

North Shore Gas Company's Response to
Attorney General Data Requests AG 12.19

Dated: January 28, 2013

ICC DOCKET NO. 12-0511/12-0512

Exhibit No. 4

Witness

Christine Gregor

Date

2/4/13

Reporter

KW

REQUEST NO. AG 22.07:

Ref: NS-PGL Ex. 41.0, page 6 (IBS Legal Charges). At page 6 of her Surrebuttal, Ms. Gregor states, "His other adjustment is to the Legal home center, which he states has been overstated in the 2013 forecast period. In data response AG 12.19 (See NS-PGL Ex. 25.3P), total non-IBS legal amounts were given for 2010-2013. Annualizing 2012 would result in a 2010-2012 average of \$7,421,000. Applying a 2.2% inflation rate would result in a 2013 number of \$7,585,000 compared to the 2013 forecast of \$7,537,000, not a material difference. See NS-PGL Ex. 41.6. However total IBS legal amounts have increased due to a forecasted increase in external legal fees since they have held steady since 2008." Please provide the following additional information:

- a. Explain what is meant by "non-IBS legal amounts" and confirm that such amounts do not include the "IBS Outside Legal" charges set forth in the boxed area near the bottom of NS-PGL Ex. 41.6.
- b. Confirm that the discussion of amounts in the quoted Surrebuttal testimony excludes any analysis or discussion of the "IBS Outside Legal" expenses for the years 2010 through 2012, as shown in the boxed area near the bottom of NS-PGL Ex. 41.6, or explain any inability to provide such confirmation.
- c. Provide pinpoint citations to where any itemization, analysis, testimony or justification has been provided by Ms. Gregor or the Companies in connection with the \$1,518,561.96 of "IBS Outside Legal" expenses in the boxed area near the bottom of NS-PGL Ex. 41.6
- d. With respect to the reference to "Annualize 2012" in NS-PGL Ex. 41.6, please confirm that this \$6,733,164 amount is the result of taking actual expenses through October of 2012 times 12 months / 10 months to annualize, or explain any alternative methods used and provide calculations for same
- e. Confirm that for "non-IBS legal" expenses, the Companies' forecast of \$7,536,634.80 exceeds Ms. Gregor's annualized 2012 actual spending levels of \$6,733,164 by about 12 percent, or explain any inability to provide such confirmation.
- f. Would Ms. Gregor agree that actual 2012 "IBS Outside Legal" spending of \$688,310, if annualized using a 12/10 months calculation, would produce recent actual spending of about \$826,000, which is much lower than the \$1,518,561.96 amount included in the Companies' test year forecast?
- g. Please confirm that, relative to 2012 actual expenditures annualized, the IBS legal forecast for 2013 is much higher in both categories of "IBS Outside

ICC Docket No. 12-0511
North Shore Gas Company's Response to
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Legal" and "Non-IBS Outside Legal Counsel" or explain any inability to provide such confirmation.

RESPONSE:

See Peoples Gas' response to AG 22.07.

ICC Docket No. 12-0512
**The Peoples Gas Light and Coke Company's Response to
Attorney General Data Requests AG 22.01-22.15**
Dated: January 28, 2013

REQUEST NO. AG 22.07:

Ref: NS-PGL Ex. 41.0, page 6 (IBS Legal Charges). At page 6 of her Surrebuttal, Ms. Gregor states, "His other adjustment is to the Legal home center, which he states has been overstated in the 2013 forecast period. In data response AG 12.19 (See NS-PGL Ex. 25.3P), total non-IBS legal amounts were given for 2010-2013. Annualizing 2012 would result in a 2010-2012 average of \$7,421,000. Applying a 2.2% inflation rate would result in a 2013 number of \$7,585,000 compared to the 2013 forecast of \$7,537,000, not a material difference. See NS-PGL Ex. 41.6. However total IBS legal amounts have increased due to a forecasted increase in external legal fees since they have held steady since 2008." Please provide the following additional information:

- a. Explain what is meant by "non-IBS legal amounts" and confirm that such amounts do not include the "IBS Outside Legal" charges set forth in the boxed area near the bottom of NS-PGL Ex. 41.6.
- b. Confirm that the discussion of amounts in the quoted Surrebuttal testimony excludes any analysis or discussion of the "IBS Outside Legal" expenses for the years 2010 through 2012, as shown in the boxed area near the bottom of NS-PGL Ex. 41.6, or explain any inability to provide such confirmation.
- c. Provide pinpoint citations to where any itemization, analysis, testimony or justification has been provided by Ms. Gregor or the Companies in connection with the \$1,518,561.96 of "IBS Outside Legal" expenses in the boxed area near the bottom of NS-PGL Ex. 41.6
- d. With respect to the reference to "Annualize 2012" in NS-PGL Ex. 41.6, please confirm that this \$6,733,164 amount is the result of taking actual expenses through October of 2012 times 12 months / 10 months to annualize, or explain any alternative methods used and provide calculations for same
- e. Confirm that for "non-IBS legal" expenses, the Companies' forecast of \$7,536,634.80 exceeds Ms. Gregor's annualized 2012 actual spending levels of \$6,733,164 by about 12 percent, or explain any inability to provide such confirmation.
- f. Would Ms. Gregor agree that actual 2012 "IBS Outside Legal" spending of \$688,310, if annualized using a 12/10 months calculation, would produce recent actual spending of about \$826,000, which is much lower than the \$1,518,561.96 amount included in the Companies' test year forecast?
- g. Please confirm that, relative to 2012 actual expenditures annualized, the IBS legal forecast for 2013 is much higher in both categories of "IBS Outside

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Legal" and "Non-IBS Outside Legal Counsel" or explain any inability to provide such confirmation.

RESPONSE:

- a. Non-IBS legal amounts include outside legal counsel costs that are incurred by only the Affiliates and therefore they are direct charged to the Affiliates. IBS outside legal amounts are outside legal services incurred by IBS and allocated to all the IBS Affiliates using the general corporate allocator. The amounts on NS-PGL Ex. 41.6, row 36 labeled "Non-IBS Outside Legal Counsel" do not include IBS outside legal counsel. They only include legal counsel for all the Affiliates.
- b. Yes, the amounts quoted in Surrebuttal testimony on lines 122 through 127 exclude "IBS Outside Legal" costs.
- c. See Peoples Gas' response to AG 12.19 Attach 01, tab "AG 12.08 & 12.19 def IBS A50" lines 43 -44 and NS-PGL Ex. 41.6, lines 127-129.
- d. Yes, that is correct.
- e. The 2013 forecast is 12% higher than the annualized estimate for 2012; however, it is only \$48,021.51 or 0.63% over an inflated 2010-2012 average as shown in NS-PGL EX. 41.6 Legal Costs. IBS Legal tends to be forecasted on 3-5 years of history, not one estimated year, due to the large variations that can occur depending on matters that occur that need legal counsel.
- f. Yes, the annualized 2012 "IBS Outside Legal" spending would be approximately \$826,000; lower than the \$1,518,561.96 included in the test year forecast. IBS Legal tends to be forecasted on 3-5 years of history, not one estimated year, due to the large variations that can occur depending on matters that occur that need legal counsel.
- g. See responses to subparts (e) and (f).