

IGS Cross Ex. 15

Docket No. 11-0046
ICC Staff Exhibit 2.0

PUBLIC
DIRECT TESTIMONY
OF
DAVID SACKETT

Economic Analyst
Policy Program
Energy Division

Illinois Commerce Commission

AGL Resources, Inc., Nicor Inc., and
Northern Illinois Gas Company
d/b/a Nicor Gas Company

Application for Approval of a Reorganization
pursuant to Section 7-204 of the Public Utilities Act

Docket No. 11-0046

April 15, 2011

(Direct Testimony of David Sackett from Docket No. 09-0301)

OFFICIAL FILE

I.C.C. DOCKET NO. 11-0280+11-0281

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Witness David Sackett

Date 4/15/11 Reporter TO

1229 training; public and governmental relations; ~~and other operational~~
1230 ~~services;~~ and
1231

1232 **Recommendation 5: Change Nicor Gas' OA to require that *any* Nicor Gas**
1233 **service, excluding "corporate support,"¹⁶ that supports *any* affiliate product**
1234 **that is offered to Nicor Gas customers be provided to non-affiliates on a non-**
1235 **discriminatory basis.**

1236 The GLCG product illustrates the damage that can be done by allowing non-utility
1237 affiliates access to utility assets in order to leverage the utility's position in selling to
1238 the utility's customers. This Recommendation is offered if Recommendation 2 or
1239 Recommendation 4 is rejected and the Commission continues to allow Nicor Gas to
1240 provide services to and/or solicit for affiliates providing products to Nicor Gas
1241 customers like GLGC. It would provide that Nicor Gas be required to provide all
1242 such services to non-affiliates at the same rate and without any discrimination. The
1243 effect of this recommendation would be to limit a non-utility affiliate's leveraging of
1244 the utility's monopoly position in unregulated markets by requiring utilities to offer
1245 services non-affiliates on a non-discriminatory basis. This recommendation would

¹⁶ "Corporate support" means corporate oversight and governance involving administrative services (including travel administration, security, printing, graphics, custodial services, secretarial support, mail services, and records management), financial management services (including accounting, treasury, internal audit, tax, and financial reporting and planning), data processing, shareholder services, human resources, employee benefits, regulatory affairs, legal services, lobbying, and non-marketing research and development activities. Corporate support also includes strategic planning. (TITLE 83: PUBLIC UTILITIES, CHAPTER I: ILLINOIS COMMERCE COMMISSION, SUBCHAPTER d: GAS UTILITIES, PART 550 NON-DISCRIMINATION IN AFFILIATE TRANSACTIONS FOR GAS UTILITIES, Section 550.10 Definitions)

1246 allow other sellers to market a GLCG-type product. Accordingly, I recommend the
1247 following language changes to the OA:

1248

1249 **Section 2.2. Services.** Upon the terms and subject to the
1250 conditions of this Agreement, a Requestor may request a Provider
1251 or Providers to provide, and, subject to the provisos at the end of
1252 this Section, such Provider or Providers may provide to such
1253 Requestor so long as any service, excluding "corporate support,"
1254 provided by Nicor Gas that supports any affiliate product offered to
1255 Nicor Gas customers be also provided to non-affiliates on a non-
1256 discriminatory basis:
1257

1258 **VI. Other Nicor Affiliate Products**

1259 **Description**

1260 **Q. Please describe Nicor Services' other warranty products.**

1261 A. Nicor Services offers several other warranty products that *may* be priced in a
1262 similar manner. These include the ELCG and HVAC warranties. They also are
1263 authorized by Nicor Gas to solicit customers for purchase of many products under
1264 what are loosely termed "connection services."

1265

1266 **Q. Does Nicor Gas perform repairs on these other warranty products?**

1267 A. No. According to Nicor Gas' response to Staff DR DAS 2.17, Nicor Gas performs
1268 no repairs on these other products.

1269

1270 **Q. What services does Nicor Gas perform for these other warranty products?**

1271 A. Nicor Gas still performs solicitation and billing services in support of these other
1272 products.