

STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

North Shore Gas Company)	
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)	
Petition Pursuant to Rider UEA)	Docket No. 11-
of Schedule of Rates for Gas)	
Service to Initiate a Proceeding to)	
Determine the Accuracy of the)	
Rider UEA Reconciliation Statement)	

DIRECT TESTIMONY
OF
KAREN A. TIEDMANN

- 1 Q. Please state your name and business address.
- 2 A. Karen A. Tiedmann, 130 East Randolph Street, Chicago, Illinois 60601.
- 3 Q. By whom are you employed?
- 4 A. Integrys Business Support, LLC (“IBS”).
- 5 Q. What position do you hold with IBS?
- 6 A. I am a Senior Rate Planner/Analyst in Gas Regulatory Services.
- 7 Q. What are your responsibilities in that position?
- 8 A. I am responsible for performing activities related to rate research, rate
- 9 design, rate and tariff administration, and billing and rate impact studies for
- 10 Petitioner, North Shore Gas Company (“North Shore” or the “Company”) and an
- 11 affiliated company, The Peoples Gas Light and Coke Company (“Peoples Gas”).
- 12 Q. Please summarize your educational background and experience.
- 13 A. In 1985, I graduated from Northern Illinois University with a Bachelor of
- 14 Science Degree in Computer Science and a minor in Business. In 1991, I

15 received a Master of Business Administration Degree from DePaul University
16 with a Finance Emphasis. I have been employed by IBS since July 2011 in my
17 present position but was employed by Peoples Gas from 1985 through 1998, and
18 also served as a contractor from August 2006 through June 2011. I began my
19 employment at Peoples Gas in the Information Technology Services (“ITS”)
20 department. From 1985 through 1998, I was employed in various positions and
21 levels of responsibility at Peoples Gas in the ITS Department, the Financial
22 Reporting Department and the Rates Department. From August 2006 through
23 June 2011, I was employed by Stafflogix Corporation as a Contractor and
24 provided service to IBS’ Gas Regulatory Services Department, assisting in rate
25 case proceedings.

26 Q. Please give a brief description of the operations and status of Petitioner.

27 A. I am advised by counsel that North Shore is a corporation organized and
28 existing under the laws of the State of Illinois, having its principal office at 130
29 East Randolph Street, Chicago, Illinois 60601. It is engaged in the business of
30 purchasing natural gas for and distributing and selling natural gas to
31 approximately 158,000 customers in Cook and Lake Counties, Illinois. I am
32 advised by counsel that North Shore is a public utility within the meaning of the
33 Public Utilities Act (the “Act”).

34 Q. Please describe the subject matter of this proceeding.

35 A. North Shore’s Schedule of Rates for Gas Service includes Rider UEA,
36 Uncollectible Expense Adjustment, which was filed with the Illinois Commerce
37 Commission (“Commission”) pursuant to Section 19-145 of the Act. The

38 Commission approved Rider UEA in Docket Nos. 09-0419/09-0420 (cons.).
39 Rider UEA, which determines adjustments arising from incremental differences
40 between the amount of Uncollectible Accounts Expense in the Company's rates
41 and the amount reported in Form 21 ILCC to the Commission ("Form 21 ILCC
42 report"), became effective in February 2010, and applies to Service Classification
43 ("S.C.") Nos. 1, 2, and 3. Section I of Rider UEA requires North Shore to file a
44 petition no later than August 31, seeking initiation of the annual reconciliation to
45 determine the accuracy of the statement.

46 Q. Please describe the filings that pertain to the reconciliation statement.

47 A. Sections F and G of Rider UEA require North Shore to file annually, no
48 later than May 20, adjustments to be effective under this rider for an Effective
49 Period. However, consistent with Section 19-145, Rider UEA provided for two
50 distinct Effective Periods in 2010 that required two separate filings. The first
51 Effective Period and related filing were for adjustments that were effective from
52 April 1 through December 31, 2010 and the second Effective Period and related
53 filing were for adjustments that were effective from June 1, 2010 through May 31,
54 2011. North Shore filed the first adjustments under the rider in March 2010 for
55 the calendar year 2008 Form 21 reporting year, to recover \$519,574 from
56 customers, as shown on NSG Ex. 1.1, page 2, line 4, column D, and billed those
57 adjustments for the April 1 through December 31, 2010 Effective Period. North
58 Shore filed the second adjustments in May 2010 for the calendar year 2009 Form
59 21 reporting year, to refund \$44,890 to customers, as shown in NSG Ex. 1.2,
60 page 1, line 4, column D, and those adjustments became effective on June 1,

61 2010, and were billed through May 31, 2011. Section F of Rider UEA includes
62 components for a factor RA (Reconciliation Adjustment) and Factor O
63 (Commission ordered adjustment amount) that are included in each applicable
64 Rider UEA adjustment. Pursuant to these provisions of the rider, the initial RAs
65 were included in the Rider UEA adjustments effective June 1, 2011, based on
66 actual and expected revenues for the period commencing with the first month
67 that adjustments were billed under the rider, through March 31, 2011.

68 Q. Please describe the annual period that will be reconciled.

69 A. Rider UEA requires a reconciliation for the period commencing with the
70 first month that an adjustment was billed under this rider through March 31, 2011.
71 The reconciliation period is April 1, 2010, through March 31, 2011.

72 Q. Please describe how the 2008 reporting year Rider UEA adjustment
73 amount was determined.

74 A. The net recovery amount of \$519,574 was determined by calculating the
75 difference between the actual Uncollectible Accounts Expense amount reported
76 in the 2008 Form 21 ILCC report on page 324, line 235, Column (b), of
77 \$2,279,509, to the baseline Uncollectible Accounts Expense amount in rates for
78 the 2008 reporting period of \$1,759,935¹. The details and supporting
79 calculations were provided in the Rider UEA filing for 2008 that was filed with the
80 Commission on March 19, 2010.

¹ The baseline Uncollectible Expense Account amount for the 2008 reporting year is a proration of the baseline Uncollectible Accounts Expense amount included in the Company's base rates for the January 1, 2008 through February 13, 2008 period of \$814,000 and the baseline Uncollectible Accounts Expense amount included in the Company's base rates for the February 13, 2008 through January 27, 2010 period of \$1,981,000 as defined in Section B of Rider UEA.

81 Q. Please describe how the 2009 reporting year Rider UEA adjustment
82 amount was determined.

83 A. The net refund amount of \$44,890 was determined by calculating the
84 difference between the actual Uncollectible Accounts Expense amount reported
85 in the 2009 Form 21 ILCC report on page 324, line 235, Column (b), of
86 \$1,936,110, to the baseline Uncollectible Accounts Expense amount in rates for
87 the 2009 reporting period of \$1,981,000². The details and supporting
88 calculations were provided in the Rider UEA filing for 2009 that was filed with the
89 Commission on May 20, 2010.

90 Q. Please describe NSG Ex. 1.1.

91 A. NSG Ex. 1.1 is a statement of the RA amounts that apply for each month
92 of the effective period beginning June 1, 2011 and ending May 31, 2012
93 (“Statement”).

94 Q. Was the Statement prepared under your supervision and direction?

95 A. Yes, it was.

96 Q. What is the purpose of the Statement?

97 A. The Statement shows the applicable RA amounts for each adjustment
98 type for customers served under North Shore’s S.C. Nos. 1, 2 and 3. It also
99 shows the derivation of each RA amount and provides supporting data.

100 Q. Please describe the elements of the Statement.

101 A. The Statement includes the following information:

² The baseline Uncollectible Accounts Expense amount for the 2009 reporting year is the baseline Uncollectible Accounts Expense amount included in the Company’s base rates for the February 13, 2008 through January 27, 2010 period of \$1,981,000 as defined in Section B of Rider UEA.

102 • Page 1 shows the RA amounts arising from the Rider UEA
103 adjustments for the 2008 and 2009 reporting years over the
104 reconciliation period, for each adjustment type and service
105 classification. These amounts are also included on page 3 of the
106 statement of the determination of the 2010 reporting year Rider UEA
107 Adjustments submitted to the Commission on May 20, 2011 and
108 effective over the twelve-month Effective Period beginning June 1,
109 2011. The data on page 1 of NSG Ex. 1.1 is a summation of the data
110 on page 2 (for the 2008 reporting year reconciliation adjustment) and
111 page 3 (for the 2009 reporting year reconciliation adjustment) for the
112 reconciliation period.

113 • Page 2 shows the determination of each RA amount for the 2008
114 reporting year adjustments that were effective for the April 1 through
115 December 31, 2010 Effective Period.

116 • Page 3 shows the determination of each RA amount for the 2009
117 reporting year adjustments that were effective on June 1, 2010, and
118 billed through the March 31, 2011 Reconciliation Period.

119 Q. Please describe the data on page 2 that North Shore used to derive the
120 RA for the 2008 reporting year adjustments.

121 A. Page 2 provides data applicable to S.C. Nos. 1, 2 and 3 for each
122 adjustment type for the 2008 reporting year adjustment amount. The adjustment
123 types are: Incremental Delivery Uncollectible Amount (IDUA), Incremental Gas

124 Supply Service Uncollectible Amount (ISUA) and Incremental Transportation
125 Service Uncollectible Amount (ITUA).

126 • Lines 1 through 3, Columns A through C, provide the amounts that
127 were expected to be recovered or refunded for each service
128 classification and adjustment type under the rider for the reconciliation
129 period and as filed for the 2008 reporting year adjustments in March
130 2010.

131 • Lines 5 through 7, Columns A through C, provide the actual revenue or
132 refund amounts that were recorded for each service classification and
133 adjustment type under the rider for the 2008 reporting year
134 adjustments for the reconciliation period.

135 • Lines 9 through 11, Columns A through C, shows the RA, the
136 reconciliation adjustment amounts due North Shore or customers for
137 the reconciliation of the 2008 reporting year adjustments (the difference
138 between the amounts to be recovered on lines 1 through 3 and the
139 actual amounts recorded on lines 5 through 7).

140 Q. Please describe the data on page 3 that North Shore used to derive the
141 RA for the 2009 reporting year adjustments.

142 A. Page 3 provides the same type of data as I described for page 2, but for
143 2009, except that the adjustment amounts for the 2009 reporting year to be
144 recovered / (refunded) through March 31, 2011 are reconciled with amounts
145 reported through March 31, 2011 as provided for in Rider UEA.

146 Q. What is NSG Ex. 1.2?

147 A. NSG Ex 1.2 is a report of the 2009 reporting year showing the adjustment
148 amounts that were filed in May 2010 for the 2009 reporting year.

149 Q. Was NSG Ex. 1.2 prepared under your supervision and direction?

150 A. Yes, it was.

151 Q. What does NSG Ex. 1.2 show?

152 A. It shows the adjustment amounts to be recovered / (refunded) over the 12
153 month Effective Period June 1, 2010 through May 31, 2011 on lines 1 through 4,
154 a net refund of \$44,890.00. The adjustment amounts to be recovered /
155 (refunded) for the June 1, 2010 through March 31, 2011 reconciliation period are
156 shown on lines 5 through 8 and in NSG Ex. 1.1, page 3, lines 1 through 4, a net
157 refund amount of \$37,191,46. The remaining refund amount of \$7,698.54 (NSG
158 Ex. 1.2, lines 9 through 12) for the two-month period from April 1 through May 31,
159 2011 will be reconciled in the next reconciliation period.

160 Q. How much will North Shore refund to or recover from S.C. No. 1
161 customers as part of the Rider UEA adjustments effective for the twelve-month
162 Effective Period beginning June 1, 2011?

163 A. As shown on NSG Ex. 1.1, North Shore will recover \$4,282.11 from S.C.
164 No. 1 customers through the IDUA adjustment (page 1, line 9, column A). This
165 amount applies to sales and transportation customers. The ISUA RA amount for
166 S.C. No. 1 sales customers is a recovery of \$9,264.03 (page 1, line 9, column B)
167 and the ITUA RA amount for S.C. No. 1 transportation customers is a refund of
168 \$1,343.93 cents (page 1, line 9, column C).

169 Q. How much will North Shore refund to or recover from S.C. No. 2
170 customers over the twelve-month period beginning June 1, 2011?

171 A. As shown on NSG Ex. 1.1, North Shore will refund \$386.99 to S.C. No. 2
172 customers through the IDUA adjustment (page 1, line 10, column A). This
173 amount applies to sales and transportation customers. The ISUA RA amount for
174 S.C. No. 2 sales customers is a recovery of \$2,124.01 (page 1, line 10, column
175 B) and the ITUA RA amount for S.C. No. 2 transportation customers is a refund
176 of \$294.89 (page 1, line 10, column C).

177 Q. How much will North Shore refund to or recover from S.C. No. 3
178 customers over the twelve-month period beginning June 1, 2011?

179 A. As shown on NSG Ex. 1.1, North Shore will recover 24 cents from S.C.
180 No. 3 customers through the IDUA adjustment (page 1, line 11, column A). This
181 amount applies to sales and transportation customers. The ISUA RA amount for
182 S.C. No. 3 sales customers is a refund of \$2.00 (page 1, line 11, column B) and
183 the ITUA RA amount for S.C. No. 2 transportation customers is a recovery of 12
184 cents (page 1, line 11, column C).

185 Q. Please describe how the RA components will be included on customers'
186 bills.

187 A. Beginning June 1, 2011, the RA components are included with the 2010
188 reporting year Rider UEA adjustment amounts for each adjustment type and
189 service classification, resulting in a single adjustment amount for each
190 adjustment type and service classification. These are per customer adjustments
191 that North Shore will bill for the June 1, 2011, through May 31, 2012, Effective

192 Period. The Rider UEA adjustments are included in the customer charge on
193 customers' bills.

194 Q. Does this conclude your direct testimony?

195 A. Yes, it does.