

REBUTTAL TESTIMONY

of

Dianna Hathhorn
Accountant

Accounting Department
Financial Analysis Division
Illinois Commerce Commission

Petition Pursuant to Rider EEP of Schedule of Rates for Gas Service to Initiate a
Proceeding to Determine the Accuracy of the Rider EEP Reconciliation
Statement

North Shore Gas Company and
The Peoples Gas Light and Coke Company

Docket Nos. 11-0663/11-0664 Consolidated

August 6, 2013

TABLE OF CONTENTS

Witness Identification	1
Staff Reconciliation Schedules	2
Adjustments for Inappropriate Rebate Payments.....	4
Adjustments for Supplemental Costs	4
Summary of Conclusions and Recommendations	6

SCHEDULES

Schedule 3.1 P	Rider EEP Reconciliation Summary-SC 1
Schedule 3.2 P	Rider EEP Reconciliation Summary-SC 2
Schedule 3.3 P	Adjustments for Inappropriate Rebate Payments
Schedule 3.4 P	Adjustments for Supplemental Costs
Schedule 3.1 N	Rider EEP Reconciliation Summary-SC 1
Schedule 3.2 N	Rider EEP Reconciliation Summary-SC 2
Schedule 3.3 N	Adjustments for Inappropriate Rebate Payments
Schedule 3.4 N	Adjustments for Supplemental Costs

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. Have you previously testified before in this proceeding?**

11 A. Yes, my direct testimony is ICC Staff Exhibit 1.0.

12

13 **Q. What is the purpose of your rebuttal testimony in this proceeding?**

14 A. The purpose of my testimony is to respond to North Shore Gas
15 Company’s (“North Shore”) and The Peoples Gas Light and Coke
16 Company’s (“Peoples Gas”) (individually, the “Company” and collectively,
17 the “Companies”) rebuttal testimony concerning the Energy Efficiency
18 Program (“Rider EEP”) Reconciliation for the period July 1, 2010 through
19 June 30, 2011 (“reconciliation period”).

20

21 **Q. Are you sponsoring any schedules as part of your rebuttal**
22 **testimony?**

23 A. Yes. I prepared the following schedules

24 Schedule 3.1 P Rider EEP Reconciliation Summary- SC 1
25 Schedule 3.2 P Rider EEP Reconciliation Summary- SC 2
26 Schedule 3.3 P Adjustments for Inappropriate Rebate Payments
27 Schedule 3.4 P Adjustments for Supplemental Costs

28
29

30 Schedule 3.1 N Rider EEP Reconciliation Summary- SC 1
31 Schedule 3.2 N Rider EEP Reconciliation Summary- SC 2
32 Schedule 3.3 N Adjustments for Inappropriate Rebate Payments
33 Schedule 3.4 N Adjustments for Supplemental Costs

34
35

36 P denotes the schedule is for Peoples Gas, and N denotes a North Shore
37 Schedule.

38

39 Staff Reconciliation Schedules

40 **Q. Please describe Schedules 3.1 P and N, Rider EEP Reconciliation**
41 **Summary- SC 1.**

42 A. The description of Schedules 3.1P and N is the same as for Schedules 1.1
43 P and N, described in my direct testimony. It is unchanged except for the
44 addition of costs that I describe in Schedules 3.4 P and N below. I
45 recommend the Commission attach as an appendix Schedules 3.1 P and
46 N to the Final Order in this proceeding.

47

48 **Q. Do the Companies oppose the adjustments presented on Schedules**
49 **3.1 P and N?**

50 A. No, the Companies do not oppose the adjustments for “Factor O prior
51 periods.” (NS-PGL Ex. 3.0, p. 2, lines 14-22) Therefore, these
52 adjustments are still appropriately included in Schedules 3.1 P and N.

53

54 **Q. Please describe Schedules 3.2 P and N, Rider EEP Reconciliation**
55 **Summary- SC 2.**

56 A. The description of Schedules 3.2 P and N is the same as for Schedules
57 1.2 P and N, described in my direct testimony. It is unchanged except for
58 the addition of costs that I describe in Schedules 3.4 P and N below. I
59 recommend the Commission also attach as an appendix Schedules 3.2 P
60 and N to the Final Order in this proceeding.

61

62 **Q. Do the Companies oppose your proposed SC-2 adjustments for**
63 **“Factor O-prior periods”?**

64 A. No, the Companies do not oppose the adjustments for “Factor O prior
65 periods.” (NS-PGL Ex. 3.0, p. 2, lines 14-22) Therefore, these
66 adjustments are still appropriately included in Schedules 3.2 P and N.

67

68 Adjustments for Inappropriate Rebate Payments

69 **Q. Please describe Schedules 3.3 P and N, Adjustments for**
70 **Inappropriate Rebate Payments.**

71 A. The description of Schedules 3.2 P and N is the same as for Schedules
72 1.2 P and N, described in my direct testimony. The Companies do not
73 oppose these adjustments. (NS-PGL Ex. 3.0, p. 2, lines 23-28)

74

75 Adjustments for Supplemental Costs

76 **Q. Please describe Schedules 3.4 P and N, Adjustments for**
77 **Supplemental Costs.**

78 A. Schedules 3.4 P and N allow the costs identified in the Companies'
79 supplemental direct testimonies¹ to be included for recovery through Rider
80 EEP. I am withdrawing my objection to the inclusion of these costs that I
81 discussed in my direct testimony. I agree with the Companies that it is not
82 reasonable to exclude processing and reporting costs incurred after the
83 date the rider ended.²

84

85 **Q. Please summarize the results of your adjustments in Schedules 3.1,**
86 **3.2, 3.3, and 3.4 P and N.**

87

¹ See Staff Ex. 1.0, p. 8 at line 141

² NS-PGL Ex. 4.0, pp. 2-3

88 A. Below is a summary of the Factor O adjustments.

		<u>Prior Period</u>	<u>Year 3</u>	<u>Total</u>
PG	SC 1	\$ 77,133	\$ 53,805	\$ 130,938
	SC 2	108,201	23,340	131,541
		<hr/>	<hr/>	<hr/>
	Total Peoples Gas	<u>\$ 185,334</u>	<u>\$ 77,145</u>	<u>\$ 262,479</u>
NS	SC 1	\$ 21,903	\$ 3,654	\$ 25,557
	SC 2	(9,592)	3,051	(6,541)
		<hr/>	<hr/>	<hr/>
	Total North Shore	<u>\$ 12,311</u>	<u>\$ 6,705</u>	<u>\$ 19,016</u>

89

90 **Q. How should the Companies collect or refund these final Factor O**
91 **adjustments to Rider EEP?**

92 A. For Peoples Gas SC 1 and SC2, the Company should collect \$130,938
93 and \$131.541 respectively through Rider EEP on a per customer basis in
94 the month following the Final Order in this proceeding. For North Shore
95 SC 1, the Company should collect \$25,557 through Rider EEP on a per
96 customer basis in the month following the Final Order in this proceeding.
97 For North Shore SC 2, the Company should refund of (\$6,541) through
98 Rider EEP on a per customer basis in the month following the Final Order
99 in this proceeding.

100

101 **Q. How should the Companies account for and report any difference**
102 **between the actual collections/(refunds) and the amounts stated**
103 **above?**

104 A. Since this is the final reconciliation for Rider EEP, any difference between
105 actual collections/(refunds) and the amounts stated above should be
106 written off by the Companies if the difference represents an under
107 recovery or donated to the Companies' Share the Warmth program if the
108 difference represents an over recovery. Further, the Companies should
109 file a report with supporting documentation on e-Docket in Docket Nos.
110 11-0663/11-0664 Consolidated that reflects the disposition of these final
111 write-offs or donations. A copy of this report should also be provided the
112 Manager of the Commission's Accounting Department.

113

114 **Q. Do the Companies need to make any filings after the final Factor O's**
115 **are distributed?**

116 A. Yes. I recommend that the Companies file with the Chief Clerk of the
117 Commission to remove Rider EEP from their tariffs. This filing shall take
118 place within 90 days of the effective date for the billing of the Factor O
119 adjustments.

120

121 Summary of Conclusions and Recommendations

122 **Q. Please summarize your recommendations.**

123 A. I recommend that the Commission adopt the reconciliation Schedules 3.1
124 P and 3.1 N and 3.2 P and 3.2 N and attach these as Appendices to the
125 Final Order in these proceedings.

126 I also recommend the Factor O-Ordered Adjustments to the Reconciliation
127 Adjustments be collected or refunded through Rider EEP as a Factor O on
128 a per customer basis in the month following the Final Order in this
129 proceeding. For Peoples Gas SC1 and SC2, the Factor Os proposed by
130 Staff are collections of \$130,938 and \$131,541, respectively. For North
131 Shore SC1 and SC2, the Factor Os proposed by Staff are collections of
132 \$25,557 and refunds of (\$6,541), respectively. For purposes of this
133 proceeding, any difference between actual collections/(refunds) and the
134 Factor O amounts should be either written off by the Companies, or
135 donated to the Companies' Share the Warmth program for additional
136 refunds due ratepayers.

137 I further recommend that the Companies file a report with supporting
138 documentation on e-Docket in Docket Nos. 11-0663/11-0664
139 Consolidated that reflects the disposition of these final write-offs or
140 donations. A copy of this report should also be provided the Manager of
141 the Commission's Accounting Department.

142 Finally, I recommend that the Companies file with the Chief Clerk of the
143 Commission to remove Rider EEP from their tariffs. This filing shall take

144 place within 90 days of the effective date for the billing of the Factor O
145 adjustments.

146

147 **Q. Does this conclude your prepared rebuttal testimony?**

148 **A.** Yes, it does.

The Peoples Gas Light and Coke Company
 Rider EEP Reconciliation Summary-SC 1
 For the Period July 1, 2010 through June 30, 2011 (PY 3)

Peoples Gas SC 1

Line No.	Description (A)	Per Orders and Company Filings			Yr 3 per Company (E)	Yr 3-Adjustments per Staff (F)	Yr 3-as Adjusted per Staff (G)
		Yr 1 (B)	Yr 2 (C)	Yr 3 (D)			
1	<u>Carry Over - Prior Year</u>						
2	Carryover adjustment	0	(3,075,000)	(3,304,085)			(3,304,085)
3	RA Yr 1	0	(3,612)	106,537			106,537
4	Factor O -Yr 1	0	(16,000)	(16,000)			(16,000)
5	RA Yr 2	0	-	(3,612)			(3,612)
6	Factor O - Yr 2	0	-	77,133			77,133
7	Under/Over from prior years	0	<u>(3,094,612)</u>	<u>(3,140,027)</u>			<u>(3,140,027)</u>
8							
9	<u>Current Year</u>						
10	Expenses	1,000,047	3,947,759	3,946,289		\$ 53,604	3,999,893
11	Revenues including from Reconciliation Adjustment	4,058,972	3,992,991	4,219,425		0	4,219,425
12		-	-	-		-	-
13	Exp. Less Rev	<u>(3,058,925)</u>	<u>(45,232)</u>	<u>(273,136)</u>		53,604	<u>(219,532)</u>
14		-	-	-		-	-
15	Interest	<u>(35,687)</u>	<u>(183)</u>	<u>(698)</u>		201	<u>(497)</u>
16	Under /Over Current Year	<u>(3,094,612)</u>	<u>(45,415)</u>	<u>(273,834)</u>		<u>53,805</u>	<u>(220,029)</u>
17							
18							
19	Cumulative (Refundable)/Recoverable Incl. Interest	<u>(3,094,612)</u>	<u>(3,140,027)</u>	<u>(3,413,861)</u>	<u>(3,490,994)</u>	<u>53,805</u>	<u>(3,360,056)</u>
20							
21							
22	<u>Disposition of Cumulative (Over)/Under Recovery</u>						
23							
24							
25	Carryover Adjustment	(3,075,000)	(3,304,085)	-			-
26	RA 1	(3,612)	106,537	(3,490,994)			(3,490,994)
27	RA 2		(3,612)				
28	Factor O- Yr 1	(16,000)	(16,000)				
29	Factor O - Yr 2		76,844				
30	Factor O - Yr 2	0	289				
31	Factor O - Yr 3-prior periods	0	-	77,133			77,133
32	Factor O - Yr 3-current activity	-	-	-		53,805	53,805
33							
34							
35	Cumulative (Refundable)/Recoverable Incl. Interest	<u>(3,094,612)</u>	<u>(3,140,027)</u>	<u>(3,413,861)</u>		<u>53,805</u>	<u>(3,360,056)</u>

Sources:

- Col. (B) Appendix to Docket Nos. 09-0436c and Company Exhibit 1.1
- Col. (C) Appendix to Docket Nos.10-0565c and Company Exhibit 1.1
- Col. (D) Company Exhibit 1.1
- Col. (E) Company Exhibit 1.1
- Col. (F) Sum of Staff Schedules 3.3 P and 3.4 P
- Col. (G) Sum of Cols. (E) and (F)

The Peoples Gas Light and Coke Company
 Rider EEP Reconciliation Summary-SC 2
 For the Period July 1, 2010 through June 30, 2011 (PY 3)

Peoples Gas SC 2

Line No.	Description (A)	Per Orders and Company Filings			Yr 3 per Company (E)	Yr 3-Adjustments per Staff (F)	Yr 3-as Adjusted per Staff (G)
		Yr 1 (B)	Yr 2 (C)	Yr 3 (D)			
1	Carry Over - Prior Year						
2	Carryover adjustment	0	(1,645,699)	(3,017,502)		(3,017,502)	
3	RA Yr 1	0	(3,794)	24,705		24,705	
4	Factor O -Yr 1	0	-	-		-	
5	RA Yr 2	0	-	(3,794)		(3,794)	
6	Factor O - Yr 2	0	-	108,201		108,201	
7	Under/Over from prior years	0	(1,649,493)	(2,888,390)		(2,888,390)	
8							
9	Current Year						
10	Expenses	654,301	1,035,994	4,713,528	\$ 23,253	4,736,781	
11	Revenues including from Reconciliation Adjustment	2,284,772	2,270,248	2,298,487	0	2,298,487	
12		-	-	-	-	-	
13	Exp. Less Rev	(1,630,471)	(1,234,254)	2,415,041	23,253	2,438,294	
14		-	-	-		-	
15	Interest	(19,022)	(4,643)	9,135	87	9,222	
16	Under /Over Current Year	(1,649,493)	(1,238,897)	2,424,176	23,340	2,447,516	
17							
18							
19	Cumulative (Refundable)/Recoverable Incl. Interest	(1,649,493)	(2,888,390)	(464,214)	(572,415)	23,340	
20						(440,874)	
21							
22	Disposition of Cumulative (Over)/Under Recovery						
23							
24							
25	Carryover Adjustment	(1,645,699)	(3,017,502)	-		-	
26	RA 1	(3,794)	24,705	(572,415)		(572,415)	
27	RA 2		(3,794)	-		-	
28	Factor O- Yr 1	-	-	-		-	
29	Factor O - Yr 2		107,797	-		-	
30	Factor O - Yr 2	0	404	-		-	
31	Factor O - Yr 3-prior periods	0	-	108,201		108,201	
32	Factor O - Yr 3-current activity	0	-	-	23,340	23,340	
33							
34							
35	Cumulative (Refundable)/Recoverable Incl. Interest	(1,649,493)	(2,888,390)	(464,214)	23,340	(440,874)	

Sources:

- Col. (B) Appendix to Docket Nos. 09-0436c and Company Exhibit 1.1
- Col. (C) Appendix to Docket Nos.10-0565c and Company Exhibit 1.1
- Col. (D) Company Exhibit 1.1
- Col. (E) Company Exhibit 1.1
- Col. (F) Sum of Staff Schedules 3.3 P and 3.4 P
- Col. (G) Sum of Cols. (E) and (F)

The Peoples Gas Light and Coke Company
 Adjustments for Inappropriate Rebate Payments
 For the Period July 1, 2010 through June 30, 2011 (PY 3)

Line No.	Description (A)	SC1 Amount (B)	SC 2 Amount (C)	Source (D)
1	Inappropriate Rebate Payments per Company	\$ -	\$ -	PGL Ex. 1.1, p. 2, line 6
2	Inappropriate Rebate Payments per Staff	19,366	7,036	(1)
3	Staff Proposed Adjustment	<u>\$ (19,366)</u>	<u>\$ (7,036)</u>	Line 1 - line 2

Source:

(1) Company Responses to Staff Data Requests DLH-5.01 and DLH-6.01

The Peoples Gas Light and Coke Company
 Adjustments for Supplemental Costs
 For the Period July 1, 2010 through June 30, 2011 (PY 3)

Line No.	Description (A)	SC1 Amount (B)	SC 2 Amount (C)	Source (D)
1	Supplemental costs per Company	\$ -	\$ -	
2	Supplemental costs per Staff	<u>72,970</u>	<u>30,289</u> (1)	
3	Staff Proposed Adjustment	<u>\$ 72,970</u>	<u>\$ 30,289</u>	Line 2 - line 1

Source:

(1) NS-PGL Ex. 1.0, p. 3, lines 47-48

North Shore Gas Company
 Rider EEP Reconciliation Summary-SC 1
 For the Period July 1, 2010 through June 30, 2011 (PY 3)

North Shore SC 1

Line No.	Description (A)	Per Orders and Company Filings			Yr 3 per Company (E)	Yr 3-Adjustments per Staff (F)	Yr 3-as Adjusted per Staff (G)
		Yr 1 (B)	Yr 2 (C)	Yr 3 (D)			
1	Carry Over - Prior Year						
2	Carryover adjustment	0	(484,550)	(439,798)			(439,798)
3	RA Yr 1	0	8,358	845,550			845,550
4	Factor O -Yr 1	0	(42)	(42)			(42)
5	RA Yr 2	0	-	8,358			8,358
6	Factor O - Yr 2	0	-	21,903			21,903
7	Under/Over from prior years	0	(476,234)	435,971			435,971
8							
9	Current Year						
10	Expenses	340,450	1,716,572	353,048		\$ 3,640	356,688
11	Revenues including from Reconciliation Adjustment	811,192	807,806	1,059,488		0	1,059,488
12		-	-	-		-	-
13	Exp. Less Rev	(470,742)	908,766	(706,440)		3,640	(702,800)
14		-	-	-		-	-
15	Interest	(5,492)	3,439	553		14	567
16	Under /Over Current Year	(476,234)	912,205	(705,887)		3,654	(702,233)
17							
18							
19	Cumulative (Refundable)/Recoverable Incl. Interest	(476,234)	435,971	(269,916)	(291,819)	3,654	(266,262)
20							
21							
22	Disposition of Cumulative (Over)/Under Recovery						
23							
24							
25	Carryover Adjustment	(484,550)	(439,798)	-			-
26	RA 1	8,358	845,550	(291,819)			(291,819)
27	RA 2		8,358				
28	Factor O- Yr 1	(42)	(42)				
29	Factor O - Yr 2		21,821				
30	Factor O - Yr 2	0	82				
31	Factor O - Yr 3-prior periods	0	-	21,903			21,903
32	Factor O - Yr 3-current activity	0	-	-		3,654	3,654
33							
34							
35	Cumulative (Refundable)/Recoverable Incl. Interest	(476,234)	435,971	(269,916)		3,654	(266,262)

Sources:

- Col. (B) Appendix to Docket Nos. 09-0436c and Company Exhibit 1.1
- Col. (C) Appendix to Docket Nos.10-0565c and Company Exhibit 1.1
- Col. (D) Company Exhibit 1.1
- Col. (E) Company Exhibit 1.1
- Col. (F) Sum of Staff Schedules 3.3 N and 3.4 N
- Col. (G) Sum of Cols. (E) and (F)

North Shore Gas Company
 Rider EEP Reconciliation Summary-SC 2
 For the Period July 1, 2010 through June 30, 2011 (PY 3)

North Shore SC 2

Line No.	Description (A)	Per Orders and Company Filings			Yr 3 per Company (E)	Yr 3-Adjustments per Staff (F)	Yr 3-as Adjusted per Staff (G)
		Yr 1 (B)	Yr 2 (C)	Yr 3 (D)			
1	Carry Over - Prior Year						
2	Carryover adjustment	0	(206,251)	(240,619)			(240,619)
3	RA Yr 1	0	(7,905)	12,205			12,205
4	Factor O -Yr 1	0	-	-			-
5	RA Yr 2	0	-	505			505
6	Factor O - Yr 2	0	-	(9,590)			(9,590)
7	Under/Over from prior years	0	(214,156)	(237,499)			(237,499)
8							
9	Current Year						
10	Expenses	58,354	240,632	181,242		\$ 3,040	184,282
11	Revenues including from Reconciliation Adjustment	270,040	263,858	273,069		0	273,069
12		-	-	-		-	-
13	Exp. Less Rev	(211,686)	(23,226)	(91,827)		3,040	(88,787)
14		-	-	-		-	-
15	Interest	(2,470)	(117)	(333)		11	(322)
16	Under /Over Current Year	(214,156)	(23,343)	(92,160)		3,051	(89,109)
17							
18							
19	Cumulative (Refundable)/Recoverable Incl. Interest	(214,156)	(237,499)	(329,659)	(320,067)	3,051	(326,608)
20							
21							
22	Disposition of Cumulative (Over)/Under Recovery						
23							
24							
25	Carryover Adjustment	(206,251)	(240,619)	-			-
26	RA 1	(7,905)	12,205	(320,067)			(320,067)
27	RA 2		505	-			-
28	Factor O- Yr 1	-	-	-			-
29	Factor O - Yr 2		(9,554)				
30	Factor O - Yr 2	0	(36)				
31	Factor O - Yr 3-prior periods	0	-	(9,592)			(9,592)
32	Factor O - Yr 3-current activity	0	-	-		3,051	3,051
33							
34							
35	Cumulative (Refundable)/Recoverable Incl. Interest	(214,156)	(237,499)	(329,659)		3,051	(326,608)

Sources:

- Col. (B) Appendix to Docket Nos. 09-0436c and Company Exhibit 1.1
- Col. (C) Appendix to Docket Nos.10-0565c and Company Exhibit 1.1
- Col. (D) Company Exhibit 1.1
- Col. (E) Company Exhibit 1.1
- Col. (F) Sum of Staff Schedules 3.3 N and 3.4 N
- Col. (G) Sum of Cols. (E) and (F)

North Shore Gas Company
Adjustments for Inappropriate Rebate Payments
For the Period July 1, 2010 through June 30, 2011 (PY 3)

Line No.	Description (A)	SC1 Amount (B)	SC 2 Amount (C)	Source (D)
1	Inappropriate Rebate Payments per Company	\$ -	\$ -	NSG Ex. 1.1, p. 2, line 6
2	Inappropriate Rebate Payments per Staff	<u>500</u>	<u>-</u>	(1)
3	Staff Proposed Adjustment	<u><u>\$ (500)</u></u>	<u><u>\$ -</u></u>	Line 1 - line 2

Source:

(1) Company Responses to Staff Data Requests DLH-5.01 and DLH-6.01

**North Shore Gas Company
 Adjustments for Supplemental Costs
 For the Period July 1, 2010 through June 30, 2011 (PY 3)**

Line No.	Description (A)	SC1 Amount (B)	SC 2 Amount (C)	Source (D)
1	Supplemental costs per Company	\$ -	\$ -	
2	Supplemental costs per Staff	4,140	3,040 (1)	
3	Staff Proposed Adjustment	<u>4,140</u>	<u>3,040</u>	Line 2 - line 1

Source:

(1) NS-PGL Ex. 1.0, p. 2, lines 34-35