

DIRECT TESTIMONY

of

DANIEL G. KAHLE

**Accounting Department
Financial Analysis Division
Illinois Commerce Commission**

**Reconciliation of Revenues Collected Under Gas Adjustment Charges
With Actual Costs Prudently Incurred**

North Shore Gas Company

Docket No. 08-0631

November 9, 2011

TABLE OF CONTENTS

Witness Identification..... 1
Staff Reconciliation Schedule2
Conclusion3

SCHEDULES

Schedule 1.1 PGA Reconciliation Summary

1 **Witness Identification**

2 Q. Please state your name and business address.

3 A. My name is Daniel G. Kahle. My business address is 527 East Capitol
4 Avenue, Springfield, Illinois 62701.

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

6 A. I am employed as an Accountant in the Accounting Department of the
7 Financial Analysis Division of the Illinois Commerce Commission
8 ("Commission").

9 Q. Please describe your background and professional affiliation.

10 A. I have a Bachelor of Science degree in Accountancy from the University
11 of Illinois. I am a Certified Public Accountant, licensed to practice in the
12 State of Illinois. My prior accounting experience includes seventeen years
13 as an internal auditor for the State of Illinois, including four years as Chief
14 Auditor at the Department of Commerce and Economic Opportunity
15 ("DCEO"), five years as an Accounting Office Manager at DCEO, as well
16 as two years as an Assurance Services Manager in a public accounting
17 firm. I joined the Staff of the Illinois Commerce Commission ("Staff") in
18 April of 2006.

19 Q. Have you previously testified before this Commission?

20 A. Yes, I have testified before the Commission on several occasions.

21 Q. What is the purpose of your testimony in this proceeding?

22 A. The purpose of my testimony is to report the results of my review of North
23 Shore Gas Company's ("North Shore", "Respondent" or "Company")
24 Purchased Gas Adjustment Clause ("PGA") Reconciliation for the twelve
25 months ending December 31, 2008 as calculated by its witness Valerie H.
26 Grace, in Respondent's Exhibit VG-1.1, and the underlying documents
27 that support the calculations.

28 Q. Are you sponsoring any schedules as part of your direct testimony?

29 A. Yes. I prepared the following schedules for the Company that show data
30 for the reconciliation year ending December 31, 2008:

31 Schedule 1.1 PGA Reconciliation Summary

32 Q. Do you have any attachments to your testimony?

33 A. No.

34 **Staff Reconciliation Schedule**

35 Q. Please describe Schedule 1.1, PGA Reconciliation Summary.

36 A. Schedule 1.1 present a summary of the three components of North
37 Shore's PGA Gas Charge. North Shore's PGA Charge consists of three
38 individual gas charges: (1) the Commodity Gas Charge (CGC), (2) the
39 Non-commodity Gas Charge, Demand Gas Charge, and Aggregation
40 Balancing Gas Charge (NCGC, DGC, and ABGC), and for a portion of the
41 reconciliation period (3) the Transition Surcharge (TS). Column (B)
42 presents the Staff's Reconciliation of the Commodity Gas Charge.
43 Column (C) is Staff's Reconciliation of the Non-commodity Gas Charge,

44 Demand Gas Charge, and Aggregation Balancing Gas Charge. Column
45 (D) is Staff's reconciliation of the Transition Surcharge. Column (E) is the
46 sum of Columns (B), (C), and (D) and represents Staff's total PGA
47 reconciliation. Line 14 reflects the net effect of all adjustments to each
48 component and the resulting Factor O.

49 Staff is not proposing any adjustments.

50 **Conclusion**

51 Q. Please summarize your recommendation.

52 A. I recommend that the Commission adopt Staff's proposed PGA
53 reconciliations as reflected on ICC Staff Exhibit 1.0, Schedule 1.1.

54 Q. Does this conclude your prepared direct testimony?

55 A. Yes, it does.

**North Shore Gas Company
 PGA Reconciliation Summary
 for the Year Ended December 31, 2008**

Line No.	Description (A)	Commodity Gas Charge (CGC) (Respondent Ex. VG-1.1) (B)	Non-Commodity Gas Charge, Demand Gas Charge & Aggregation Balancing Gas Charge (NCGC, DGC and ABGC) (Respondent Ex. VG-1.1) (C)	Transition Surcharge (TS) (Respondent Ex. VG-1.1) (D)	Total Company (B+C+D) (E)
1	Unamortized Balance at December 31, 2007 (Refund) / Recovery	\$ (4,898,496.07)	\$ 267,022.86	\$ 9,414.36	\$ (4,622,058.85)
2	Factor A Adjustments Amortized to Schedule I at December 31, 2007	(2,901,338.54)	469,478.74	3,337.63	(2,428,522.17)
3	Factor O (Refunded) / Recovered	(1,108,032.50)	-	-	(1,108,032.50)
4	Balance (Refundable) / Recoverable from Prior Periods (Line 1 + Line 2 + Line 3)	<u>\$ (8,907,867.11)</u>	<u>\$ 736,501.60</u>	<u>\$ 12,751.99</u>	<u>\$ (8,158,613.52)</u>
5	Costs Recoverable through the Gas Charge	\$ 222,001,377.68	\$ 18,173,782.01	\$ -	\$ 240,175,159.69
6	Revenues Arising through Application of the Gas Charge	218,766,823.16	19,717,275.16	9.32	238,484,107.64
7	Separately Reported Pipeline Refunds or Surcharges	-	(11,960.42)	-	(11,960.42)
8	Separately Reported Other Adjustments	(26,766.07)	12,742.67	(12,742.67)	(26,766.07)
9	Interest	(10,529.45)	(29,686.06)	-	(40,215.51)
10	(Over) / Under Recovery for Reconciliation Year (Line 5 - Line 6 + Line 7 + Line 8 + Line 9)	<u>\$ 3,197,259.00</u>	<u>\$ (1,572,396.96)</u>	<u>\$ (12,751.99)</u>	<u>\$ 1,612,110.05</u>
11	(Over) / Under Recovery Balance at December 31, 2008 (Line 4 + Line 10)	\$ (5,710,608.11)	\$ (835,895.36)	\$ -	\$ (6,546,503.47)
12	Factor A Adjustments Amortized to Schedule I at December 31, 2008	(3,153,098.24)	(344,560.19)	-	(3,497,658.43)
13	Unamortized Balance at December 31, 2008 (Refund) / Recovery	(2,557,509.87)	(491,335.17)	-	(3,048,845.04)
14	Requested Factor O (Line 11 - Line 12 - Line 13) (Refund) / Recovery	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>