

ICC Docket No. 01-0705, 02-0067, 02-0725 Consolidated

People of the State of Illinois Responses to

NICOR's Eighth Set of Data Requests

February 25, 2011

AG 8.08 Identify with specificity all facts and circumstances Mr. Effron considered in reaching the conclusion, stated at page 31 of his testimony, that "in the absence of reductions to stored gas inventory in 1999 and 2000 to take advantage of the PBR and efforts to influence the benchmark in 2001, the pattern of withdrawals from inventory in 2001 would have been similar to the pattern of withdrawals in 1998."

Response:

The question quotes Mr. Effron's testimony out of context in a manner that distorts the substance of the testimony. Mr. Effron's testimony states that "based on historic experience, it is not at all unreasonable to believe, that in the absence of reductions to stored gas inventory in 1999 and 2000 to take advantage of the PBR and efforts to influence the benchmark in 2001, the pattern of withdrawals from inventory in 2001 would have been similar to the pattern of withdrawals in 1998." Thus, Mr. Effron did not "conclude" that the pattern of withdrawals from inventory in 2001 would have been similar to the pattern of withdrawals in 1998, but rather that it is reasonably likely that the pattern of withdrawals in 2001 (with the below average total deliveries in January, p. 30) would have been similar to the pattern of withdrawals in 1998, absent the lowered storage inventory at the beginning of January 2001 and efforts to influence the benchmark in 2001. Mr. Effron believes that the pattern of withdrawals in 1998 is a reasonable surrogate for the actual pattern of withdrawals in 2001 for the reasons stated on page 30 of his testimony. It should be noted that on page 26 of his testimony Mr. Effron also quantified what the reduction to the cost of gas in 2001 would have been if the pattern of withdrawals and injections in 2001 had been based on the average withdrawals and injections in the years 1994-1998. Mr. Effron believes that this is also a plausible surrogate for the actual pattern of withdrawals in 2001 if the inventory at the beginning of January 2001 had been higher and there were no efforts to influence the benchmark in 2001.

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Nicor Cross Exhibit No. 7

Witness Efron

Date 2/29/12 Reporter AS