

DIRECT TESTIMONY

OF

DANIEL G. KAHLE

ACCOUNTANT

Accounting Department  
Financial Analysis Division  
Illinois Commerce Commission

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

The Peoples Gas Light and Coke Company

Docket No. 14-0530

December 29, 2014

1 **Witness Identification**

2 Q. Please state your name and business address.

3 A. My name is Daniel G. Kahle. My business address is 527 East Capitol  
4 Avenue, Springfield, Illinois 62701.

5 Q. By whom are you employed and in what capacity?

6 A. I am an Accountant in the Accounting Department of the Financial  
7 Analysis Division of the Illinois Commerce Commission ("Commission").

8 Q. Please describe your background and professional affiliation.

9 A. I have a Bachelor of Science degree in Accountancy from the University  
10 of Illinois. I am a Certified Public Accountant, licensed to practice in the  
11 State of Illinois. My prior accounting experience includes seventeen years  
12 as an internal auditor for the State of Illinois, including four years as Chief  
13 Auditor at the Department of Commerce and Economic Opportunity  
14 ("DCEO"), five years as an Accounting Office Manager at DCEO, as well  
15 as two years as an Assurance Services Manager in a public accounting  
16 firm. I joined the Staff of the Illinois Commerce Commission ("Staff") in  
17 April, 2006.

18 Q. Have you previously testified before this Commission?

19 A. Yes, I have.

20 Q. What is the purpose of your testimony in this proceeding?

21 A. The purpose of my testimony is to report the results of my review of The  
22 Peoples Gas Light and Coke Company's ("Peoples Gas" or the  
23 "Company") reconciliation of Rider UEA, Uncollectible Expense  
24 Adjustment ("Rider UEA") revenues intended to be recovered through the  
25 rider and what was actually recovered during the effective period of the  
26 charges, sponsored by Company witness Lynn M. Hosty and David B.  
27 Baron. (PGL Ex. 1.0 and PGL Ex. 2.0 respectively.)

28 Q. Are you sponsoring any schedules as part of your direct testimony?

29 A. Yes. I prepared Schedule 1.1, which I describe below.

30 **Annual Reconciliation**

31 Q. What is your recommendation regarding the Company's' proposed Annual  
32 Reconciliation Adjustments?

33 A. I recommend the Commission accept the Company's Annual  
34 Reconciliation, as reflected on ICC Staff Ex. 1.0, Schedule 1.1.

35 Q. Please describe Schedule 1.1.

36 A. Schedule 1.1 is a four page schedule that presents the reconciliation for  
37 uncollectible expenses incurred during the period January 1, 2012 through  
38 December 31, 2012 ("Reporting Year") with revenues collected through  
39 base rates and Rider UEA for the period April 1, 2013 through March 31,

40 2014. Schedule 1.1 summarizes the Uncollectible Expense Reconciliation  
41 Adjustments (“Factor RA”) for the 2012 Reporting Year by each service  
42 type.

43 On Schedule 1.1, the over or under collection amounts from the prior  
44 reconciliation are reflected in Line 1. Line 2 reflects amounts from 2011  
45 intended to be collected in this reconciliation period. Line 3 reflects that  
46 the Company did not have an ordered reconciliation factor from the  
47 previous reconciliation. Line 4 is the cumulative over or under collection  
48 from prior periods and is the sum of Lines 1, 2 and 3.

49 Line 5 reflects the total uncollectible accounts expense amounts for 2012,  
50 and Line 6 reflects the uncollectible accounts expense amount recovered  
51 in the Company’s base rates for 2012. Line 7 shows uncollectible  
52 accounts expense for Transportation which is now included in the Delivery  
53 adjustment as required by the Final Order in Docket Nos. 11-0280/0281.  
54 Line 7 also shows uncollectible accounts expense for Supply which was  
55 recovered through Delivery as allowed by Rider UEA, Section B. Line 8 is  
56 the actual rider charges collected or refunded from April 2013 through  
57 March 2014. Line 9 is Line 5 less Line 6 plus Line 7 less Line 8 and  
58 represents the over or under collection for 2012 as of March 2014.

59 The cumulative over or under collection from prior periods on Line 4 is  
60 added to the over or under collection from the current period on Line 9 to  
61 calculate each service type's cumulative over or under collection on Line  
62 10.

63 Amounts intended to be recovered or refunded through Rider UEA for  
64 2012 in April and May 2014 are reflected on Line 11. Amounts intended  
65 to be recovered or refunded through Rider UEA for 2012 from June 2014  
66 through March 2015 are reflected on Line 12 which is Line 10 less Line  
67 11. Line 13 shows each service type's cumulative over or under  
68 recovered balance and is the sum of Lines 11 and 12.

69 Q. Do all of your figures come directly from the Company's exhibits?

70 A. Yes, for Column B on pages 2 through 4 of my Schedule 1.1; except for  
71 totals and subtotals. The source of Column B for each line on pages 2  
72 through 4 is noted at the bottom of each schedule. Column C on pages 2  
73 through 4 reflects any Staff adjustments, and Column D is the total of  
74 columns B and C. Page 1 of Schedule 1.1 is a summary of pages 2  
75 through 4.

76 Column B on Line 7 of pages 2 and 3 of Schedule 1.1 contains an  
77 adjustment of \$13,501 made by the Company in compliance with the Final

78 Order in Docket Nos. 11-0280/0282 which requires the Transportation  
79 adjustment to be included with the Delivery adjustment.

80 Column C on Line 7 of pages 2 and 3 contains a Staff adjustment moving  
81 \$291 (PGL Ex. 1.1, page, 2, column B, line 3) from Supply to Delivery for  
82 an amount the Company should have included in Delivery as allowed by  
83 Rider UEA Section B. Rider UEA Section B states that if there is an  
84 insufficient number of sales or transportation customers in any service  
85 classification, the Company may group all customers together under a  
86 single service type for the purposes of determining an adjustment.

87 Column C on Line 11 of pages 2 and 3 reflects a Staff adjustment moving  
88 \$291 (PGL Ex. 1.1, page, 2, column B, line 13) from Supply to Delivery for  
89 an amount for Supply that the Company should have included in Delivery  
90 as allowed by Rider UEA Section B.

91 Column C on Line 12 of pages 2 and 3 reflects a Staff adjustment moving  
92 \$3,307.54 (PGL Ex. 1.1, page, 1, column B, line 13) from Supply to  
93 Delivery for Supply that the Company appropriately included in Delivery as  
94 allowed by Rider UEA Section B in the prior reconciliation (Docket No. 13-  
95 0492), but erroneously included in Supply in the instant proceeding.

96 **Summary of Conclusions and Recommendations**

97 Q. Please summarize your recommendation.

98 A. I recommend the Commission accept the reconciliation as reflected on  
99 Schedule 1.1. The reconciliation reflects a cumulative over recovered  
100 balance for the three service types of \$771,314 and net Reconciliation  
101 Adjustments (RA Factor) of \$70,690. These RA Factors will be refunded  
102 or collected over the 12-month period beginning June 1, 2013 by service  
103 type by the amounts reflected on Line 12 of Schedule 1.1.

104 Q. Does this conclude your prepared direct testimony?

105 A. Yes, it does.

The Peoples Gas Light and Coke Company  
 Rider UEA - Reconciliation  
 For the Uncollectible Expenses Incurred  
 From January 1, 2012 through December 31, 2012

Line No.	Description	Delivery Schedule 1.1, p. 2 (A)	Supply Schedule 1.1, p. 3 (B)	Transportation Schedule 1.1, p. 4 (C)	Total (B+C+D) (D)	Total (E)
<b><u>(Over)/Under Recovery from Prior Years</u></b>						
1	2011 Reconciliation Adjustment (Over)/Under Collection (Docket No. 13-0492)	\$ (17,753)	\$ 82,702	\$ 336	\$ 65,285	
2	2011 Rider UEA (Refund) / Charges to be collected in April & May 2013 (Docket No. 13-0492)	(289,101)	(954,568)	(13,837)	(1,257,506)	
3	Ordered Reconciliation Factor (Docket No. 13-0492)	-	-	-	-	
4	Cumulative (Over)/Under Recovery from Prior Periods (Line 1 + Line 2 + Line 3)	<u>\$ (306,854)</u>	<u>\$ (871,866)</u>	<u>\$ (13,501)</u>	<u>\$ (1,192,221)</u>	
<b><u>Current Year (Over)/Under Recovery</u></b>						
5	2012 Recoverable Uncollectible Expense	\$ 11,088,818	\$ 6,881,350	\$ -	\$ 17,970,168	
6	2012 Uncollectible Expense in Base Rates	13,850,703	9,092,852	-	22,943,555	
7	Eliminate Separate Transportation Adjustment per Docket Nos. 11-0280/0281 and move Supply to Demand	(13,792)	291	13,501	-	
8	1 Actual Rider UEA (Refund) / Charges April 2013 through March 2014	(2,610,620)	(2,783,674)	-	(5,394,294)	
9	(Over)/Under Recovery from Reconciliation Period (Line 5 - Line 6 + Line 7 - Line 8)	<u>\$ (165,057)</u>	<u>\$ 572,463</u>	<u>\$ 13,501</u>	<u>\$ 420,907</u>	
10	Cumulative (Over)/Under Recovery (Line 4 + Line 9)	<u>\$ (471,911)</u>	<u>\$ (299,403)</u>	<u>\$ -</u>	<u>\$ (771,314)</u>	
<b><u>Disposition of Cumulative (Over)/Under Recovery</u></b>						
11	Rider UEA (Refund) / Charges to be collected in April & May 2014	(476,523)	(365,481)	-	(842,004)	2
12	Reconciliation Adjustment (RA) Amount to be Recovered / (Refunded) June 2014 through May 2015	4,612	66,078	-	70,690	
13	Cumulative (Over)/Under Recovery (Line 11 + Line 12)	<u>\$ (471,911)</u>	<u>\$ (299,403)</u>	<u>\$ -</u>	<u>\$ (771,314)</u>	

1 (Refund)/Charges relate to 2 months of 2011 Rider UEA (Line 2) and 10 months of 2012 Rider UEA

The Peoples Gas Light and Coke Company  
 Rider UEA - Reconciliation  
 For the Uncollectible Expenses Incurred  
 From January 1, 2012 through December 31, 2012

Line No.	Description (A)	Delivery (B)	Staff Adjustment (C)	Total (B+C) (D)
<b><u>(Over)/Under Recovery from Prior Years</u></b>				
1	2011 Reconciliation Adjustment (Over)/Under Collection (Docket No. 13-0492)	\$ (17,753)	\$ -	\$ (17,753)
2	2011 Rider UEA (Refund) / Charges to be collected in April & May 2013 (Docket No. 13-0492)	(289,101)	-	(289,101)
3	Ordered Reconciliation Factor (Docket No. 13-0492)	-	-	-
4	Cumulative (Over)/Under Recovery from Prior Periods (Line 1 + Line 2 + Line 3)	<u>\$ (306,854)</u>	<u>\$ -</u>	<u>\$ (306,854)</u>
<b><u>Current Year (Over)/Under Recovery</u></b>				
5	2012 Recoverable Uncollectible Expense	\$ 11,088,818	\$ -	\$ 11,088,818
6	2012 Uncollectible Expense in Base Rates	13,850,703	-	13,850,703
7	Eliminate Separate Transportation Adjustment per Docket Nos. 11-0280/0281 and move Supply to Demand	(13,501)	(291)	(13,792)
8	1 Actual Rider UEA (Refund) / Charges April 2013 through March 2014	<u>(2,610,620)</u>	<u>-</u>	<u>(2,610,620)</u>
9	(Over)/Under Recovery from Reconciliation Period (Line 5 - Line 6 + Line 7 - Line 8)	<u>\$ (164,766)</u>	<u>\$ (291)</u>	<u>\$ (165,057)</u>
10	Cumulative (Over)/Under Recovery (Line 4 + Line 9)	<u>\$ (471,620)</u>	<u>\$ (291)</u>	<u>\$ (471,911)</u>
<b><u>Disposition of Cumulative (Over)/Under Recovery</u></b>				
11	Rider UEA (Refund) / Charges to be collected in April & May 2014	(476,232)	(291)	(476,523)
12	Reconciliation Adjustment (RA) Amount to be Recovered / (Refunded) June 2014 through May 2015	7,920	(3,308)	4,612
13	Cumulative (Over)/Under Recovery (Line 11 + Line 12)	<u>\$ (468,312)</u>	<u>\$ (3,599)</u>	<u>\$ (471,911)</u>

1 (Refund)/Charges relate to 2 months of 2011 Rider UEA (Line 2) and 10 months of 2012 Rider UEA

**Column B:**

- Line: 1 Docket No. 13-0492, Appendix A, p. 1, Line 11
- 2 Docket No. 13-0492, Appendix A, p. 1, Line 10
- 3 -- none --
- 4 Line 1 + Line 2 + Line 3
- 5 PGL Ex. 1.3, p. 4, Line 6
- 6 PGL Ex. 1.3, p. 4, Line 12
- 7 Supply - Per Rider UEA Section B, Supply is recovered through the Delivery Adjustment  
 Transportation - Per the Final Order in Docket Nos. 11-0280 and 11-0281, the Transportation Adjustment is included in the Delivery
- 8 PGL Ex. 1.1, page 1, line 10
- 9 Line 5 - Line 6 + Line 7 - Line 8
- 10 Line 4 + Line 9
- 11 PGL Ex. 1.1, p. 2, line 15
- 12 Line 10 - Line 11 (PGL Ex. 1.1, page 1, Line 15)
- 13 Line 11 + Line 12

The Peoples Gas Light and Coke Company  
 Rider UEA - Reconciliation  
 For the Uncollectible Expenses Incurred  
 From January 1, 2012 through December 31, 2012

Line No.	Description (A)	Supply (B)	Staff Adjustment (C)	Total (B+C) (D)
<b>(Over)/Under Recovery from Prior Years</b>				
1	2011 Reconciliation Adjustment (Over)/Under Collection (Docket No. 13-0492)	\$ 82,702	\$ -	\$ 82,702
2	2011 Rider UEA (Refund) / Charges to be collected in April & May 2013 (Docket No. 13-0492)	(954,568)	-	(954,568)
3	Ordered Reconciliation Factor (Docket No. 13-0492)	-	-	-
4	Cumulative (Over)/Under Recovery from Prior Periods (Line 1 + Line 2 + Line 3)	<u>\$ (871,866)</u>	<u>\$ -</u>	<u>\$ (871,866)</u>
<b>Current Year (Over)/Under Recovery</b>				
5	2012 Recoverable Uncollectible Expense	\$ 6,881,350	\$ -	\$ 6,881,350
6	2012 Uncollectible Expense in Base Rates	9,092,852	-	9,092,852
7	Eliminate Separate Transportation Adjustment per Docket Nos. 11-0280/0281 and move Supply to Demand	-	291	291
8	1 Actual Rider UEA (Refund) / Charges April 2013 through March 2014	<u>(2,783,674)</u>	<u>-</u>	<u>(2,783,674)</u>
9	(Over)/Under Recovery from Reconciliation Period (Line 5 - Line 6 + Line 7 - Line 8)	<u>\$ 572,172</u>	<u>\$ 291</u>	<u>\$ 572,463</u>
10	Cumulative (Over)/Under Recovery (Line 4 + Line 9)	<u>\$ (299,694)</u>	<u>\$ 291</u>	<u>\$ (299,403)</u>
<b>Disposition of Cumulative (Over)/Under Recovery</b>				
11	Rider UEA (Refund) / Charges to be collected in April & May 2014	(365,772)	291	(365,481)
12	Reconciliation Adjustment (RA) Amount to be Recovered / (Refunded) June 2014 through May 2015	62,771	3,308	66,078
13	Cumulative (Over)/Under Recovery (Line 11 + Line 12)	<u>\$ (303,001)</u>	<u>\$ 3,599</u>	<u>\$ (299,403)</u>

1 (Refund)/Charges relate to 2 months of 2011 Rider UEA (Line 2) and 10 months of 2012 Rider UEA

**Column B:**

- Line: 1 Docket No. 13-0492, Appendix A, p. 1, Line 11
- 2 Docket No. 13-0492, Appendix A, p. 1, Line 10
- 3 -- none --
- 4 Line 1 + Line 2 + Line 3
- 5 PGL Ex. 1.3, p. 4, Line 6
- 6 PGL Ex. 1.3, p. 4, Line 12
- 7 Supply - Per Rider UEA Section B, Supply is recovered through the Delivery Adjustment
- 8 Transportation - Per the Final Order in Docket Nos. 11-0280 and 11-0281, the Transportation Adjustment is included
- 9 PGL Ex. 1.1, page 1, line 10
- 10 Line 5 - Line 6 + Line 7 - Line 8
- 11 Line 4 + Line 9
- 12 PGL Ex. 1.1, p. 2, line 15
- 13 Line 10 - Line 11 (PGL Ex. 1.1, page 1, Line 15)
- 14 Line 11 + Line 12

The Peoples Gas Light and Coke Company  
 Rider UEA - Reconciliation  
 For the Uncollectible Expenses Incurred  
 From January 1, 2012 through December 31, 2012

Line No.	Description (A)	Transportation (B)	Staff Adjustment (C)	Total (B+C) (D)
<b><u>(Over)/Under Recovery from Prior Years</u></b>				
1	2011 Reconciliation Adjustment (Over)/Under Collection (Docket No. 13-0492)	\$ 336	\$ -	\$ 336
2	2011 Rider UEA (Refund) / Charges to be collected in April & May 2013 (Docket No. 13-0492)	(13,837)	-	(13,837)
3	Ordered Reconciliation Factor (Docket No. 13-0492)	-	-	-
4	Cumulative (Over)/Under Recovery from Prior Periods (Line 1 + Line 2 + Line 3)	<u>\$ (13,501)</u>	<u>\$ -</u>	<u>\$ (13,501)</u>
<b><u>Current Year (Over)/Under Recovery</u></b>				
5	2012 Recoverable Uncollectible Expense	\$ -	\$ -	\$ -
6	2012 Uncollectible Expense in Base Rates Eliminate Separate Transportation Adjustment per Docket Nos. 11-0280/0281 and move	-	-	-
7	Supply to Demand	13,501	-	13,501
8	1 Actual Rider UEA (Refund) / Charges April 2013 through March 2014	-	-	-
9	(Over)/Under Recovery from Reconciliation Period (Line 5 - Line 6 + Line 7 - Line 8)	<u>\$ 13,501</u>	<u>\$ -</u>	<u>\$ 13,501</u>
10	Cumulative (Over)/Under Recovery (Line 4 + Line 9)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
<b><u>Disposition of Cumulative (Over)/Under Recovery</u></b>				
11	Rider UEA (Refund) / Charges to be collected in April & May 2014	-	-	-
12	Reconciliation Adjustment (RA) Amount to be Recovered / (Refunded) June 2014 through May 2015	-	-	-
13	Cumulative (Over)/Under Recovery (Line 11 + Line 12)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

1 (Refund)/Charges relate to 2 months of 2011 Rider UEA (Line 2) and 10 months of 2012 Rider UEA

**Column B:**

- 1 Docket No. 13-0492, Appendix A, p. 1, Line 11
- 2 Docket No. 13-0492, Appendix A, p. 1, Line 10
- 3 -- none --
- 4 Line 1 + Line 2 + Line 3
- 5 PGL Ex. 1.3, p. 4, Line 6
- 6 PGL Ex. 1.3, p. 4, Line 12
- 7 Supply - Per Rider UEA Section B, Supply is recovered through the Delivery Adjustment  
Transportation - Per the Final Order in Docket Nos. 11-0280 and 11-0281, the Transportation Adjustment is included
- 8 PGL Ex. 1.1, page 1, line 10
- 9 Line 5 - Line 6 + Line 7 - Line 8
- 10 Line 4 + Line 9
- 11 PGL Ex. 1.1, p. 2, line 15
- 12 Line 10 - Line 11 (PGL Ex. 1.1, page 1, Line 15)
- 13 Line 11 + Line 12