

**STATE OF ILLINOIS**

**ILLINOIS COMMERCE COMMISSION**

NORTHERN ILLINOIS GAS COMPANY )  
d/b/a NICOR GAS COMPANY )  
 ) Docket No. 13-0549  
Application pursuant to Section 8-104 of the )  
Public Utilities Act for Consent to and )  
Approval of an Energy Efficiency Plan )

Supplemental Direct Testimony of

**JAMES J. JEROZAL JR.**

Managing Director, Energy Efficiency

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

January 9, 2014

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1 **I. INTRODUCTION**

2 **Q. Please state your name and business address.**

3 A. James J. Jerozal Jr., 1844 Ferry Road, Naperville, Illinois, 60563.

4 **Q. By whom and in what position are you employed?**

5 A. I am the Managing Director - Energy Efficiency for Northern Illinois Gas Company d/b/a  
6 Nicor Gas Company (“Nicor Gas” or the “Company”).

7 **Q. Are you the same James J. Jerozal Jr. that provided direct testimony in this matter?**

8 A. Yes.

9 **Q. Has any aspect of your employment changed since the time you provided your**  
10 **direct testimony?**

11 A. Yes. At the time I provided my direct testimony on September 30, 2013, I was employed  
12 by AGL Services Company. Effective December 16, 2013, I became an employee of  
13 Nicor Gas. My position remains the same.

14 **II. ITEMIZED ATTACHMENTS**

15 **Q. Are there any exhibits to your supplemental direct testimony?**

16 A. Yes. I am sponsoring, and have attached hereto, two exhibits:

- 17 • Nicor Gas Exhibit 5.1, which contains several revised tables and figures from Nicor  
18 Gas’ Energy Efficiency Plan; and
- 19 • Nicor Gas Exhibit 5.2, which is the revised Appendix A to Nicor Gas’ Energy  
20 Efficiency Plan.

21 **III. PURPOSE OF TESTIMONY**

22 **Q. What is the purpose of your supplemental direct testimony?**

23 A. The purpose of my supplemental direct testimony is to describe several revisions to  
24 figures in Nicor Gas' proposed Energy Efficiency Plan ("EEP") necessitated by  
25 circumstances that have occurred since the Company filed its proposed EEP in this  
26 proceeding on September 30, 2013 (Nicor Gas Ex. 1.1).

27 Public Act 098-0225 modified Section 8-104(m)(1) of the Public Utilities Act  
28 (the "Act"), 220 ILCS 5/8-104(m)(1), to provide that during the period September 1,  
29 2013 to September 30, 2013 certain Nicor Gas customers could apply to the Illinois  
30 Department of Commerce and Economic Opportunity ("DCEO") requesting approval as  
31 an exempt or self-directing customer not subject to Nicor Gas' EEP. One Nicor Gas  
32 customer representing three gas accounts and approximately 9.7 million therms of use in  
33 2009 applied to DCEO during the prescribed period, which concluded on the same day  
34 the Company filed its proposed EEP. DCEO approved this customer to be a new  
35 self-directing customer beginning December 1, 2013. It is my understanding that this  
36 customer is considered to be self-directing "for all subsequent 3-year planning periods"  
37 under Section 8-104(m)(2), including the period at issue in this proceeding.

38 **Q. What impact does the approval of this new self-directing customer have on Nicor**  
39 **Gas' proposed EEP?**

40 A. Pursuant to Section 8-104(c) of the Act, it is my understanding that the Illinois  
41 Commerce Commission ("Commission") will determine specific therm savings goals for  
42 each of the three years of the Company's proposed EEP based on the volume of natural

43 gas delivered to retail customers, other than those described in Section 8-104(m), for the  
44 calendar year 2009. At the time the Company filed its proposed EEP in this proceeding  
45 on September 30, 2013, the new self-directing customer's approximately 9.7 million  
46 therms of use in 2009 were not excluded from the total 2009 deliveries presented for the  
47 Commission's consideration under Section 8-104(c). Accounting for these therms in the  
48 calculation of the Company's therm savings goals reduces the total over the three years of  
49 the EEP by approximately 300,000 therms.

50 In addition, it is my understanding that Section 8-104(d) of the Act requires the  
51 Company's EEP to limit the estimated average increase in the amounts paid by retail  
52 customers in connection with natural gas service to no more than 2% in the applicable  
53 three-year reporting period. As described in the supplemental direct testimony of Nicor  
54 Gas witness Malcolm J. Quick, the approval of the new self-directing customer reduces  
55 the 2% budget cap on the proposed EEP programs by approximately \$60,000 over the  
56 three years of the EEP, with approximately \$45,000 of that total allocated to Nicor Gas  
57 and the remainder to DCEO as provided for in Section 8-104(e).

58 **Q. What revisions should be reflected in Nicor Gas' proposed EEP as a result of the**  
59 **approval of this new self-directing customer?**

60 A. The revisions to the therm savings goals and the budget cap as described above  
61 necessitate the following revisions to the Company's proposed EEP:

- 62 • Table 4, which appears on page 21 of Nicor Gas Exhibit 1.1, should be revised to  
63 account for the new self-directing customer in the calculations for both the 2% budget  
64 cap and the therm savings goals. In particular, the revised Table 4 reflects the  
65 reduction in the therm savings goals of approximately 300,000 therms and the  
66 reduction in the 2% budget cap of approximately \$60,000.

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- Figure 4, which appears on page 22 of Nicor Gas Exhibit 1.1, should be revised to reflect new figures for Plan Year (“PY”) 6 of 39.6 million therms for the statutory goal and 6.6 million therms for the savings. In addition, the revised Figure 4 set forth in Nicor Gas Exhibit 5.1 reflects corrected spending levels for PY2 and PY3. The need for these corrected spending levels came to Nicor Gas’ attention during the discovery process as reflected in the Company’s response to Environmental Law & Policy Center data request 1.12.
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- The Home Energy Efficiency Rebate (“HEER”) Household Program participation table, which appears on page 29 of the EEP, should be revised to lower the total units over the three years of the EEP by 109 units. This revision results in different therms and budget figures, but does not impact the dollars per therm figures with the exception of the dollars per gross therm shown for PY6.
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- The revisions to the HEER participation table, in turn, result in revised figures for the HEER Household Program on Table 3, which appears on page 15 of Nicor Gas Exhibit 1.1. Specifically, the first line of Table 3 should be revised to reflect lower figures in the spending, gross annual therm savings, net annual therm savings and net lifecycle therm savings columns. These revisions in the first line result in lower totals at the bottom of Table 3 for Household Programs and overall for all programs.
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85 The revised tables and figures described above are set forth in Nicor Gas Exhibit 5.1. In

86 addition, Appendix A to the EEP, which sets forth Nicor Gas’ Benefit-Cost Model Input

87 Assumptions, should be revised as reflected in Nicor Gas Exhibit 5.2. The Company will

88 re-file its entire EEP at the conclusion of this proceeding to include these revisions, as

89 well as any other revisions ordered by the Commission.

90 **IV. CONCLUSION**

91 **Q. Does this conclude your supplemental direct testimony?**

92 A. Yes.