

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

North Shore Gas Company :
 :
Petition Pursuant to Rider UEA of :
Schedule of Rates for Gas Service : **11-0605**
to Initiate a Proceeding to :
Determine the Accuracy of the :
rider UEA Reconciliation :
Statement. :

ORDER

By the Commission:

I. PROCEDURAL HISTORY

On February 2, 2010, the Illinois Commerce Commission (the "Commission") entered its Order approving North Shore Gas Company's ("North Shore" or the "Company") Rider UEA, Uncollectible Expense Adjustment, in Docket Nos. 09-0419/09-0420 (cons.). Section I of Rider UEA requires North Shore to file a petition no later than August 31 seeking initiation of the annual reconciliation to determine the accuracy of the statement. Accordingly, on August 31, 2011, North Shore filed in this proceeding its first Rider UEA reconciliation petition, which covers two effective periods. The first Effective Period was for adjustments that were effective from April 1 through December 31, 2010, and the second Effective Period was for adjustments that were effective from June 1, 2010 through May 31, 2011.

Pursuant to notice given, as required by law and by the Commission's rules and regulations, a hearing was held at the Commission's office in Springfield, Illinois, on March 15, 2012. North Shore and the Commission's Staff ("Staff") witnesses entered appearances. There were no interveners. North Shore presented the testimony of Karen A. Tiedmann, Senior Rate Planner/Analyst in Gas Regulatory Services, and John Barna, Manager, Credit and Collections. Staff presented the testimony of Daniel G. Kahle, Accountant in the Accounting Department of the Commission's Financial Analysis Division. The record was marked "Heard and Taken" on March 15, 2012. There were no contested issues at the completion of the hearing and the parties agreed to file a Draft Order. On May 10, 2012, North Shore filed a Draft Order that had been previously reviewed by Staff, and to which Staff did not object, for the Administrative Law Judge's consideration.

II. NORTH SHORE'S POSITION

Ms. Tiedmann testified about the nature and requirements of Rider UEA, North Shore's compliance with the rider, and the Company's reconciliation calculations. She stated that the reconciliation reflects the incremental difference between the actual uncollectible expense amount in Account 904 (as reported in Form 21, Annual Report to the Commission) and the uncollectible expense amount that has been included in base rates. Ms. Tiedmann testified that the reconciliation period is April 1, 2010, through March 31, 2011. She stated that, for the 2008 reporting year, North Shore determined the net recovery amount of \$519,574 by calculating the difference between the actual Uncollectible Accounts Expense amount reported in the 2008 Form 21 ILCC report and the baseline amount in rates for the 2008 reporting period. For the 2009 reporting year, she testified that North Shore determined the net refund amount of \$44,890 by calculating the difference between the actual Uncollectible Accounts Expense amount reported in the 2009 Form 21 ILCC report and the baseline amount in rates for the 2009 reporting period.

Ms. Tiedmann's NSG Ex. 1.1 is a Statement of the reconciliation adjustment ("RA") amounts. The Statement shows the applicable RA amounts for each adjustment type for customers served under North Shore's Service Classification ("S.C.") Nos. 1, 2 and 3. The adjustment types are: Incremental Delivery Uncollectible Amount ("IDUA"), Incremental Gas Supply Service Uncollectible Amount ("ISUA") and Incremental Transportation Service Uncollectible Amount ("ITUA"). The exhibit also shows the derivation of each RA amount and provides supporting data.

It shows the adjustment amounts to be recovered or refunded over the effective periods. She stated that North Shore will recover \$4,282.11 from S.C. No. 1 sales and transportation customers through the IDUA adjustment. The ISUA RA amount for S.C. No. 1 sales customers is a recovery of \$9,264.03, and the ITUA RA amount for S.C. No. 1 transportation customers is a refund of \$1,343.93.

Over the twelve-month period beginning June 1, 2011, Ms. Tiedmann stated that North Shore will refund \$386.99 to S.C. No. 2 sales and transportation customers through the IDUA adjustment. The ISUA RA amount for S.C. No. 2 sales customers is a recovery of \$2,124.01, and the ITUA RA amount for S.C. No. 2 transportation customers is a refund of \$294.89. For S.C. No. 3, North Shore will recover 24 cents from S.C. No. 3 sales and transportation customers through the IDUA adjustment. The ISUA RA amount for S.C. No. 3 sales customers is a refund of \$2.00 and the ITUA RA amount for S.C. No. 3 transportation customers is a recovery of 12 cents. Ms. Tiedmann testified that the Rider UEA adjustments are included in the customer charge on customers' bills.

Ms. Tiedmann's NSG Ex 1.2 is a report of the 2009 reporting year showing the adjustment amounts that were filed in May 2010 for the 2009 reporting year. It shows the adjustment amounts to be recovered / (refunded) over the 12 month Effective Period June 1, 2010 through May 31, 2011 (a net refund of \$44,890.00); and the adjustment

amounts to be recovered / (refunded) for the June 1, 2010 through March 31, 2011 reconciliation period (a net refund amount of \$37,191,46). The remaining refund amount of \$7,698.54 for the two-month period from April 1 through May 31, 2011 will be reconciled in the next reconciliation period.

Mr. Barna, in rebuttal testimony that responded to Staff witness Mr. Kahle's request, sponsored exhibits (responses to two Staff data requests) that show the actions North Shore took to comply with Section 19-145(c) of the Public Utilities Act (the "Act"), 220 ILCS 5/19-145(c), which requires a utility to pursue minimization of and collection of uncollectibles through certain activities. These data responses described how the Company identifies customers with late payments; contacts customers in an effort to obtain payment; provides delinquent customers with possible options including payment plans and assistance programs; serves disconnection notices prior to disconnection; implements disconnections based on the level of uncollectibles; pursues collection activities based on the level of uncollectibles; and other practices such as efforts specifically directed to customers for whom payment assistance may be available.

III. STAFF'S POSITION

Mr. Kahle testified that he recommends the Commission accept the Annual Reconciliation adjustments as summarized in Staff Exhibit 1.0, Schedule 1.1. Mr. Kahle also testified that Schedule 1.1 reflects under-collections of \$10,936.59 and \$2,706.11 for 2008 and 2009, respectively, in charges collected from North Shore's uncollectible expense factors pursuant to Rider UEA. He testified that these amounts will be refunded or collected over the twelve-month period beginning June 1, 2011, by rate class in accordance with the amounts reflected on North Shore Exhibit 1.1.

Mr. Kahle further testified that North Shore provided information in discovery regarding the Act's requirements in Section 19-145 to pursue minimization of and collection of uncollectibles. Accordingly, he recommended that North Shore enter its responses to two Staff Data Requests into the evidentiary record.

IV. FINDINGS AND CONCLUSIONS

There are no issues between the parties for the Commission to resolve in this proceeding. Accordingly, based on the record herein, the Commission concludes that North Shore's Rider UEA reconciliation calculations covering a two-year cost period of 2008 and 2009 and a revenue recovery period of June 1, 2010, to May 31, 2011 [the reconciliation period is April 1, 2010 – March 31, 2011; the 2009 reporting year includes amounts that will be collected in April and May 2011 and will be reconciled in the next reconciliation period] are accurate and, therefore, the Reconciliation Adjustment summarized in Staff Exhibit 1.0, Schedule 1.1, which is attached hereto as an Appendix, should be approved.

The Commission, having given due consideration to the entire record and being fully advised in the premises, is of the opinion and finds that:

- (1) North Shore Gas Company is a corporation engaged in the sale and distribution of natural gas in Illinois and, as such, is a public utility within the meaning of the Public Utilities Act;
- (2) the Commission has jurisdiction over the Company and the subject matter of this proceeding;
- (3) the statements of fact set forth in the prefatory portion of this Order are supported by the evidence and the record and are hereby adopted as findings of fact;
- (4) the Company's calculations for its Rider UEA reconciliation covering a two-year cost period of 2008 and 2009 and a revenue recovery period of June 1, 2010 through May 31, 2011, are accurate;
- (5) the Company shall recover the under-collection of \$13,642.70 over the twelve-month period beginning June 1, 2011; and
- (6) the Company's Rider UEA Reconciliation Adjustment summarized in the Appendix A hereto shall be approved.

IT IS THEREFORE ORDERED that the Reconciliation Adjustment submitted by North Shore Gas Company under Rider UEA – Uncollectible Expense Adjustment for a two-year cost period of 2008 and 2009 and a revenue recovery period of June 1, 2010, through May 31, 2011, and summarized in the Appendix A attached hereto is hereby approved.

IT IS FURTHER ORDERED that, subject to the provisions of Section 10-113 of the Public Utilities Act and 83 Illinois Administrative Code Sec. 200.880, this Order is final; it is not subject to the Administrative Review Law.

By Order of the Commission this 6th day of June, 2012.

(SIGNED) DOUGLAS P. SCOTT

Chairman