

Northern Illinois Gas Company d/b/a Nicor Gas Company
Response to: Illinois Commerce Commission
Ill.C.C. Docket No. 13-0549
JLH First Set of Data Requests

JLH 1.04 Q. Please specify in detail the Company's proposal for reporting to the Commission regarding implementation of its energy efficiency programs during Plan 2. Please provide citations to the Plan or testimony, where appropriate.

JLH 1.04 A. The Company has proposed reporting pursuant to the requirements of Section 8-104(f)(8) and Rider 30—Energy Efficiency Plan Cost Recovery, Sections B, C, and D.

As set forth in Nicor Gas Exhibit 1.0, 15:330-32, the Company will continue to file the required reports. This practice is further discussed in Nicor Gas Exhibit 1.1 in the following references, among others: page 67 (Quality Assurance and Evaluation function); page 79 (Evaluation, Measurement and Verification activities); and page 81 (Portfolio Technology used by the Company).

Nicor Gas also will comply with any future Commission Order with respect to reporting requirements.

Witness: James J. Jerozal Jr.

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JLH 1.05 Q. Please describe the Company's protocols, process, and timeline for each program at the close of the program year in terms of finalizing participation estimates, customer incentive applications, and other tracking system information necessary for the evaluators to produce the evaluation reports with final participation estimates. Please explain in detail the causes related to delays in finalizing tracking system information for each program for which finalization of the tracking system occurs after July 1st of each program year. Please explain the necessity of such delays. Please describe other processes the Company has considered to have tracking system information finalized by July 1st of each program year.

JLH 1.05 A. Objection, this request calls for speculation. Subject to and without waiving this objection, Nicor Gas states that, at this time, it does not anticipate any delays in its data processing nor can it speculate as to any cause for such a delay that may arise over the course of the Plan.

Nicor Gas further states that all energy efficiency programs presented in Nicor Gas Exhibit 1.1 will have the same protocols, timelines and processes for finalizing participation estimates, customer incentive applications and other tracking system information necessary for evaluators to produce the evaluation reports. The Program Management Tool ("PMT") explained in Section 4.5 of Nicor Gas Exhibit 1.1 will provide a central information tracking mechanism. Each month, the Implementation Contractors ("IC") for each energy efficiency program will provide participation and incentive cost data for the previous month to the PMT. The PMT data will be cross checked with IC invoices submitted to Nicor Gas quarterly for data accuracy. This process will ensure availability of accurate data required by evaluators for each Plan year.

SUPPLEMENTAL RESPONSE:

Nicor Gas further objects to this request as not relevant or reasonably calculated to lead to the discovery of admissible evidence insofar as it seeks information relating to the Company's practices under its current Energy Efficiency Plan approved by the Commission in Docket No. 10-0562. Subject to and without waiving this objection, Nicor Gas states that the PMT described above and in the Company's May 31, 2011 compliance filing in Docket No. 10-0562 will be fully implemented in

Plan Year 3 and will be used at the end of Plan Year 3 for evaluation purposes. Nicor Gas further states that it has not experienced delays in finalizing the data used to evaluate Plan Year 1 and Plan Year 2 for purposes of its reporting pursuant to the requirements of Section 8-104(f)(8) and Rider 30—Energy Efficiency Plan Cost Recovery, Sections B, C, and D.

Witness: Hammad S. Chaudhry

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JLH 1.06 Q. Please state whether the Company proposes to use simulation modeling rather than the Illinois Statewide Technical Reference Manual for Energy Efficiency (“IL-TRM”) for claiming savings from any measures during the Plan. If so, please list the programs, measures, and simulation modeling software that will be used. For each measure, please provide the savings, inputs, and cost-effectiveness results from using the simulation modeling and from using the IL-TRM. Please indicate whether the Company has requested deeming of savings resulting from such simulation modeling in its Plan or whether the program savings will be adjusted by the evaluator as it deems appropriate.

JLH 1.06 A. Objection, this request calls for speculation. Subject to and without waiving this objection, the Company states that there are a number of measures included in the Plan presented in Nicor Gas Exhibit 1.1 that are not included in the Illinois Statewide Technical Reference Manual for Energy Efficiency Version 2.0 dated June 7, 2013 and having an effective date of June 1, 2013. The attached JLH 1.06 Exhibit 1 shows a list of such measures. To the extent that these measures are not included in future updates of the IL-TRM, the Company may calculate savings for these measures during the Plan using approaches that include simulation modeling, but may also include other approaches. The savings, inputs and cost-effectiveness results of all measures included in the Plan are included Appendix A to Nicor Gas Exhibit 1.1. Consistent with the Commission’s Order in the IL-TRM Policy Docket No. 13-0077, when the Company calculates savings for measures not included in the IL-TRM, those savings are subject to retroactive adjustments to savings based on evaluation findings.

For measures included in the IL-TRM, the Company generally plans to use IL-TRM algorithms to calculate savings during PY4-PY6. However, for some programs, the Company may elect to calculate savings using more detailed, customer-specific analyses. The measures and programs where the Company might employ this approach include, among others, Home Energy Savings (insulation and air sealing projects), Business New Construction (all projects), and Residential New Construction (all projects). Consistent with the Commission’s Order in the IL-TRM Policy Docket No. 13-0077, when the Company chooses to calculate savings for

measures included in the IL-TRM on a customized basis, those savings calculations are subject to retroactive evaluation adjustments.

Because the Company will issue an RFP for new implementation contractors for PY4-PY6, the Company cannot yet list the simulation modeling software that will be used to calculate savings for each measure during PY4-PY6. Accordingly, the Company has not performed a comparison of results obtained from using whatever simulation modeling software is selected in the future against the results obtained from using the IL-TRM.

Witness: Hammad S. Chaudhry

Program	Measures Not Included in TRM
MCEEP	Custom
MCEEP	DWH Boiler- Tune-up
MCEEP	Indirect Storage Water Heaters
MCEEP	Linkageless Controls
MCEEP	MF Single-Pipe Steam Boiler Controls
MCEEP	MF Single-Pipe Steam System
MCEEP	O2 Trim - Savings
MCEEP	Programmable T-Stat CA
MCEEP	Steam Pipe Insulation - Fitting, EL
MCEEP	Steam Pipe Insulation - Fitting, L
MCEEP	Steam Pipe Insulation - Fitting, M
MCEEP	Steam Pipe Insulation - Fitting, Sml
MCEEP	Steam Pipe Insulation - L
MCEEP	Steam Pipe Insulation - M
MCEEP	Steam Pipe Insulation - Rtn
MCEEP	Steam Pipe Insulation - Sml
MCEEP	Steam Pipe Insulation - Valve, EL
MCEEP	Steam Pipe Insulation - Valve, L
MCEEP	Steam Pipe Insulation - Valve, M
MCEEP	Steam Pipe Insulation - Valve, Sml
MCEEP	Steam Pipe Insulation - XL
RNC	CANDI CODES PY4*
RNC	CANDI CODES PY5*
RNC	CANDI CODES PY6*
RNC	RNC House*
Behavior	Opower
BEER	Finned-Bottom Stock Pot
BEER	Ozone Laundry
BEER	Pipe Insulation - Indoor
BEER	Pipe Insulation - Outdoor
BEER	Programmable Thermostat
SBES	Programmable Thermostat
SBES	Programmable Thermostat, Multi Pt
SBES	Economizer w/ DCV 1 - 5 ton
SBES	Economizer w/ DCV 6 - 10 ton
SBES	Furnace Tune-Up
SBES	HW Heater Insulation
Custom	Custom: therms > 2,500
Custom	MBCx
Custom	RCx
BNC	Business New Construction*
BNC	CANDI Codes PY4*
BNC	CANDI Codes PY5*
BNC	CANDI Codes PY6*
* Bundled measures that may incorporate some measures included in the IL-TRM.	

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- JLH 1.07 Q. For cost-effectiveness reporting during the Plan, please explain whether the Company proposes to annually update avoided costs. Please explain in detail the avoided costs or the manner in which the Company will estimate avoided costs for the Company's use in projecting TRCs (1) for each program year; and (2) in evaluating TRCs on an *ex post* basis for each program year. Please explain whether the Company will include any benefits adders not already included in the Plan filing. Will the Company use a methodology different from that described in the Company's Plan filing? Please be specific.
- JLH 1.07 A. The Company is not proposing to annually update avoided costs. Please see JLH 1.02 Exhibit 12, which details the avoided cost calculation.
- The Company will not include any further benefits adder to the avoided costs to what is presented in the Plan.

Witness: Hammad S. Chaudhry

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JLH 1.08 Q. Referring to Nicor Gas Exhibit 2.0, please explain whether establishing standard net-to-gross (“NTG”) protocols for measuring free-ridership and spillover for each program type in Illinois would alleviate any of the perceived NTG risk described by the Company. Does the Company support establishment of NTG protocols (e.g., survey instruments) on a statewide basis for measuring free-ridership and spillover for each program type in Illinois? What forum (e.g., SAG meetings, evaluator meetings) would the Company support such protocols be established, if any?

JLH 1.08 A. Objection, vague and ambiguous. It is unclear what the phrase “standard net-to-gross (“NTG”) protocols” means. Nicor Gas also objects to this request because it calls for speculation. Subject to and without waiving these objections, and assuming that “standard NTG protocols” refers to standardized NTG evaluation methodologies, Nicor Gas responds as follows:

Establishing standard NTG protocols would do little to alleviate the key sources of NTG risk faced by the Company. As explained in Nicor Gas Exhibit 2.0, key sources of risk include biases and other challenges inherent to NTG research that can never measure results directly, as well as random statistical variation in participant populations. Because these risks make NTG results inherently uncertain, NTG evaluations may well produce NTG values for application in PY4-PY6 that are lower than those used in calculating the savings goals approved by the Commission in this proceeding. Thus, even if the Company were to deliver the programs in a manner that met forecasted participation and budget targets exactly, it would no longer be able to meet the approved savings goals because NTG assumptions had declined.

The Company supports ongoing efforts to improve NTG evaluation methods, including sharing approaches among utilities and evaluators. However, Nicor Gas does not believe that standard NTG protocols can be developed that will eliminate the biases inherent in NTG measurement or the underlying random statistical variation in participant populations and ensuing NTG results.

Nicor Gas also acknowledges the potential disadvantages of any attempt to develop standard NTG protocols in Illinois, which has the potential to:

- Limit innovation and development of improved evaluation methodologies; and
- Tie up considerable resources from evaluators, stakeholders, utilities, and, potentially, the Commission itself in attempting to select individual approaches among the many evaluators, utilities, programs, and even individual measures and fuel types.

The Company has no recommendation at this time for a forum that might be used to address standard NTG protocols.

Witness: Edward M. Weaver

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JLH 1.09 Q. Referring to references of spillover and market transformation in the Company's filing (*see, e.g.*, Nicor Gas Exhibit 2.0), if a spillover percent value is estimated in program year 2 ("PY2") for a program, how many program years after PY2 does the Company believe that spillover percent should remain applicable? Please explain at what estimated spillover value (and length of such spillover) at which point the Company would believe the spillover implies market transformation.

JLH 1.09 A. Objection, this request calls for speculation. Nicor Gas further objects to this request on the basis that it misstates the referenced testimony, which does not refer to "market transformation." Subject to and without waiving these objections, Nicor Gas responds as follows:

Consistent with the NTG Framework proposed in Nicor Gas Exhibit 2.0, if the Nicor Gas independent evaluator finalizes a new spillover value in its evaluations of a PY2 program by March 1 of PY3, this would be used along with free ridership estimates to calculate a new NTG ratio that would apply prospectively to the next program year beginning June 1, *i.e.*, the new NTG ratio would apply beginning in PY4. That ratio would be used prospectively until a new Nicor Gas evaluation estimates a new NTG ratio.

The number of program years that the NTG ratio (and underlying free rider and spillover components) remains applicable will depend on the schedule of the independent evaluator. If the independent evaluator measures a new NTG ratio in its evaluation of PY3 programs that is finalized by March 1 of PY4, then the new results will apply beginning June 1 of PY5 and, in this case, the PY2 result will remain applicable for one year (*i.e.*, for PY4). If the independent evaluator does not measure a new NTG ratio until the PY4 evaluation occurring during PY5, then the PY2 result will remain applicable for two years, and so on.

The Company does not have an estimate of a specific spillover value (or length of such spillover) at which spillover implies market transformation.

Witness: Edward M. Weaver

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- JLH 1.10 Q. Referring to the Company’s filing (Nicor Gas Exhibits 1.1 and 2.0), for each energy efficiency program proposed in Plan 2, please describe in detail the manner in which participant spillover could occur during the Plan. Please be specific and define who the “participant” (e.g., contractor, residential customer) is for each program, and list the corresponding energy efficiency measures that should qualify as spillover for a given program.
- JLH 1.10 A. Objection, this request calls for speculation. Nicor Gas further objects to this request as overly broad and unduly burdensome. At this time, Nicor Gas cannot attempt to define the manner in which participant spillover could occur during the Plan. Any attempt to provide such a definition would be better accomplished by the independent evaluator based, at least in part, on surveys of real customers, trade allies, and implementation contractors.

Witness: Edward M. Weaver

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- JLH 1.11 Q. Referring to the Company's filing (Nicor Gas Exhibits 1.1 and 2.0), for each energy efficiency program proposed in Plan 2, please describe, in detail, the manner in which non-participant spillover could occur during the Plan. Please be specific and define who the "non-participant" is for each program, and list the corresponding energy efficiency measures that should qualify as spillover for a given program.
- JLH 1.11 A. Objection, this request calls for speculation. Nicor Gas further objects to this request as overly broad and unduly burdensome. At this time, Nicor Gas cannot attempt to define the manner in which non-participant spillover could occur during the Plan. Any attempt to provide such a definition would be better accomplished by the independent evaluator based, at least in part, on surveys of real customers, trade allies, and implementation contractors.

Witness: Edward M. Weaver

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- JLH 1.15 Q. Please state whether it is the Company's position that the independent evaluators are responsible for estimating cost-effectiveness on an *ex post* basis per 220 ILCS 5/8-103(f)(7) and 220 ILCS 5/8-104(f)(8).
- a. If yes, does the Company agree to file such *ex post* cost-effectiveness analysis in this docket when available?
- b. If no, who does the Company believe is responsible for performing such *ex post* cost-effectiveness analysis? Please explain.

- JLH 1.15 A. Objection, this request calls for a legal conclusion. Nicor Gas further objects to this request as not relevant or reasonably calculated to lead to the discovery of admissible evidence insofar as it refers to 220 ILCS 5/8-103(f)(7), which does not apply to Nicor Gas. Subject to and without waiving these objections, Nicor Gas responds as follows:

Nicor Gas and the independent evaluator will work together to estimate cost-effectiveness on an *ex post* basis, with the Company performing the calculations using the E3 Calculator and the independent evaluator certifying that the inputs and outputs to the model accurately represent the results of the independent evaluation and the cost effectiveness of the portfolio.

Nicor Gas will comply with the Commission's directive with respect to any filing of such *ex post* cost-effectiveness analysis at the appropriate time in the appropriate docket.

Witness: James J. Jerozal Jr.