

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

ICC DOCKET: 12-0511/12-0512

AG Cross Exhibit: 15

REQUEST NO. AG 22.01:

Ref: NS-PGL Ex. 37.0, page 8 (Capital Access Limitations). At page 8 of his Surrebuttal, Mr. Schott states, "Peoples Gas over time cannot continue to invest in the AMRP if it is not recovering the costs of the AMRP projects. Any suggestion that under-recoveries of costs that continue over time are sustainable disregards how a business works, and the fact that its capital is not inexhaustible, and thus lacks credibility." Please provide the following information:

- a. Please explain whether Mr. Schott is indicating that PGL is unable, due to access to capital, to "continue to invest in the AMRP" or, instead, is suggesting that PGL is less willing to continue to invest in the AMRP if an average versus year-end forecasted rate base is used.
- b. If Mr. Schott or PGL is asserting that specific and quantifiable limits to the Company's available new investment capital on reasonable terms should be considered by the Commission, please explain and quantify each of such limitations.
- c. State all assumptions and provide copies of studies, reports, analyses, workpapers, projections and all other documentation relied upon in development of your response to part (b).
- d. If an average rather than year-end rate base is approved by the Commission in the pending PGL and NSG rate cases, will either utility invest less capital into the utilities than is needed to provide safe and adequate service in compliance with all applicable safety regulations?
- e. Please explain and quantify any positive response to part (d).
- f. Explain and quantify the known differences in projected investment spending on AMRP that will occur in each future year for which projections can be made, if an average rather than year-end rate base is approved in the pending PGL and NSG rate cases.
- g. State all assumptions and provide copies of studies, reports, analyses, workpapers, projections and all other documentation relied upon in development of your response to part (f).
- h. Given your response to part (f), in what measurable ways will gas delivery service quality and public safety in the PGL service territory be impacted by a Commission decision to continue to employ an average future test year rate base in determining rates for PGL and NSG?

State all assumptions and provide copies of studies, reports, analyses, workpapers, projections and all other documentation relied upon in development of your response to part (h).

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ICC DOCKET NO. 12-0511/12-0512
HSD X
Exhibit No. AG Cross Ex. 15

Witness James Schott
Date 2/6/13 Reporter KW

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RESPONSE:

- a. Mr. Schott's testimony speaks for itself. The particular language of Mr. Schott's surrebuttal that this data request quotes addresses the situation "over time", which means just that, over time, and is not limited to the circumstances of the current cases and the short term. In brief, in the quoted language, Mr. Schott is indicating that, if, over time, Peoples Gas does not recover the costs of the AMRP projects, then at some point funding the AMRP projects will become infeasible as a matter of practical business reality. If this subpart of the data request is intended to ask only about the current cases and the short term, then please see the applicable portions of Mr. Schott's direct, rebuttal, and surrebuttal testimony and Peoples Gas' response to AG data request 16.01, which Mr. Brosch attached to his rebuttal as AG Ex. 4.3.
- b. No, Mr. Schott is not identifying "specific and quantifiable limits" in the sense of saying or implying that once an aggregate AMRP project cost under-recovery of \$X is reached, where \$X is a specific dollar figure, further investment in AMRP projects will be infeasible.
- c. Not applicable.
- d. No, provided that the Utilities do not know what specific statutes or other regulations the data request assumes by the term "all applicable safety regulations". See *also* Peoples Gas' response to AG data request 16.01.
- e. Not applicable.
- f. No such figures are known at this time. Management of Peoples Gas has not made any formal or final decision about whether or how much to invest in AMRP projects in the future in the event of different possible outcomes of the Commission's final Order in the current cases.
- g. Not applicable.
- h. Peoples Gas does not believe that discontinuation of the AMRP will result in a Peoples Gas system that is unsafe, inadequate, or unreliable. Peoples Gas has not performed any quantitative analysis of how "service quality and public safety" would be enhanced by the AMRP. With respect to the benefits of AMRP, including benefits falling outside the scope of this subpart of the data request, see, *e.g.*, Peoples Gas' response to AG data request 16.02, which in turn references, among other things, pages 164-173 of the Order in the Utilities' 2009 rate cases.
- i. Not applicable, but see also the materials referenced in Peoples Gas' response to AG data request 16.02.