

STATE OF ILLINOIS  
ILLINOIS COMMERCE COMMISSION

|                                     |   |                |
|-------------------------------------|---|----------------|
| The Peoples Gas Light               | ) |                |
| and Coke Company                    | ) |                |
|                                     | ) |                |
| Petition Pursuant to Rider UEA      | ) | Docket No. 13- |
| 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, The Peoples Gas Light and Coke Company ("Peoples Gas" or the
- 11 "Company"), and an affiliated company, North Shore Gas Company.
- 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 with  
16 a Finance Emphasis. I have been employed by IBS since July 2011 in my present  
17 position but was employed by Peoples Gas from 1985 through 1998, and also  
18 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 provided  
24 service to IBS’ Gas Regulatory Services Department, assisting in rate case  
25 proceedings.

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

27 A. I am advised by counsel that Peoples Gas is a corporation organized and  
28 existing under the laws of the State of Illinois, having its principal office at 130 East  
29 Randolph Street, Chicago, Illinois 60601. It is engaged in the business of  
30 purchasing, distributing and selling natural gas to approximately 829,000  
31 customers in the City of Chicago. I am advised by counsel that Peoples Gas is a  
32 public utility within the meaning of the Public Utilities Act (“Act”).

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

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

38 UEA, which determines adjustments arising from incremental differences between  
39 the amount of Uncollectible Accounts Expense in the Company's rates and the  
40 amount reported in Form 21 ILCC to the Commission ("Form 21 ILCC report"),  
41 became effective in February 2010, and applies to Service Classification ("S.C.")  
42 Nos. 1, 2, 4 and 8. Section I of Rider UEA requires Peoples Gas to file a petition  
43 no later than August 31, seeking initiation of an annual review and to reconcile the  
44 amounts as provided for under the rider.

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

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

- 47 • PGL Ex. 1.1 is the Reconciliation Statement ("Statement") for the  
48 April 1, 2012 through March 31, 2013 reconciliation period that  
49 shows amounts to be included as the reconciliation adjustment  
50 ("RA") for the June 1, 2013 through May 31, 2014, Effective Period.
- 51 • PGL Ex. 1.2 is the Rider UEA filing that was filed with the  
52 Commission by letter dated May 16, 2013 for the 2012 reporting year  
53 which includes the RA amounts for the April 1, 2012 through March  
54 31, 2013 reconciliation period per the Statement (PGL Ex. 1.1).
- 55 • PGL Ex. 1.3 is the Rider UEA filing that was filed with the  
56 Commission by letter dated May 17, 2012 for the 2011 reporting year  
57 and RA amount for the April 1, 2011 through March 31, 2012  
58 reconciliation period. The amounts from PGL Ex. 1.3, page 3, lines 1  
59 through 5 are included on page 2 of the Statement, except for the  
60 presentation of S.C. No. 4 amounts. The amount for S.C. No. 4 on

61 PGL Ex. 1.1, page 2, line 3, column A reflects the amount on PGL  
62 Ex. 1.3 page 3, line 3, column D, as the adjustments for S.C. No. 4  
63 were combined into a single adjustment amount and billing factor  
64 under the Incremental Delivery Uncollectible Adjustment (IDUA) as  
65 provided for in Section B of Rider UEA based on the insufficient  
66 number of sales customers in the service classification.

67 • PGL Ex. 1.4 is the Report of the 2010 reporting year Rider UEA  
68 Adjustment amounts, including applicable RA, showing the amounts  
69 that were included and reconciled in the last reconciliation period (for  
70 June 1, 2011 through March 31, 2012) on lines 6 through 10 as well  
71 as the amounts for April 1 through May 31, 2012 on lines 11 through  
72 15 that are included in the Statement on page 3 for this reconciliation  
73 period. This exhibit was submitted as PGL Ex. 1.1, page 2 of 3, in  
74 Docket No. 12-0501, the last Rider UEA reconciliation proceeding.  
75 The Commission approved that reconciliation statement in a May 15,  
76 2013 Order. The exhibit from Docket No. 12-0501 is included now  
77 as PGL Ex. 1.4 to show that the April and May 2012 amounts that  
78 were identified in that proceeding to be included in the next  
79 reconciliation are, in fact, the amounts included in this reconciliation.

80 Q. Were these exhibits prepared by you or under your supervision and  
81 direction?

82 A. Yes.

83 Q. Please describe the filings and reconciliation period that pertain to the  
84 reconciliation statement.

85 A. Section G of Rider UEA requires Peoples Gas to file annually, no later than  
86 May 20, adjustments to be effective under this rider for an Effective Period.

87 Peoples Gas filed adjustments in May 2011 for the calendar year 2010 Form 21  
88 reporting year, and prior period RA, to refund \$6,493,624 to customers, as shown  
89 in PGL Ex. 1.4, page 1, line 5, column D, and those adjustments became effective  
90 on June 1, 2011, and were billed through May 31, 2012. Peoples Gas filed

91 adjustments in May 2012 for the calendar year 2011 Form 21 reporting year and  
92 prior period RA, to refund \$7,326,691.45 to customers, as shown in PGL Ex. 1.3,

93 page 3, line 5, column D, and those adjustments became effective on June 1,

94 2012, and were billed through May 31, 2013. Section F of Rider UEA includes

95 components for a Factor RA (Reconciliation Adjustment) and Factor O

96 (Commission ordered adjustment amount)<sup>1</sup> that are included in each applicable

97 Rider UEA adjustment. Pursuant to these provisions of the rider, the RAs that

98 were included in the Rider UEA adjustments filed in May 2013 for the 2012

99 reporting year and effective June 1, 2013, were based on actual and expected

100 revenues for the period April 1, 2012 through March 31, 2013. Thus, the

101 reconciliation period that is the subject of this testimony includes two months of

102 activity related to the filing for the 2010 adjustments and ten months related to the

103 filing for the 2011 adjustments including any applicable RA amounts that were

104 included with those filings.

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<sup>1</sup> The Docket No. 12-0501 Order did not include a Factor O.

105 Q. Please describe how the 2010 reporting year Rider UEA adjustment  
106 amount was determined.

107 A. The net refund amount of \$6,493,624 as shown on PGL Ex. 1.1, page 3,  
108 line 5, column D, was determined by calculating the difference between the actual  
109 Uncollectible Accounts Expense amount reported in the 2010 Form 21 ILCC report  
110 on page 324, line 235, Column (b), of \$24,322,461 to the baseline Uncollectible  
111 Accounts Expense amount in rates for the 2010 reporting period of \$30,875,357<sup>2</sup>,  
112 and adding the RA amount of \$59,272 that was to be recovered for the April 1,  
113 2010 through March 31, 2011 reconciliation period. The details and supporting  
114 calculations were provided in the Rider UEA filing that was filed with the  
115 Commission by letter dated May 19, 2011, which was included as PGL Ex. 1.3 in  
116 Docket No. 12-0501, the last reconciliation filing.

117 Q. Please describe how the 2011 reporting year Rider UEA adjustment  
118 amount was determined.

119 A. The net refund amount of \$7,326,691.45 as shown on PGL Ex. 1.1, page 2,  
120 line 5, column D, and on PGL Ex. 1.3, page 3, line 5, column D, was determined  
121 by calculating the difference between the actual Uncollectible Accounts Expense  
122 amount reported in the 2011 Form 21 ILCC report on page 324, line 235, Column  
123 (b), of \$22,465,458, to the baseline Uncollectible Accounts Expense amount in

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<sup>2</sup> The baseline Uncollectible Accounts Expense 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 \$39,302,000 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 \$29,916,000 as defined in Section B of Rider UEA.

124 rates for the 2011 reporting period of \$29,916,000<sup>3</sup> and adding the RA amount of  
125 \$123,850.55<sup>4</sup> that was to be recovered for the April 1, 2011 through March 31,  
126 2012 reconciliation period. The related filing documents that were filed with the  
127 Commission by letter dated May 17, 2012, are shown on PGL Ex. 1.3.

128 Q. Please describe PGL Ex. 1.1.

129 A. PGL Ex. 1.1 is a Statement of the RA amounts that reconciles the amounts  
130 that were expected to be billed April 1, 2012 through March 31, 2013, with the  
131 Actual amounts recorded for the same period for each service classification and  
132 adjustment type. These RA amounts are applicable for the Effective Period  
133 beginning June 1, 2013 and ending May 31, 2014.

134 Q. What is the purpose of the Statement?

135 A. The Statement shows the applicable RA amounts for each adjustment type  
136 for customers served under Peoples Gas' S.C. Nos. 1, 2, 4 and 8 for April 1, 2012  
137 through March 31, 2013. It also shows the derivation of each RA amount and  
138 provides supporting data for the applicable periods.

139 Q. Please describe the elements of the Statement.

140 A. The Statement includes the following information:

- 141 • Page 1 shows the RA amounts arising from the Rider UEA adjustments  
142 for the 2010 and 2011 reporting years (including any applicable RA  
143 amounts) over the reconciliation period, for each adjustment type and  
144 service classification. These amounts are also included on page 3 of

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<sup>3</sup> The baseline Uncollectible Accounts Expense amount for the 2011 reporting year is the baseline Uncollectible Accounts Expense amount included in the Company's base rates for the January 28, 2010 through January 20, 2012 period of \$29,916,000 as defined in Section B of Rider UEA.

<sup>4</sup> PGL Ex. 1.3, page 5, line 15, column D.

145 the statement of the determination of the 2012 reporting year Rider UEA  
146 Adjustments submitted to the Commission by letter dated May 16, 2013  
147 and effective over the twelve-month Effective Period beginning June 1,  
148 2013 and as shown on PGL Ex. 1.2, page 5. The data on page 1, lines  
149 1 through 4, of PGL Ex. 1.1 is a summation of the data on page 2 (for  
150 the 2011 reporting year) and page 3 (for the 2010 reporting year) for the  
151 reconciliation period. The data on page 1, lines 6 through 9, are the  
152 actual amounts that were recorded under Rider UEA for the  
153 reconciliation period. Finally, the data on lines 11 through 14 are the  
154 difference between the amounts expected to be billed on lines 1 through  
155 4 and the amounts that were actually recorded on lines 6 through 9,  
156 resulting in the RA amounts.

157 • Page 2 shows the determination of the adjustment amounts for the 2011  
158 reporting year (including prior period RA amounts) that were effective on  
159 June 1, 2012, and expected to be billed through the May 31, 2013  
160 Effective Period. The data is broken down into amounts that are  
161 applicable to this reconciliation period for June 1, 2012 through March  
162 31, 2013, on lines 6 through 9, and amounts for April 1 through May 31,  
163 2013, that will be applicable to the next reconciliation period on lines 11  
164 through 14.

165 • Page 3 shows the determination of the adjustment amounts for the 2010  
166 reporting year that were effective on June 1, 2011, and expected to be  
167 billed through May 31, 2012. The data is broken down into amounts that

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171 Q. Please describe the data on page 2 related to the 2011 reporting year  
172 adjustments.

173 A. Page 2 provides data applicable to S.C. Nos. 1, 2, 4 and 8 for each  
174 adjustment type for the 2011 reporting year adjustment amount and applicable  
175 prior period RA amounts. The adjustment types are: IDUA, Incremental Gas  
176 Supply Service Uncollectible Amount (ISUA) and Incremental Transportation  
177 Service Uncollectible Amount (ITUA).

178 • Lines 1 through 4, Columns A through C, provide the amounts that were  
179 expected to be recovered or refunded for each service classification and  
180 adjustment type under the rider for the 2011 reporting year adjustments  
181 (and applicable RA amounts) for the June 1, 2012 through May 31, 2013  
182 Effective Period.

183 • Lines 6 through 9, Columns A through C, provide the amounts that were  
184 expected to be recovered or refunded for each service classification and  
185 adjustment type under the rider for the 2011 reporting year adjustments  
186 and applicable RA for June 1, 2012 through March 31, 2013 that are  
187 included in this reconciliation.

188 • Lines 11 through 14, Columns A through C, provide the amounts that  
189 were expected to be recovered or refunded for each service  
190 classification and adjustment type under the rider for the 2011 reporting

191 year adjustments and applicable RA for April 1 through May 31, 2013  
192 (the difference between the amounts recorded on lines 1 through 4 and  
193 the amounts recorded on lines 6 through 9) that will be included in the  
194 next reconciliation.

195 Q. Please describe the data on page 3 for the 2010 reporting year  
196 adjustments.

197 A. Page 3 provides the same type of data as I described for page 2, but for  
198 2010 except that the adjustment amounts for the 2010 reporting year to be  
199 recovered / (refunded) in this reconciliation are for amounts from April 1 through  
200 May 31, 2012 as shown on lines 11 through 14. Amounts related to June 1, 2011  
201 through March 31, 2012 were included in the last reconciliation as provided for in  
202 Rider UEA and shown on lines 6 through 9.

203 Q. What is PGL Ex. 1.4?

204 A. PGL Ex. 1.4 is a report of the 2010 reporting year showing the adjustment  
205 amounts that were filed in May 2011 for the 2010 reporting year. This exhibit was  
206 presented as PGL Ex. 1.1 in the last Rider UEA reconciliation filing (Docket No.  
207 12-0501) and supports the data presented on PGL Ex. 1.1, page 3, in this  
208 proceeding showing that the amounts for June 1, 2011 through March 31, 2012,  
209 were included in the last reconciliation.

210 Q. Please indicate if there were changes in Rider UEA that affect this  
211 reconciliation.

212 A. In Docket Nos. 11-0280/11-0281 (cons)., Peoples Gas proposed, and the  
213 Commission approved, changes to Rider UEA to eliminate the ITUA, and that

214 effective June 1, 2013, any Reconciliation Adjustment amounts pertaining to the  
215 ITUA be included in the IDUA. Pursuant to Section B of Rider UEA, the ITUA  
216 adjustment amounts shown on PGL Ex. 1.1, page 1, lines 11-14 of column C were  
217 included with the IDUA adjustment amounts to be recovered/refunded effective  
218 June 1, 2013.

219 Q. How much will Peoples Gas refund to or recover from S.C. No. 1 customers  
220 as part of the Rider UEA adjustments effective for the twelve-month Effective  
221 Period beginning June 1, 2013?

222 A. As shown on PGL Ex. 1.1, Peoples Gas will refund \$18,773.36 to S.C. No.  
223 1 customers through the IDUA adjustment (page 1, line 11, columns A and C).  
224 This amount applies to sales and transportation customers. The ISUA RA amount  
225 for S.C. No. 1 sales customers is a recovery of \$71,011.79 (page 1, line 11,  
226 column B).

227 Q. How much will Peoples Gas refund to or recover from S.C. No. 2 customers  
228 over the twelve-month period beginning June 1, 2013?

229 A. As shown on PGL Ex. 1.1, Peoples Gas will recover \$1,973.25 from S.C.  
230 No. 2 customers through the IDUA adjustment (page 1, line 12, columns A and C).  
231 This amount applies to sales and transportation customers. The ISUA RA amount  
232 for S.C. No. 2 sales customers is a recovery of \$11,690.49 (page 1, line 12,  
233 column B).

234 Q. How much will Peoples Gas refund to or recover from S.C. No. 4 customers  
235 over the twelve-month period beginning June 1, 2013?

236 A. As shown on PGL Ex. 1.1, Peoples Gas will refund \$616.19 to S.C. No. 4  
237 customers through the IDUA adjustment (page 1, line 13, columns A and C). This  
238 amount applies to sales and transportation customers. There is no applicable  
239 ISUA adjustment amount for S.C. No. 4 customers.

240 Q. Are there any reconciliation amounts for S.C. No. 8 customers over the  
241 twelve-month period beginning June 1, 2013?

242 A. No, as there were no applicable Rider UEA adjustment amounts to be  
243 recovered / (refunded) for S.C. No. 8 customers during the reconciliation period.

244 Q. Please describe how the RA components will be included on customers'  
245 bills.

246 A. Beginning June 1, 2013, the RA components are included with the 2012  
247 reporting year Rider UEA adjustment amounts for each adjustment type and  
248 service classification, resulting in a single adjustment amount for each adjustment  
249 type and service classification (see PGL Ex. 1.2). These are per customer  
250 adjustments that Peoples Gas will bill for the June 1, 2013, through May 31, 2014,  
251 Effective Period. The Rider UEA adjustments are included in the customer charge  
252 on customers' bills.

253 Q. Does this conclude your direct testimony?

254 A. Yes, it does.