

ICC Docket No. 11-0280
North Shore Gas Company's Response to
Staff Data Requests DAS 9.01-9.19
Dated: August 3, 2011

REQUEST NO. DAS 9.16:

With regard to Mr. Connery's statement that "The Utilities' sales customers are being economically harmed by having to balance the system in response to sendout variations while the transportation customers' deliveries are essentially independent of day-over-day sendout variations. A description of this phenomenon is described, with supporting detail, in the Utilities' responses to Staff data requests DAS 3.04 and DAS 3.06." (NS-PGL Ex. 30.0, p. 8)

- a. Is it Mr. Connery's testimony that this situation is always occurring?
- b. Are there times when the actions of transportation customers might benefit sales customers?
- c. Have the Companies shown that this phenomenon occurs in net? Please explain.

RESPONSE:

- a. No, only that it has occurred under the current tariff provisions.
- b. Yes, they may occur.
- c. No. The Utilities have not reviewed this phenomenon or tried to quantify its effects. Moreover, the Utilities would object to a rate design concept premised on net activity over some undefined period potentially being neutral or beneficial. Specifically, the Utilities oppose the transportation customers having the latitude to operate with wide discretion (altering or not altering deliveries for any reason(s)), to which the sales customers' purchases are altered to compensate, potentially economically harming the sales customers, and for which they may be compensated by some potential future opportunity—again provided at the transportation customers' discretion—and to which such opportunity the sales customers are to react. The Utilities believe that the proposed rate design—including the allocation of storage and particularly in this regard, the associated daily storage access parameters—equitably allocates daily storage access to all parties for their use to take advantage—or not—of available market opportunities at their own discretion.

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 I.C.C. DOCKET NO. 11-0280-0881
ICC Staff Cross Exhibit No. 9
 Witness Connery
 Date 9/1/11 Reporter AS