

STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

North Shore Gas Company)
)
Petition Pursuant to Rider UEA) Docket No. 12-
of Schedule of Rates for Gas)
Service to Initiate a Proceeding to)
Determine the Accuracy of the)
Rider UEA Reconciliation Statement)

DIRECT TESTIMONY
OF
KAREN A. TIEDMANN

1 Q. Please state your name and business address.

2 A. Karen A. Tiedmann, 130 East Randolph Street, Chicago, Illinois 60601.

3 Q. By whom are you employed?

4 A. Integrys Business Support, LLC (“IBS”).

5 Q. What position do you hold with IBS?

6 A. I am a Senior Rate Planner/Analyst in Gas Regulatory Services.

7 Q. What are your responsibilities in that position?

8 A. I am responsible for performing activities related to rate research, rate
9 design, rate and tariff administration, and billing and rate impact studies for
10 Petitioner, North Shore Gas Company (“North Shore”) and an affiliated company,
11 The Peoples Gas Light and Coke Company (“Peoples Gas”).

12 Q. Please summarize your educational background and experience.

13 A. In 1985, I graduated from Northern Illinois University with a Bachelor of
14 Science Degree in Computer Science and a minor in Business. In 1991, I
15 received a Master of Business Administration Degree from DePaul University

16 with a Finance Emphasis. I have been employed by IBS since July 2011 in my
17 present position but was employed by Peoples Gas from 1985 through 1998, and
18 also served as a contractor from August 2006 through June 2011. I began my
19 employment at Peoples Gas in the Information Technology Services (“ITS”)
20 department. From 1985 through 1998, I was employed in various positions and
21 levels of responsibility at Peoples Gas in the ITS Department, the Financial
22 Reporting Department and the Rates Department. From August 2006 through
23 June 2011, I was employed by Stafflogix Corporation as a Contractor and
24 provided service to IBS’ Gas Regulatory Services Department, assisting in rate
25 case proceedings.

26 Q. Please give a brief description of the operations and status of Petitioner.

27 A. I am advised by counsel that North Shore is a corporation organized and
28 existing under the laws of the State of Illinois, having its principal office at 130
29 East Randolph Street, Chicago, Illinois 60601. It is engaged in the business of
30 purchasing natural gas for and distributing and selling natural gas to
31 approximately 158,000 customers in Cook and Lake Counties, Illinois. I am
32 advised by counsel that North Shore is a public utility within the meaning of the
33 Public Utilities Act (the “Act”).

34 Q. Please describe the subject matter of this proceeding.

35 A. North Shore’s Schedule of Rates for Gas Service includes Rider UEA,
36 Uncollectible Expense Adjustment, which was filed with the Illinois Commerce
37 Commission (“Commission”) pursuant to Section 19-145 of the Act. The
38 Commission approved Rider UEA in Docket Nos. 09-0419/09-0420 (cons.).

39 Rider UEA, which determines adjustments arising from incremental differences
40 between the amount of Uncollectible Accounts Expense in the Company's rates
41 and the amount reported in Form 21 ILCC to the Commission ("Form 21 ILCC
42 report"), became effective in February 2010, and applies to Service Classification
43 ("S.C.") Nos. 1, 2 and 3. Section I of Rider UEA requires North Shore to file a
44 petition no later than August 31, seeking initiation of an annual review and to
45 reconcile the amounts as provided for under the rider.

46 Q. Are you sponsoring any attachments to your direct testimony?

47 A. Yes. I am sponsoring the following exhibits:

- 48 • NSG Ex. 1.1 is the Reconciliation Statement for the April 1, 2011
49 through March 31, 2012 reconciliation period that shows amounts
50 to be included as the RA for the June 1, 2012 through May 31,
51 2013, Effective Period ("Statement").
- 52 • NSG Ex. 1.2 is the Rider UEA filing that was filed with the
53 Commission by letter dated May 17, 2012 for the 2011 reporting
54 year which includes the RA amount for the April 1, 2011 through
55 March 31, 2012 reconciliation period per the Statement (NSG Ex.
56 1.1).
- 57 • NSG Ex. 1.3 is the Rider UEA filing that was filed with the
58 Commission by letter dated May 19, 2011 for the 2010 reporting
59 year and RA amount for the April 1, 2010 through March 31, 2011
60 reconciliation period. The amounts from NSG Ex. 1.3, page 3, lines
61 1 through 4 are included on page 2 of the Statement. The amount

62 for S.C. No. 3 on NSG Ex. 1.1, page 2, line 3, Column A reflects the
63 amount on NSG Ex. 1.3, page 3, line 3, column D, as the
64 adjustments for S.C. No. 3 were combined into a single adjustment
65 amount and factor under the Incremental Delivery Adjustment
66 (IDUA) as provided for in Section B of Rider UEA based on the
67 insufficient number of sales customers in the service classification.

- 68 • NSG Ex. 1.4 is the Report of the 2009 reporting year Rider UEA
69 Adjustment amounts showing the amounts that were included in the
70 last reconciliation period (for June 1, 2010 through March 31, 2011)
71 as well as the amounts for April 1 through May 31, 2011 that are
72 included in the Statement on page 3 for this reconciliation period.
73 This exhibit was submitted as NSG Ex. 1.2 in Docket No. 11-0605,
74 the last Rider UEA reconciliation proceeding. The Commission
75 approved that reconciliation statement in a June 6, 2012 Order.

76 Q. Were these exhibits prepared by you or under your supervision and
77 direction?

78 A. Yes.

79 Q. Please describe the filings and reconciliation period that pertain to the
80 reconciliation statement.

81 A. Sections F and G of Rider UEA require North Shore to file annually, no
82 later than May 20, adjustments to be effective under this rider for an Effective
83 Period. North Shore filed adjustments in May 2010 for the calendar year 2009
84 Form 21 reporting year, to refund \$44,890 to customers, as shown in NSG Ex.

85 1.4, page 1, line 4, column D, and those adjustments became effective on June
86 1, 2010, and were billed through May 31, 2011. North Shore filed adjustments in
87 May 2011 for the calendar year 2010 Form 21 reporting year and prior period
88 reconciliation adjustments, to refund \$324,367.20 to customers, as shown in
89 NSG Ex. 1.3, page 3, sum of lines 1 through 3 (rounding error on line 4), column
90 D, and those adjustments became effective on June 1, 2011, and were billed
91 through May 31, 2012. Section F of Rider UEA includes components for a Factor
92 RA (Reconciliation Adjustment) and Factor O (Commission ordered adjustment
93 amount)¹ that are included in each applicable Rider UEA adjustment. Pursuant
94 to these provisions of the rider, the RAs that were included in the Rider UEA
95 adjustments filed in May 2012 for the 2011 reporting year and effective June 1,
96 2012, were based on actual and expected revenues for the period April 1, 2011,
97 through March 31, 2012. Thus, the reconciliation period that is the subject of this
98 testimony includes two months of activity related to the filing for the 2009
99 adjustments and ten months related to the filing for the 2010 adjustments
100 including any applicable RA amounts.

101 Q. Please describe how the 2009 reporting year Rider UEA adjustment
102 amount was determined.

103 A. The net refund amount of \$44,890 as shown on NSG Ex. 1.1, page 3, line
104 4, column D, was determined by calculating the difference between the actual
105 Uncollectible Accounts Expense amount reported in the 2009 Form 21 ILCC
106 report on page 324, line 235, Column (b), of \$1,936,110 to the baseline
107 Uncollectible Accounts Expense amount in rates for the 2009 reporting period of

¹ The Docket No. 11-0605 Order did not include a Factor O.

108 \$1,981,000². The details and supporting calculations were provided in the Rider
109 UEA filing for 2009 that was filed with the Commission by letter dated May 19,
110 2010.

111 Q. Please describe how the 2010 reporting year Rider UEA adjustment
112 amount was determined.

113 A. The net refund amount of \$324,367.20 as shown on NSG Ex. 1.1, page 2,
114 line 4, column D, was determined by calculating the difference between the
115 actual Uncollectible Accounts Expense amount reported in the 2010 Form 21
116 ILCC report on page 324, line 235, Column (b), of \$1,344,469, to the baseline
117 Uncollectible Accounts Expense amount in rates for the 2010 reporting period of
118 \$1,682,479³, and adding the RA amount of \$13,642.70 that was to be recovered
119 for the April 1, 2010 through March 31, 2011 reconciliation period. The related
120 filing documents are shown on NSG Ex. 1.3.

121 Q. Please describe NSG Ex. 1.1.

122 A. NSG Ex. 1.1 is a Statement of the RA amounts that reconciles the
123 amounts that were expected to be billed April 1, 2011 through March 31, 2012,
124 with the Actual amounts recorded for the same period for each service

² The baseline Uncollectible Accounts Expense amount for the 2009 reporting year is the baseline Uncollectible Accounts Expense amount included in the Company's base rates for the February 14, 2008 through January 27, 2010 period of \$1,981,000 as defined in Section B of Rider UEA.

³ The baseline Uncollectible Expense Account amount for the 2010 reporting year is a proration of the baseline Uncollectible Accounts Expense amount included in the Company's base rates for the February 14, 2008 through January 27, 2010 period of \$1,981,000 and the baseline Uncollectible Accounts Expense amount included in the Company's base rates for the January 28, 2010 through January 20, 2012 period of \$1,653,000 as defined in Section B of Rider UEA.

125 classification and adjustment type. These RA amounts are applicable for the
126 Effective Period beginning June 1, 2012 and ending May 31, 2013.

127 Q. What is the purpose of the Statement?

128 A. The Statement shows the applicable RA amounts for each adjustment
129 type for customers served under North Shore's S.C. Nos. 1, 2 and 3 for April 1,
130 2011 through March 31, 2012. It also shows the derivation of each RA amount
131 and provides supporting data for the applicable periods.

132 Q. Please describe the elements of the Statement.

133 A. The Statement includes the following information:

- 134 • Page 1 shows the RA amounts arising from the Rider UEA
135 adjustments for the 2009 and 2010 reporting years (including any
136 applicable RA amounts) over the reconciliation period, for each
137 adjustment type and service classification. These amounts are also
138 included on page 3 of the statement of the determination of the 2011
139 reporting year Rider UEA Adjustments submitted to the Commission by
140 letter dated May 17, 2012 and effective over the twelve-month
141 Effective Period beginning June 1, 2012 and as shown on NSG Ex.
142 1.2, page 5. The data on page 1, lines 1 through 3, of NSG Ex. 1.1 is
143 a summation of the data on page 2 (for the 2010 reporting year) and
144 page 3 (for the 2009 reporting year) for the reconciliation period. The
145 data on page 1, lines 5 through 7, are the actual amounts that were
146 recorded under Rider UEA for the reconciliation period. Finally, the
147 data on lines 9 through 11 are the difference between the amounts

148 expected to be billed on lines 1 through 3 and the amounts that were
149 actually recorded on lines 5 through 7, resulting in the reconciliation
150 adjustment amounts.

151 • Page 2 shows the determination of the adjustment amounts for the
152 2010 reporting year (including prior period RA amounts) that were
153 effective on June 1, 2011, and expected to be billed through the May
154 31, 2012 Effective Period. The data is broken down into amounts that
155 are applicable to this reconciliation period for June 1, 2011 through
156 March 31, 2012, on lines 5 through 7, and amounts for April 1 through
157 May 31, 2012, that will be applicable to the next reconciliation period
158 on lines 9 through 11.

159 • Page 3 shows the determination of the adjustment amounts for the
160 2009 reporting year that were effective on June 1, 2010, and expected
161 to be billed through May 31, 2011. The data is broken down into
162 amounts that were included in the last reconciliation for June 1, 2010
163 through March 31, 2011, on lines 5 through 7, and amounts for April 1
164 through May 31, 2011, that are included in this reconciliation on lines 9
165 through 11.

166 Q. Please describe the data on page 2 related to the 2010 reporting year
167 adjustments.

168 A. Page 2 provides data applicable to S.C. Nos. 1, 2 and 3 for each
169 adjustment type for the 2010 reporting year adjustment amount and applicable
170 prior period RA amounts. The adjustment types are: IDUA, Incremental Gas

171 Supply Service Uncollectible Amount (ISUA) and Incremental Transportation
172 Service Uncollectible Amount (ITUA).

173 • Lines 1 through 3, Columns A through C, provide the amounts that
174 were expected to be recovered or refunded for each service
175 classification and adjustment type under the rider for the 2010
176 reporting year adjustments (and applicable RA amounts) for the June
177 1, 2011 through May 31, 2012 Effective Period.

178 • Lines 5 through 7, Columns A through C, provide the amounts that
179 were expected to be recovered or refunded for each service
180 classification and adjustment type under the rider for the 2010
181 reporting year adjustments for June 1, 2011 through March 31, 2012
182 that are included in this reconciliation.

183 • Lines 9 through 11, Columns A through C, provide the amounts that
184 were expected to be recovered or refunded for each service
185 classification and adjustment type under the rider for the 2010 reporting
186 year adjustments and applicable RA for April 1 through May 31, 2012
187 (the difference between the amounts recorded on lines 1 through 3 and
188 the amounts recorded on lines 5 through 7) that will be included in the
189 next reconciliation.

190 Q. Please describe the data on page 3 for the 2009 reporting year
191 adjustments.

192 A. Page 3 provides the same type of data as I described for page 2, but for
193 2009 except that the adjustment amounts for the 2009 reporting year to be

194 recovered / (refunded) in this reconciliation are for amounts from April 1 through
195 May 31, 2011 as shown on lines 9 through 11. Amounts related to June 1, 2010
196 through March 31, 2011 were included in the last reconciliation as provided for in
197 Rider UEA and shown on lines 5 through 7.

198 Q. What is NSG Ex. 1.4?

199 A. NSG Ex. 1.4 is a report of the 2009 reporting year showing the adjustment
200 amounts that were filed in May 2010 for the 2009 reporting year. This exhibit
201 was presented as NSG Ex. 1.2 in the last Rider UEA reconciliation filing (Docket
202 No. 11-0605) and supports the data presented on NSG Ex. 1.1, page 3, in this
203 proceeding showing that the amounts for June 1, 2010 through March 31, 2011,
204 were included in the last reconciliation.

205 Q. How much will North Shore refund to or recover from S.C. No. 1
206 customers as part of the Rider UEA adjustments effective for the twelve-month
207 Effective Period beginning June 1, 2012?

208 A. As shown on NSG Ex. 1.1, North Shore will recover \$5,179.53 from S.C.
209 No. 1 customers through the IDUA adjustment (page 1, line 9, column A). This
210 amount applies to sales and transportation customers. The ISUA RA amount for
211 S.C. No. 1 sales customers is a refund of \$1,033.97 (page 1, line 9, column B)
212 and the ITUA RA amount for S.C. No. 1 transportation customers is a refund of
213 \$74.71 (page 1, line 9, column C).

214 Q. How much will North Shore refund to or recover from S.C. No. 2
215 customers over the twelve-month period beginning June 1, 2012?

216 A. As shown on NSG Ex. 1.1, North Shore will refund \$364.09 to S.C. No. 2
217 customers through the IDUA adjustment (page 1, line 10, column A). This
218 amount applies to sales and transportation customers. The ISUA RA amount for
219 S.C. No. 2 sales customers is a refund of \$346.57 (page 1, line 10, column B)
220 and the ITUA RA amount for S.C. No. 2 transportation customers is a refund of
221 \$84.70 (page 1, line 10, column C).

222 Q. Are there any reconciliation amounts for S.C. No. 3 customers over the
223 twelve-month period beginning June 1, 2012?

224 A. No, as all applicable Rider UEA adjustment amounts to be refunded to
225 S.C. No. 3 customers have been fully refunded during the reconciliation period.

226 Q. Please describe how the RA components will be included on customers'
227 bills.

228 A. Beginning June 1, 2012, the RA components are included with the 2011
229 reporting year Rider UEA adjustment amounts for each adjustment type and
230 service classification, resulting in a single adjustment amount for each
231 adjustment type and service classification (see NSG Ex. 1.2). These are per
232 customer adjustments that North Shore will bill for the June 1, 2012, through May
233 31, 2013, Effective Period. The Rider UEA adjustments are included in the
234 customer charge on customers' bills.

235 Q. Does this conclude your direct testimony?

236 A. Yes, it does.