

**DIRECT TESTIMONY**

**of**

**Dianna Hathhorn  
Accountant**

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

**Petition to Determine the Accuracy of the Rider 26 (Uncollectible Expense  
Adjustment) Reconciliation Statement**

**Northern Illinois Gas Company d/b/a Nicor Gas Company**

**Docket No. 12-0506**

**November 7, 2012**

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1 Witness Identification

2 Q. Please state your name and business address.

3 A. My name is Dianna Hathhorn. My business address is 527 East Capitol  
4 Avenue, Springfield, Illinois 62701.

5

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

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

9

10 Q. What is the function of the Accounting Department of the Commission?

11 A. The Accounting Department's function is to monitor the financial condition  
12 of public utilities as part of the Commission's responsibilities under Article  
13 IV of the Public Utilities Act ("Act") and to provide accounting expertise on  
14 matters before the Commission.

15

16 Q. Please describe your background and professional affiliation.

17 A. I am a licensed Certified Public Accountant. I earned a B.S. in Accounting  
18 from Illinois State University in 1993. Prior to joining the Commission Staff  
19 ("Staff") in 1998, I worked as an internal auditor for another Illinois state  
20 agency for approximately 3.5 years. I also have 1.5 years experience in  
21 public accounting for a national firm.

22

23 Q. Have you previously testified before this Commission?

24 A. Yes, I have.

25

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

27 A. The purpose of my testimony is to report the results of my review of  
28 Northern Illinois Gas Company's d/b/a Nicor Gas Company's ("Nicor" or  
29 the "Company") second reconciliation of Rider 26, Uncollectible Expense  
30 Adjustment ("Rider 26") to reconcile 2010 uncollectible costs with what  
31 was actually recovered during the effective period of the charges June 1,  
32 2011 through May 21, 2012, sponsored by Company witness Bob O.  
33 Buckles. (Nicor Gas Ex. 1.0)

34

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

36 A. Yes. I prepared Schedule 1.1, which I describe below.

37

38 Annual Reconciliation Adjustments

39 Q. What is your recommendation regarding the Company's' proposed Annual  
40 Reconciliation Adjustments?

41 A. I recommend the Commission accept the Company's Annual  
42 Reconciliation Adjustments, as reflected on ICC Staff Ex. 1.0, Schedule  
43 1.1, page 1, column (D).

44

45 Q. Please describe Schedule 1.1.

46 A. Schedule 1.1 is a two page schedule that presents the activity of Rider 26  
47 during the period June 1, 2011 through May 31, 2012. Column (B) of  
48 page 2 reflects, by rate class, the total uncollectible accounts expense  
49 amounts in Account 904; column (C) reflects the uncollectible accounts  
50 expense amount recovered in the Company's base rates, and column (D)  
51 the amount intended to be recovered or refunded through Rider 26. The  
52 actual revenues in column (E) is compared to this amount to calculate  
53 each rate class' (over) or under collection in column (F). The amounts  
54 from column (F) for each rate class are summed in column (H) with the  
55 2008/2009 prior balances from Column (G). Column (C) of page 1 reflects  
56 that I have no adjustments to the Company's reconciliation adjustment  
57 amounts.

58

59 Summary of Conclusions and Recommendations

60 Q. Please summarize your recommendations.

61 A. I recommend the Commission accept the Reconciliation adjustments for  
62 the Reconciliation period, as reflected on Schedule 1.1, page 1, column  
63 (D). The reconciliation reflects under collections of \$172,271 for 2010 in  
64 charges collected from the Company's uncollectible expense factors  
65 pursuant to Rider 26. These amounts will be refunded or collected over

66 the 9-month period beginning September 1, 2012 by rate class by the  
67 amounts reflected on the Company's Ex. 1.1, page 2, line 2.

68

69 I further recommend that Schedule 1.1 be attached to the Final Order in  
70 this proceeding as an Appendix.

71

72 Q. Does this conclude your prepared direct testimony?

73 A. Yes, it does.

Northern Illinois Gas Company d/b/a Nicor Gas Company  
 Summary of Uncollectible Expense Reconciliation Adjustments  
 For the Year June 1, 2011 through May 31, 2012  
 (In Dollars)

Line No.	Rate Class (A)	Total Reconciliation Adjustments per Company (Over)/Under (B)	Staff Adjustments (C)	Total Reconciliation Adjustments per Staff (Over)/Under (D)
1	IDUF-R	\$ 20,702	\$ -	\$ 20,702
2	ISUF-R	\$ 59,197	\$ -	\$ 59,197
3	IDUF-NR	\$ (1,405)	\$ -	\$ (1,405)
4	ISUF-NR	\$ 93,778	\$ -	\$ 93,778
5	Total 2008	\$ 172,271	\$ -	\$ 172,271

Sources:

Col. (B): Schedule 1.1, p. 2, Col. (H)

Col. (C): Staff Testimony

Col. (D): Col. (B) + Col. (C)

Northern Illinois Gas Company d/b/a Nicor Gas Company  
 Uncollectible Expense Reconciliation Adjustment  
 For the Year June 1, 2011 through May 31, 2012  
 (In Dollars)

Line No.	Rate Class (A)	2010 Account 904 Uncollectible Expense Total (B)	Amount Recovered in Base Rates (C)	Intended Rider 26 Amount (Refund)/Charges Cols (B)-(C) (D)	Actual Rider 26 Revenues (E)	Variance Cols (D)-(E) (F)	2008/2009 Reconciliation Adjustment (Over)/Under Collection (G)	2010 Reconciliation Adjustment (Over)/Under Collection Cols (F)-(G) (H)
1	IDUF-R	\$ 9,485,216	\$ 16,724,192	\$ (7,238,976)	\$ (7,385,414)	\$ 146,438	\$ (125,737)	\$ 20,702
2	ISUF-R	\$ 21,112,255	\$ 37,224,815	\$ (16,112,560)	\$ (16,665,091)	\$ 552,531	\$ (493,334)	\$ 59,197
3	IDUF-NR	\$ 1,582,714	\$ 2,790,618	\$ (1,207,904)	\$ (1,180,804)	\$ (27,100)	\$ 25,695	\$ (1,405)
4	ISUF-NR	\$ 3,522,815	\$ 6,211,375	\$ (2,688,560)	\$ (2,841,928)	\$ 153,368	\$ (59,590)	\$ 93,778
5	Total 2008	\$ 35,703,000	\$ 62,951,000	\$ (27,248,000)	\$ (28,073,237)	\$ 825,237	\$ (652,966)	\$ 172,271

Sources:

- Col. (B): Account 904 Total \$35,703,000 allocated to delivery or supply and residential or non-residential allocation factors
- Col. (C): Base Amount Total \$62,951,000 per tariff allocated to delivery or supply and residential or non-residential allocation factors
- Col. (D): Col. (B) - Col. (C). Agrees to Nicor Gas Ex 1.1, p. 4, col. "Intended"
- Col. (E): Nicor Gas Ex. 1.1, p. 4, col. "Actual"
- Col. (F): Col. (D) - Col. (E). Agrees to Nicor Gas Ex 1.1, p. 4, col. "Variance"
- Col. (G): Appendix to Order in Docket No.11-0604, p. 1 col. (F)
- Col. (H): Col. (F) + Col. (G). Agrees to Nicor Gas Ex 1.1, p. 4, col. "2010 Reconciliation Variance"