tripling of the one year approach represents a reasonable approximation.

North Shore Gas Company and The Peoples Gas Light and Coke Company
Docket 10-0564

Page 1 of 5

Data Request: RZX 1.01

This data request seeks information on the number of Therms (or estimated Therms) and the amount of revenue (or estimated revenue) associated with natural gas delivered by the utility, categorized in one of several different categories depending on whether the gas is purchased from the “utility (PGA),” “certified alternative gas suppliers,” or “uncertified alternative gas suppliers,” and on whether the gas is delivered to “small customers” or “large customers,” as these five terms are strictly defined, below. Please note the time frames specified in the second line of each table’s title. Also, please note that the sums provided should not include those Therms or Dollars of “self-directing” and other customers that, pursuant to Sub-section 8-104 (m), should be excluded from the provisions of Sub-sections 8-104 (a) through (k). To comply with this data request, please fill in the blank cells of each of the following twelve tables (six for North Shore Gas Company and six for the Peoples Gas Light and Coke Company).

As used in the following tables:

- “Small Customer” means “Residential customer” or “Small commercial customer” as defined in 220 ILCS 5/19-110, regardless of who sells the gas commodity.
- “Large Customer” means any other retail customer, other than a “Residential customer” or a “Small commercial customer” as defined in 220 ILCS 5/19-110, regardless of who sells the gas commodity.
- “Utility (PGA)” means a “Gas utility” as defined in 220 ILCS 5/19-110, in its capacity as a merchant of gas commodity rather than as a transporter of gas.
- “AGS” means “Alternative gas supplier” as defined in 220 ILCS 5/19-110.
- “Certified AGS” means any AGS that is certified to sell gas commodity to Small Customers, as described in 220 ILCS 5/19-110, regardless of who buys the gas.
- “Uncertified AGS” means any AGS that is not certified to sell gas commodity to Small Customers, as described in 220 ILCS 5/19-110.
- “N/A” means “not applicable” and is used here because only utilities and Certified AGS may sell gas to Small Customers.

North Shore Gas Company
Natural Gas Deliveries (Therms)
During Calendar Year 2009
Excluding Therms of sub-section 8-104 (m) customers
Utility = North Shore Gas Company
associated with ... and delivered to
Gas purchased from Small Customers Large Customers
Utility (PGA)
Certified AGS
Uncertified AGS N/A

Estimated Natural Gas Deliveries (Therms)
During the 36 Months Ending May 31, 2014
Excluding Therms of sub-section 8-104 (m) customers
Utility = North Shore Gas Company

North Shore Gas Company and The Peoples Gas Light and Coke Company
Docket 10-0564

Page 2 of 5

associated with ... and delivered to
Gas purchased from Small Customers Large Customers
Utility (PGA)
Certified AGS
Uncertified AGS N/A

Utility Revenues (\$)
During Calendar Year 2009
Excluding revenues from sub-section 8-104 (m) customers
Utility = North Shore Gas Company
associated with ... and delivered to
Gas purchased from Small Customers Large Customers
Utility (PGA)
Certified AGS
Uncertified AGS N/A

Estimated Utility Revenues (\$)
During the 36 Months Ending May 31, 2014
Excluding revenues from sub-section 8-104 (m) customers
Utility = North Shore Gas Company
associated with ... and delivered to
Gas purchased from Small Customers Large Customers
Utility (PGA)
Certified AGS
Uncertified AGS N/A

Alternative Gas Supplier Estimated Revenues (\$)
During Calendar Year 2009
Excluding revenues from sub-section 8-104 (m) customers
Utility = North Shore Gas Company
associated with ... and delivered to
Gas purchased from Small Customers Large Customers
Utility (PGA)
Certified AGS
Uncertified AGS N/A

Alternative Gas Supplier Estimated Revenues (\$)
During the 36 Months Ending May 31, 2014
Excluding revenues from sub-section 8-104 (m) customers
Utility = North Shore Gas Company
associated with ... and delivered to
Gas purchased from Small Customers Large Customers
Utility (PGA)
Certified AGS

North Shore Gas Company and The Peoples Gas Light and Coke Company
Docket 10-0564

Page 3of 5

Uncertified AGS N/A

Peoples Gas Light and Coke Company
Natural Gas Deliveries (Therms)
During Calendar Year 2009
Excluding Therms of sub-section 8-104 (m) customers
Utility = Peoples Gas Light and Coke Company
associated with ... and delivered to
Gas purchased from Small Customers Large Customers
Utility (PGA)
Certified AGS
Uncertified AGS N/A

Estimated Natural Gas Deliveries (Therms)
During the 36 Months Ending May 31, 2014
Excluding Therms of sub-section 8-104 (m) customers
Utility = Peoples Gas Light and Coke Company
associated with ... and delivered to
Gas purchased from Small Customers Large Customers
Utility (PGA)
Certified AGS
Uncertified AGS N/A

Utility Revenues (\$)
During Calendar Year 2009
Excluding revenues from sub-section 8-104 (m) customers
Utility = Peoples Gas Light and Coke Company
associated with ... and delivered to
Gas purchased from Small Customers Large Customers
Utility (PGA)
Certified AGS
Uncertified AGS N/A

Estimated Utility Revenues (\$)
During the 36 Months Ending May 31, 2014
Excluding revenues from sub-section 8-104 (m) customers
Utility = Peoples Gas Light and Coke Company
associated with ... and delivered to
Gas purchased from Small Customers Large Customers
Utility (PGA)
Certified AGS
Uncertified AGS N/A

North Shore Gas Company and The Peoples Gas Light and Coke Company
Docket 10-0564

Page 4 of 5

Alternative Gas Supplier Estimated Revenues (\$)
During Calendar Year 2009
Excluding revenues from sub-section 8-104 (m) customers
Utility = Peoples Gas Light and Coke Company
associated with ... and delivered to
Gas purchased from Small Customers Large Customers
Utility (PGA)
Certified AGS
Uncertified AGS N/A

Alternative Gas Supplier Estimated Revenues (\$)
During the 36 Months Ending May 31, 2014
Excluding revenues from sub-section 8-104 (m) customers
Utility = Peoples Gas Light and Coke Company
associated with ... and delivered to
Gas purchased from Small Customers Large Customers
Utility (PGA)
Certified AGS
Uncertified AGS N/A

Response:

The Companies do not maintain data in the requested formats and in the requested level of detail. To the extent practicable, the Companies are providing the requested data.

a) See the attached Excel spreadsheet. Information for North Shore Gas Calendar 2009 Natural Gas Deliveries, Utility Revenues and Alternate Gas Supplier Estimated Revenues is found in tab "NSG" in the format requested.

b) See the attached Excel spreadsheet. Information for Peoples Gas Calendar 2009 Natural Gas Deliveries, Utility Revenues and Alternate Gas Supplier Estimated Revenues is found in tab "PGL" in the format requested.

c) Comparable information for both Peoples Gas and North Shore for the 36 months ended May 31, 2014 is not available in the level of detail requested, nor for the time period requested.

First, the "Small Customers" and "Large Customers" designations requested that are used for identifying Alternative Gas Suppliers requiring Certification per 220 ILCS 5/19-110, do not correspond to the Companies' tariffs. As a result, forecasts, which are performed only in aggregate, do not provide information by "Small" and "Large" customers for future periods. In particular, the Companies' "small volume" transportation program (Riders CFY and AGG) is available to all Service Classification Nos. 1, 2 customers as well as Service Classification No. 8 Peoples Gas customers. Many "large" customers

North Shore Gas Company and The Peoples Gas Light and Coke Company
Docket 10-0564

Page 5 of 5

are eligible for service under this program. Service Classification No. 2 customers are also eligible for the Companies' large volume transportation program (Riders FST, SST and P). The designations of "small customers" and "large customers" in the attachment are based on actual therm deliveries for Calendar 2009, derived from individual billing records.

Second, the Companies' current forecasts are for Calendar Years 2011 through 2012. While the forecasts encompass the first program year for Energy Efficiency and On-Bill Financing, they do not extend beyond 2012. As a result, the Companies are unable to provide forecast information for the second and third program years.

The Peoples Gas Light and Coke Company

Table 1

Natural Gas Deliveries (Therms) During Calendar Year 2009 Excluding Therms of Sub-Section 8-104(m) Customers Utility = The Peoples Gas Light and Coke Company		
associated with ...	and delivered to	
Gas purchased from	<i>Small Customers</i>	<i>Large Customers</i>
<i>Utility (PGA)</i>	789,799,632	256,775,316
<i>Certified AGS</i>	56,905,348	35,828,895
<i>Uncertified AGS</i>	N/A	614,359,053

Table 2

Utility Revenues (\$) * During Calendar Year 2009 Excluding Revenues from Sub-Section 8-104(m) Customers Utility = The Peoples Gas Light and Coke Company		
associated with ...	and delivered to	
Gas purchased from	<i>Small Customers</i>	<i>Large Customers</i>
<i>Utility (PGA)</i>	\$ 890,207,826	\$ 233,625,617
<i>Certified AGS</i>	\$ 30,900,452	\$ 12,402,788
<i>Uncertified AGS</i>	N/A	\$ 120,427,098

* Utility Revenues include all applicable delivery charges, gas charges, other riders and taxes.

Table 3

Alternative Gas Supplier Estimated Revenues (\$) * During Calendar Year 2009 Excluding Revenues from Sub-Section 8-104(m) Customers Utility = The Peoples Gas Light and Coke Company		
associated with ...	and delivered to	
Gas purchased from	<i>Small Customers</i>	<i>Large Customers</i>
<i>Utility (PGA)</i>	\$ -	\$ -
<i>Certified AGS</i>	\$ 32,128,760	\$ 20,228,994
<i>Uncertified AGS</i>	N/A	\$ 346,867,121

* Therm Deliveries from Table 1 x 2009 Average Gas Cost Per Therm for Sales Customers of \$0.5646.

North Shore Gas Company

Table 1

Natural Gas Deliveries (Therms) During Calendar Year 2009 Excluding Therms of Sub-Section 8-104(m) Customers Utility = North Shore Gas Company		
associated with ...	and delivered to	
Gas purchased from	<i>Small Customers</i>	<i>Large Customers</i>
<i>Utility (PGA)</i>	201,939,704	32,065,520
<i>Certified AGS</i>	11,598,717	3,074,572
<i>Uncertified AGS</i>	N/A	99,311,998

Table 2

Utility Revenues (\$) * During Calendar Year 2009 Excluding Revenues from Sub-Section 8-104(m) Customers Utility = North Shore Gas Company		
associated with ...	and delivered to	
Gas purchased from	<i>Small Customers</i>	<i>Large Customers</i>
<i>Utility (PGA)</i>	\$ 196,544,675	\$ 26,972,221
<i>Certified AGS</i>	\$ 4,442,144	\$ 733,355
<i>Uncertified AGS</i>	N/A	\$ 10,605,393

* Utility Revenues include all applicable delivery charges, gas charges, other riders and taxes.

Table 3

Alternative Gas Supplier Estimated Revenues (\$) * During Calendar Year 2009 Excluding Revenues from Sub-Section 8-104(m) Customers Utility = North Shore Gas Company		
associated with ...	and delivered to	
Gas purchased from	<i>Small Customers</i>	<i>Large Customers</i>
<i>Utility (PGA)</i>	\$ -	\$ -
<i>Certified AGS</i>	\$ 6,785,250	\$ 1,798,625
<i>Uncertified AGS</i>	N/A	\$ 58,097,519

* Therm Deliveries from Table 1 x 2009 Average Gas Cost Per Therm for Sales Customers of \$0.5850.

STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

North Shore Gas Company
and
The Peoples Gas Light and Coke
Company

10-0564

Verified Petition for Approval of
Natural Gas Energy Efficiency
Plan

STATE OF ILLINOIS)

COUNTY OF SANGAMON)

SS

AFFIDAVIT OF RICHARD J. ZURASKI

I, Richard J. Zuraski, first duly being sworn upon oath, depose and state as follows:

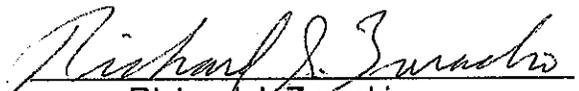
1. My name is Richard J. Zuraski. My business address is 527 East Capitol Avenue, Springfield, Illinois 62701. I am an economist in the Policy Program of the Energy Division of the Illinois Commerce Commission.

2. On December 7, 2010, the following document was prepared by me and filed via the e-Docket system: a document, marked as ICC Staff Exhibit 2.0, titled "Direct Testimony of Richard J. Zuraski," consisting of a cover page, a table of contents,

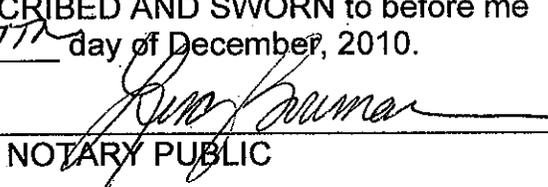
8 pages of narrative testimony, and Staff Exhibit 2.1, 2.2, and 2.3.

3. The above document was prepared by me for introduction into evidence in Illinois Commerce Commission Docket No. 10-0564 as an Illinois Commerce Commission Staff witness. Today, if I were asked the same questions contained in the above documents, my answers would be the same.

4. I hereby swear and affirm and state that my direct testimony was prepared by me or under my direction and control; that I have personal knowledge of the information stated in my direct testimony; and that the testimony is true, correct and complete to the best of my knowledge and belief.


Richard J. Zuraski

SUBSCRIBED AND SWORN to before me
this 7th day of December, 2010.


NOTARY PUBLIC

